

MINUTES

Quincy Retirement Board

Monthly Meeting

Thursday, December 21, 2023, 9:00 am - 12:30 pm

1305 Hancock St. Lower Level Old City Hall, Quincy, MA 02169

I. Call to Order

Chair O'Connor called the meeting to order at 9:00 a.m. In attendance was Member McFarland, Member Brown, Member Moody & Member Fitzpatrick.

II. Approval of Executive Session Meeting Minutes from 11.16.23

Motion to table the executive session meeting minutes from 11.16.23 by Member McFarland second by Member Brown. All members voting in favor.

III. Approval of Meeting Minutes from 11.16.23

Motion to approve the minutes from 11.16.23 by Member McFarland second by Member Brown. All members voted in favor.

YES- McFarland YES-Fitzpatrick YES-Brown YES-Moody YES-O'Connor

IV. Executive Session Pursuant to M.G.L. c. 30A s.21 (a)(1)

Executive Session pursuant to MGL 21 (a)(3)

Motion to go into executive session at 11:51 a.m.

Motion to come out of Executive Session at 12:35 by Member McFarland second by Member Brown. All present members voted in favor.

Motion to go into regular session by Member McFarland second by Member Brown. All present members voted in favor.

Motion to come out of Executive Session at 12:55 p.m. by Member McFarland second by Member Brown.

YES- McFarland YES-Brown YES-Moody YES-Fitzpatrick YES-O'Connor

V. Return to Regular Session

Motion to go into regular session by Member McFarland second by Member Brown at 12:56 p.m.

YES- McFarland YES-Brown YES-Moody YES-Fitzpatrick YES-O'Connor

VI. Approval of Superannuation Applications

Name	Dept	Date	Option
Anne Marie Mullen	QPS	12/5/23	B
Lien Nguyen	QHA	1/20/24	C
Paul Erler	QPS	1/2/24	C

Motion by Member McFarland to approve the superannuations second by Member Moody. All members voted in favor.

YES- McFarland YES-Brown YES-Moody YES-Fitzpatrick YES-O'Connor

VII. Approval of Calculations

Name	Retirement Date	Amount
Denise Golden	10/6/2023	\$6,000.00
Survivor of John Section 101		
David F Kiley	10/31/2023	\$44,811.48
Sean Martin**	11/9/2022	\$62,827.92

**Subject to Workers' Comp. Offset

Nancy Reynolds	10/14/2016	\$19,486.80
Deborah Russo	11/30/2023	\$17,547.56

(Pop-up to Option A)

Motion to approve the calculations by Member McFarland second by Member Brown. All members voting in favor.

YES- McFarland YES-Brown YES-Moody YES-Fitzpatrick YES-O'Connor

VIII. Requests for Creditable Service

John Coughlin	3 years	\$8,798.10
Brad Croall	6 months	\$2,923.75 (State)
Lindsay Peckham	5 months	\$3,779.77
Patricia Morrissey	7 years 1 month	\$21,708.72

Motion to approve creditable service by Member McFarland second by Member Fitzpatrick. All members voting in favor.

YES- McFarland YES-Brown YES-Moody YES-Fitzpatrick YES-O'Connor

IX. New Members

Rose Devlin	DPW	No	1	\$48,376
Karen Conlon	COL	No	1	\$52,999
Jessica Currie	QPS	No	1	\$31,191
Denise Desmond	QHA	No	1	\$54,163
Samila Haque	QPS	No	1	\$26,122
Jake Williamson	QFD	No	4	\$51,912
Timothy Barron	QFD	No	4	\$51,912
Jonathan Conso	QFD	No	4	\$51,912
Jack Peckham	TPAL	No	1	\$48,812
Natasha Simon Mulrain	COL	No	1	\$84,999
Marques Herbin	QPS	No	1	\$37,311
Fei Chen	QPS	No	1	\$16,635
Alden Maguire	QPS	No	1	\$72,100
Dwayne Smith	QPS	No	1	\$70,039
Judy Wong	COL	No	1	\$66,000
Irene Celaya	COL	No	1	\$52,999
Lena Brownell	LIB	No	1	\$67,197

Laura Hill QPS No 1 \$29,839

Natalie Truscott LIB No 1 \$59,725

Motion to approve the new members by Member McFarland second by Member Fitzpatrick. All members voting in favor.

