

MINUTES OF MEETING HELD OCTOBER 19, 2023

Chairman Thomas V. Thibaut, Jr. called the meeting of the Watertown Contributory Retirement Board to order at approximately 8:30 AM, Administration Building, 149 Main Street, Council Chamber. Board Members present at the meeting were, Chairman Thibaut; Mr. John Loughran; Ms. Megan Langan; Mr. Domenic Duke Arone and Ms. Kathleen Kiely-Becchetti. Staff members present were Executive Director Kayla J. Sheehan and Administrative Assistant, Lisa DiPietrantonio. Attorney Gerry McDonough was in attendance. Mr. Chris Rowlins and Mr. Richard Carey of Fiducient Advisors gave the investment review.

Confirm Next Monthly Meeting:

The next monthly meetings of the Board were scheduled for Wednesday November 15, 2023 & Thursday December 21, 2023.

Examination of Minutes:

From meeting held on Wednesday September 20, 2023

A MOTION WAS MADE AND SECONDED TO APPROVE THE MINUTES AS WRITTEN.

SO VOTED

Note Deaths of Members/Beneficiaries:

A MOTION WAS MADE AND SECONDED TO APPROVE FINAL BENEFITS PAYMENTS OF DECEASED RETIREES/BENEFICIARIES.

SO VOTED

Review PERAC Correspondence:

MEMOS:

#20/2023 09/28/23 Mandatory Retirement Board Member Training – 4th Quarter 2023

#21/2023 10/05/23 Upcoming Public Hearings on PERAC Regulations

Review Applications for Benefits:

Applications for Membership:

A MOTION WAS MADE AND SECONDED TO APPROVE APPLICATIONS FOR MEMBERSHIP.

SO VOTED

Transfers of Deductions to Other Retirement Systems:

A MOTION WAS MADE AND SECONDED TO APPROVE TRANSFERS OF DEDUCTIONS TO OTHER RETIREMENT SYSTEMS.

SO VOTED

Creditable Service Purchase:

Makeup:

Police Officer, requesting to purchase non-membership service during 07/01/15 – 11/10/22 when he was employed seasonally by the City of Watertown Recreation Department and ineligible for membership in the Watertown Retirement System.

Total (pro-rated) Service = 1 Year & 7 Months

Total Cost for Service = \$2,560.30

Member has elected to pay via payroll deductions in the amount of \$30 per pay period until the amount is paid in full.

A MOTION WAS MADE AND SECONDED TO APPROVE REQUEST TO PURCHASE SERVICE.

SO VOTED

Recreation Supervisor, requesting to purchase non-membership service during 06/2021 – 08/2021 when she was employed seasonally by the Town of Sandwich and ineligible for membership in the Barnstable County Retirement System.

Total (pro-rated) Service = 2 Months

Total Cost for Service = \$498.26

Member has elected to pay via Lump Sum Payment

The Barnstable County Retirement Board will not accept liability for her service pursuant to M.G.L. Ch. 32 § 3(8)c..

A MOTION WAS MADE AND SECONDED TO APPROVE REQUEST TO PURCHASE SERVICE.

SO VOTED

Review Warrants:

A MOTION WAS MADE AND SECONDED TO APPROVE WARRANTS AS AMENDED.

SO VOTED

Director's Report:

Cash Books for period ending August 31, 2023

The Board reviewed and approved the following reports for period ending August 31, 2023 which were prepared by Executive Director Sheehan and submitted to PERAC.

- Cash Receipts Journal
- Cash Disbursements Journal
- Adjustments Journal
- Trial Balance
- General Ledger
- Cash Reconciliations for accounts #1040, #1041 & #1043

It was reported that all retirees have now complied with PERAC's 91A requirements.

The bi-annual Retiree/Beneficiary affidavits have been ordered and will be mailed out to all retirees/beneficiaries by October 31st.

