

## **MINUTES OF MEETING HELD OCTOBER 09, 2024**

Chairman Thomas V. Thibaut, Jr. called the meeting of the Watertown Contributory Retirement Board to order at approximately 1:30 PM, Administration Building, 149 Main Street, Philip Pane Hearing Room. Board Members present at the meeting were, Chairman Thibaut; Mr. John Loughran; Mr. Domenic Duke Arone; Ms. Megan Langan and Ms. Kathleen Kiely-Becchetti. Staff Members present were Executive Director Kayla J. Sheehan and Administrative Assistant, Lisa DiPietrantonio. Attorney Thomas F. Gibson & Attorney Gerry McDonough were in attendance. Mr. Chris Rowlin of Fiducient Advisors gave the investment review. City Manager George Proakis, Watertown CFO Ari Sky & Mr. Dan Sherman were present for the discussion regarding the funding schedule. Mr. Hugo Reyes was present to discuss PERAC's determination of his 2023 earnings.

### **Confirm Next Monthly Meeting**

The following meetings were scheduled for Thursday November 21, 2024, Thursday December 19, 2024 & Thursday January 16, 2025.

### **Examination of Minutes:**

From meeting held on September 16, 2024

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

**SO VOTED**

### **Note Deaths of Members/Beneficiaries:**

**A MOTION WAS MADE AND SECONDED TO APPROVE TO NOTE THE DEATH OF MEMBER/BENEFICIARY AND APPROVE FINAL BENEFITS DUE.**

**SO VOTED**

### **Review PERAC Correspondence:**

#### **MEMOS:**

#24/2024	09/13/24	Tobacco Company List
#25/2024	10/01/24	Mandatory Retirement Board Member Training – 4 <sup>th</sup> Quarter 2024
#26/2024	10/04/24	The Application of the Anti-Spiking provisions G.L. c. 32 § 5(2)(a) in the wake of the <i>Hartnett</i> Decision

### **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**

#### **Refund of Accumulated Deductions:**

##### **Less Than One Month of Service:**

**A MOTION WAS MADE AND SECONDED TO DENY MEMBERSHIP TO THE ABOVE CITY EMPLOYEES WHO HAVE RESIGNED AFTER COMPLETING LESS THAN ONE MONTH OF SERVICE AND TO REFUND THEIR RETIREMENT DEDUCTIONS.**

**SO VOTED**

**Creditable Service Purchase:**

**Military Buyback**

**A MOTION WAS MADE AND SECONDED TO APPROVE REQUEST TO PURCHASE ADDITIONAL 4 MONTHS OF MILITARY SERVICE. SO VOTED**

**Review Injury Reports:**

**Review Warrants:**

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

**Director's Report:**

Executive Director Sheehan reported that the August Cash Books have all been submitted to PERAC through PROSPER. The following reports were prepared by Executive Director Sheehan and distributed to the Board members.

- Trial Balance
- Cash Receipts Journal
- Cash Disbursements Journal
- Adjustments Journal
- General Ledger
- Reconciled Bank Statements for accounts #1040, #1041, #1042 & #1043

The responses to the Actuarial Firm RFP were opened and distributed to the Board. It was noted that there were 5 responses to the RFP. The Board will review and evaluate the responses and report next month.

It was reported that the 2024 Summer Newsletter was mailed out to all active members, retirees and beneficiaries of the retirement system.

The Operating Budget for the third quarter of 2024 was prepared and presented to the Board for review.

Son of recently deceased beneficiary requested that the check representing the final benefits due to them be made out to him because they have not set up an Estate.

**A MOTION WAS MADE AND SECONDED TO ALLOW FOR THE FINAL BENEFITS PAYMENT DUE TO DECEASED BENEFICIARY BE MADE OUT TO HER SON. SO VOTED**

**Committee Reports:**

There were no committee reports.