YES- McFarland YES-Brown YES-Moody YES-Fitzpatrick YES-O'Connor

X. FY 2023 GASB Report

The board welcomed Colin Edgar from Stone Consulting at 9:01 a.m. P.1 is an overview. Colin spoke about how we segregate the system into Quincy & Quincy Housing Authority. This has to do with calculating separately. This year we will be rolling forward the two entities assets. Administrative expenses is not directly attributable to a specific employee so the amounts of expenses such as rent for the building. You can't tie this specifically to an employee so it become a carrying expense. Member McFarland asked about is there any wisdom in separating out housing employees. Jim Powers (auditor) said that Colin's actuarial breakout did a great job of splitting out the two entities. It's really a matter of 5% number that we're looking at. What's tricky is the PRIT allocation. Jim said that he and Colin developed an schedule that they both agreed upon. Jim said that they took the agent multiple approach (calculation for the city and calculation for housing).

The first thing that was done is looking at PRIT. Jim said it's a fairly static portfolio meaning not a ton of cash flow in/out so it's easier to decipher. Every month the auditor took the general ledger and cross checked with the cash flow. This paints a picture of what happened every month and put that against the housing/city piece. Jim was looking at the POB amounts less distributions (benefit payments) gives the amount left. Jim tracked all of the amounts and it tied out. Total pension liability is based on total from housing & city/college active, terminated & retirees. Jim said that he totally agreed. Jim said originally that the legislation read the POB was to go exclusively to the city and not housing. After digging into this, it had to be applied across the system. Jim said that he had a long conversation with John Boorack from PERAC to try and receive direction. Jim said post - conversation he believes that they have a solid game plan for going forward. Jim mentioned Andover went through a separate exercise although the particulars were different.

The presentation went back through his presentation and 2024 was the roll forward. Colin asked if it was tracked monthly Jim asked about tracking employees on a monthly basis versus doing a yearly tie in. Jim said there is 4 to 5 accounts they'd have to speak about. Colin said that he developed a housing schedule. Chair O'Connor had a question around Quincy College. Chair O'Connor asked do we still track the college to see what the liability would be. Chair O'Connor said that the City Council took a vote to separate the college enterprise fund. Jim said that the decision was made to include it as part of the city's obligation and that is why it's tracked that way.

Jim transitioned more into his presentation. Jim said that internal controls are great. Jim said that while going through the investment manager ent piece and the accounting. Jim seems to think he has a best practice in terms of how to make the process work best. Jim said there was one error made on a receivable, but it was reversed out and it's good now. Jim said that a major contributed to pension

liability was investment loss. Jim reiterated that the boards drop to a 6.75% discount rate is right in line with where it should be. He cited that there are some boards are at a 7.8% discount rate which is probably to high. Investment rate of return was 11.24% for prior year which was good this year was down about 11.50%. The issue was that \$475M was dropped into the account. We're 88% funded. Jim said the timing was great because the City timed it perfect locking in a 2.625%. From a practical standpoint PRIT has to beat the interest rate for a break even.

Jim said that on the GASB report may see one change just do to inflow in/out. Jim asked for an approval on the draft report today. Jim said the last piece was how the distributions are taking place. Jim said that it comes down to the Board feeling comfortable on where the benefits are taking place. The legislation does not say anything specific that would preclude the board from raising cash from the PRIM fund. Jim mentioned that the cash flows coming through monthly were in a range from \$2-\$4.5M. Jim had suggested a formal legal opinion on where/how to take benefit payments from the portfolio.

Motion to approve the GASB report and audit by Member McFarland second by Member Fitzpatrick. All members voting in favor.