Deceased retiree's son requested to have his final benefits payment be directly deposited into the deceased retiree's account and paid to the order of the deceased retiree instead of a live check paid to the Estate.

A MOTION WAS MADE AND SECONDED TO ALLOW FINAL BENEFITS PAYMENT TO BE SENT VIA DIRECT DEPOSIT TO SAME BANK ACCOUNT AND PAID TO THE ORDER OF THE DECEASED RETIREE INSTEAD OF THEIR ESTATE.

SO VOTED

Executive Director Sheehan noted to the board that due to the unusual and unexpectedly large "Transfers of Deductions to Other Systems" amount that they may need to move funds from the People's United bank to the Eastern Vendor account.

Executive Director Sheehan prepared for the Board the 1st and 2nd Quarter Budget to review. Executive Director Sheehan reported to the Board that one of the computers in the office crashed. The hard drive of that computer needed to be recovered and the computer itself needed to be replaced. The data was able to be recovered and no files were lost in the process.

It was reported that the Cyber Insurance Risk Assessment was received and reviewed by NPG Systems. The assessment came back with very positive results, with only one "low risk" item that should be addressed. After NPG Systems reviewed the risk assessment results, it was their belief that the low risk item has already been addressed when the Board switched to Office 365 which happened while the assessment was being done. Executive Director Sheehan will contact Jeffrey Lydon to see if this information will be sufficient enough to fix the low risk issue.

A MOTION WAS MADE AND SECONDED TO MOVE FORWARD WITH THE CYBER INSURANCE FROM LYDON & MURPHY INSURANCE.

VOTED 4-0

Ms. Kiely-Becchetti abstained from voting.

Committee Reports:

Executive Director Sheehan reported that the Summer 2023 newsletters were mailed out in September.

Old/Unfinished Business:

Dan Sherman from Sherman Actuary Services, LLC presented to 01/01/23 Actuarial Valuation with the requested updated results. The Board reviewed and discussed at length the various funding scenarios provided to them by actuary Dan Sherman.

A MOTION WAS MADE AND SECONDED TO ADOPT THE FUNDING SCHEDULE CHANGING THE ASSET RATE OF RETURN FROM 7.7% TO 7.65%. SO VOTED

New Business:

Board to Review 2021 Audit Draft

The 2021 Audit Draft review was tabled until next month.

Legal Update:

Attorney Gerry McDonough reported and commented on pending Board issues as well as general retirement issues of interest.

At the conclusion of the legal update, Attorney McDonough left the meeting.

Investment Review:

Mr. Rowllins & Mr. Carey reviewed for the board their monthly performance update for August, 2023. The market value of assets totals \$253,012,289. The Board seemed satisfied with the report.

Annual Manager Reviews:

The following managers underwent an annual investment manager review pursuant to 840 CMR 16.07. The managers presented performance and investment reports detailing the manager's activities which the Board reviewed via conference call.

- Income Research & Management – Core Bond Fund
- BlackRock, Inc – Strategic Income Opportunities Fund
- Eaton Vance Investment Managers – High Yield Fund
- Wellington Management – Small Cap 2000 Portfolio & Opportunistic Investment Allocation
- Columbia Threadneedle Investments – U.S. Contrarian Core Equity Fund

Mr. Rowllins presented the Board with Fiducient Advisor's recommendations to raise cash to reallocate funds in order to add ABS Emerging Markets. Chairman Thibaut added that Executive Director Sheehan mentioned in her Director's Report the unexpected and abnormally large transfer of deductions to other systems amount and that we may need funds to cover that. Mr. Carey said that the cash flow recommendation would be able to cover that as well.

A MOTION WAS MADE AND SECONDED TO APPROVE THE CASHFLOW WORKSHEET AS RECOMMENDED BY FIDUCIENT ADVISORS. SO VOTED

A MOTION WAS MADE AND SECONDED TO ADJOURN THE MEETING AT 10:25AM. SO VOTED