**Old/Unfinished Business:**

Board to Review 01/01/24 Actuarial Valuation

Dan Sherman presented various funding schedule scenarios to the Board. Mr. Proakis shared with the Board that he would like to find a path to increase the COLA base in the future. The actuarial reports presented do not reflect the recent salary increases as a result of the City's compensation survey nor does it include the filling of several long vacant jobs. Ari Sky will provide those figures with Dan Sherman to see if he can put those figures in to see how it will affect the tables. He is comfortable staying at the current interest rate at 7.65% with no COLA base increase at this time and then working towards a schedule to increase the base in the future. Chairman Thibaut expressed his desire to increase the COLA base for eligible retirees and beneficiaries. He feels that the Watertown Retirement System's funding status is above average of other systems in the State and wants to give

back to the retirees. Megan Langan added that if the Board was to vote on a funding schedule today with no COLA base increase and then get another review done in February or March there would be a better chance to get the COLA base increase and either way the COLA wouldn't go into effect until 07/01/25. Dan Sherman agreed to provide new tables at the beginning of the year after adding in the new salary figures that Ari Sky will give him and the Board will discuss this again.

**A MOTION WAS MADE AND SECONDED TO ACCEPT OPTION F AS PRESENTED IN DAN SHERMAN'S REPORT WITH 7.65% INVESTMENT RATE OF RETURN AND REMAIN AT A \$14,000 COLA BASE. SO VOTED**

Board to Discuss COLA Base Increase

**NO ACTION TAKEN AT THIS TIME**

**New Business:**

WCRS Employee Handbook

Kathleen Kiely-Becchetti provided a draft of the WCRS Employee Handbook. The Board will review the draft and adopt it at their November meeting.

2023 91A Excess Earnings

PERAC determined that disability retiree had excess earnings in the calendar year of 2023 and it is up to the Board now to ensure that they return that money to the retirement system. Disability retiree is not contesting the figures, but is looking to enter into a re-payment agreement. Based on his financial situation, they are requesting to make monthly installments of \$300, which can be deducted from their monthly retirement allowance over consecutive months until the full amount of \$30,867.86 is repaid.

**A MOTION WAS MADE AND SECONDED TO APPROVE A \$300 PER MONTH RE-PAYMENT PLAN UNTIL THE FULL AMOUNT IS PAID IN FULL STARTING WITH THE NOVEMBER 2024 PENSION PAYROLL. SO VOTED**

Attorney Gibson advised disability retiree to look over his 2024 earnings to ensure that he does not go over his allowable earnings. In the event that that does happen, the approved payment plan will need to be amended.

**Legal Update:**

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

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

**Investment Review:**

August Portfolio Update with September Capital Markets:

Mr. Rowlins gave a detailed report on the System's investment portfolio for August with September Capital Markets. The market value of assets totals \$272,797,536. The Board seemed satisfied with the report.

High Yield Fixed Income RFP Initial Evaluations:

It was reported that there were 15 proposals received by the deadline, with 1 proposal that did not meet the minimum qualifications of the RFP. Out of the remaining 14 proposals, Fiducient Advisors rated 4 managers with a "Highly Advantageous" composite rating;

including the incumbent manager, Eaton Vance. After reviewing all proposals and composite ratings, Fiducient Advisors recommended to the Board to continue their relationship with Eaton Vance.

**A MOTION WAS MADE AND SECONDED TO RETAIN MORGAN STANLEY INVESTMENT MANAGEMENT (FORMERLY EATON VANCE) AS THE HIGH YIELD FIXED INCOME MANAGER.**

**SO VOTED**

Trade Recommendation Worksheet – Cash Raise & Portfolio Rebalance:

Mr. Rowlins presented the trade recommendation worksheet to the Board. It was recommended that the Board raise cash to fund the pension payroll through the end of the calendar year as well as rebalance their portfolio to target more towards the fixed income market.

**A MOTION WAS MADE AND SECONDED TO RAISE CASH TO FUND PENSION PAYROLL THROUGH THE END OF THE CALENDAR YEAR AS WELL AS REBALANCE PORTFOLIO AS RECOMMENDED BY FIDUCIENT ADVISORS.**

**SO VOTED**

**A MOTION WAS MADE AND SECONDED TO ADJOURN THE MEETING AT 2:48 PM.**

**SO VOTED**