YES-McFarland YES-Fitzpatrick YES-Brown YES-Moody YES-O'Connor

XI. Audit Presentation

Jim transitioned more into his presentation. Jim said that internal controls are great. Jim said that while going through the investment manager ent piece and the accounting. Jim seems to think he has a best practice in terms of how to make the process work best. Jim said there was one error made on a receivable, but it was reversed out and it's good now. Jim said that a major contribution to pension liability was investment loss. Jim reiterated that the boards drop to a 6.75% discount rate is right in line with where it should be. He cited that there are some boards are at a 7.8% discount rate which is probably to high. Investment rate of return was 11.24% for prior year which was good this year was down about 11.50%. The issue was that \$475M was dropped into the account. We're 88% funded. Jim said the timing was great because the City timed it perfect locking in a 2.625%. From a practical standpoint PRIT has to beat the interest rate for a break even.

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Motion to approve the GASB report and audit by Member McFarland second by Member Fitzpatrick. All members voting in favor.

Motion by Member McFarland to have a legal opinion rendered regarding interpretation of the legislation within 30 days. Second by Member Fitzpatrick. All members voting in favor.

YES-Brown YES-McFarland YES-Fitzpatrick YES-Moody YES-O'Connor

XII. Meketa Investment Update

Quincy Mtg with Small Cap Value Finalist:

10:00am – Meketa materials / performance

10:10am – Vaughn Nelson

10:30am – Mesirow

10:50am – Brown

11:10am – Systematic

The board welcomed Frank Benham from Meketa at 10:10 a.m. Frank said that the portfolio is up roughly 10%. The board was pleased with this result.

Frank set the table for 4 managers being interviewed for Sm.Cap Value. Chair O'Connor asked about what capital commitment was? Frank said it was 16.4M.

First up was Vaughn Nelson. In attendance Chris Wallace & George Hallowine. Chris is the lead PM for the strategy. Vaughn Nelson manages about \$5B in AUM. In 1996, they were acquired by Natixis. They operate on a profit-sharing plan with the parent company. Look for companies that are very undervalued and try to materialize it in 3 years. The goal is to create a factor based portfolio. The return for the strategy is on P.10. Chris has been with Vaughn Nelson since 03. Chris likes the idea of having the ability to have control as a major reason why he moved to Vaughn Nelson. Chris has been able to accomplish 13-14.5% target return. When V.N. Looks at a company, they get very granular on the companies. The strategy allows the flexibility to move across asset categories.

Chris opened it up for questions. No questions. The fee schedule was 80bps.

Next was Mesirow. Tom Hynes was in attendance. P. 4 of the presentation showed the company overview. Employees are owners of the company. Several Boston clients (Boston retirement system/MWRA) in the small cap strategy. Tom said that they will close the strategy at \$2B. P.6 shows the experience of the team and the investment approach for the strategy. Looking to identify sectors/stocks that are trading below FMV. Strategy has been able to generate 2% alpha with taking 80% of the risk. P.11 shows the process and framework. Leo the PM said he looks at it like having a good house in a good neighborhood. Every company in the portfolio matters. Expectations of the portfolio is outperformance, catalyst driven earnings, protection in down markets.

Next up was Brown Advisory. Mary Kaskie from Brown was the relationship manager. Focused exclusively on investment management. Based on bottom up conviction and a long term approach. \$135B AUM. David Schuster was the PM and has managed the strategy since 2008. The strategy hasn't changed since inception. 3 pillars of focus: free cash flow, capital allocation, and valuation. Brown believes that they have a very eclectic portfolio. Member Fitzpatrick asked does cash flow in these companies tie back to leverage. David said that they didn't pursue highly leveraged companies. Member McFarland asked what we were paying for fees. First \$25M was 1%. So we're paying 1%.

The final presentation was Systematic. Systematic also has funds with Plymouth County Retirement System. All the firm does is manage small cap & sm/mid value. \$3.2B AUM with 40% of total assets in the public sector. Looking for companies that create cash flow. They perform an upfront credit analysis on all companies. They look at underlying profitability of the company. 25% of the Russell 200 index doesn't make money. 25% of the small cap market is low quality vs. large cap would be about 5%. Process is very fundamental. Measure 5 times and cut once. Performance is on P.8 & P.9. The biggest differentiation is debt coverage. Fees for the portfolio was 82bps for the first \$25M. It was opened up to Q&A. No questions from the Board.

The board transitioned into a roundup discussion with Meketa on the Small Cap Value. Current allocation is \$16.3M. Frank said to keep the incumbent or pick someone else. Chair O'Connor asked if we could increase the \$16.3M to \$20M and give some to another manager. Frank said that the system was right at the cap per the board's investment policy statement ranges. Over the past 5 years, small cap has not been a good performer. Member Moody asked about the fees across the managers. Frank cited the Meketa report on P.63. Mesirow looks to be the most growth oriented of all managers. Brown is the most concentrated. All four managers have a low beta. Mesirow is least consistent. Mesirow with the lowest fees/Brown the highest. Chair O'Connor asked increasing the allocation to \$20M about splitting into two managers again. Frank said that you could go to \$20M but small cap hasn't performed all that well. Chair O'Connor said that she likes Mesirow and the fee structure is good and she would like to include them in the allocation. Frank said that it fine if the board wants to increase the investment policy ranges based on Chair O'Connor's analysis.

Member McFarland motioned to go to \$20M in Small Cap Value allocation and give \$10M to Brown and \$10M to Mesirow.

All members voting in favor.

YES-McFarland YES-Brown YES-Moody YES-O'Connor

Frank went on to ask about the due diligence calls. The board has incorporated several of the managers into the regular board meeting. Frank said he would give an update on credit

XIII. PERAC Memo's

XIV. Approval of Warrants

Warrant 2023-50	Warrant 2023-45
Warrant 2023-49	Warrant 2023-44
Warrant 2023-48	Warrant 2023-43
Warrant 2023-47	Warrant 2023-42
Warrant 2023-46	Warrant 2023-41

Breakdown by Account

Mgmt. Fees	\$49,825.00
Custodial Fees	\$6,089.98
Investment Consult Fees	\$15,166.67
Legal Fees	\$624.00
Service Contract Fees	\$48,679.02
Rent Expense	\$5,244.13
Actuarial Services	\$4,500.00
Admin Expenses	\$2,222.19
Transfers Out	\$175,980.92
Refunds	\$22,067.28

Motion to approve the warrants by Member McFarland second by Member Fitzpatrick. All members voting in favor.

YES-McFarland YES-Fitzpatrick YES-Brown YES-Moody YES-O'Connor

XV. Approval of Cash Books

Motion to approve the cash books by Member McFarland second by Member Brown.

YES-McFarland YES-Fitzpatrick YES-Brown YES-Moody YES-O'Connor

XVI. Veterans Buyback Issue

The Board welcomed David Zupkofaska from Quincy Police Department. Chair O'Connor said that the board was in receipt of the letter David provided. David had said that when he went to the retirement office back in 2004 and nothing was every communicated about age/service. Chair O'Connor asked if he

recalled when in 2004 he made the payments for the Veterans buyback. David was unsure but Chair O'Connor asked if you provided the dates that could help.

Attorney Sacco went over a recent decision around Veterans buybacks that just happened. Michael said that the office could look in the archives to see when the checks were submitted. David's position is he would've never purchased the time back if he was given the proper facts about his retirement. Attorney Sacco recommended to see if we can look internally to see what we have on file and was he already vested with 10 years.

XVII. Other Business

There was no other business to address.

XVIII. Office Update

XIX. Conferences

Motion to approve the TerraCap conference attendance for all board members interested by Member McFarland second by Member Brown.

YES-McFarland YES-Fitzpatrick YES-Brown YES-Moody YES-O'Connor

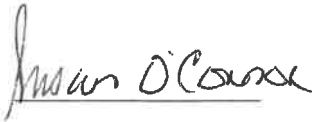
XX. Adjourn

Motion to adjourn by Member McFarland at 1:12 p.m. second by Member Fitzpatrick. All members voted in favor.

YES-McFarland YES-Fitzpatrick YES-Brown YES-Moody YES-O'Connor



Brad Croall, Executive Director




Chair, Susan O'Connor



Michael McFarland



Rick Fitzpatrick


Paul Brown


Paul Moody