

The regular meeting of the Gardner Contributory Retirement Board was called to order by the Chairperson, Denise Merriam, on Thursday, May 25, 2023, at 10:00 AM in Room #128, 1st Floor, City Hall, Mayor's Conference Room. All Board Members were present. Also in attendance were Laura Strickland, Mass PRIM Board's Senior Client Services Officer and Colin Edgar, Lead Pension Consultant, Stone Consulting, Inc.

ANNOUNCEMENT - Any person may make a video or audio recording of an open session of a meeting, or may transmit the meeting through any medium, subject to reasonable requirements of the Chair as to the number, placement and operation of equipment used so as not to interfere with the conduct of the meeting. Any person intending to make such a recording shall notify the Chair forthwith. All Documents referenced or used during the meeting must be submitted in duplicate to the Retirement Board Administrator pursuant to the Open Meeting and Public Records Law. All documents shall become part of the official record of the meeting.

Board Chairperson, Denise Merriam, asked if anyone had any objections to the Board bypassing the agenda so that the Board Members could hear from their two guests, Laura Strickland and Colin Edgar. There were no objections to bypassing the agenda and Laura Strickland started her presentation.

The Board was joined by Laura Strickland, Senior Client Services Officer from MASS Prim Board. Each Board Member, Board Administrator and Colin Edgar from Stone Consulting, Inc., were each given a 73-page power point presentation that Laura went over with everyone. Laura pointed out PRIM's Core Beliefs on page 6. Laura discussed that PRIM Board had 3 consecutive quarters with downward markets and that the 4th and 1st quarters were both upward markets. PRIM's top ten accomplishments and PRIM's Future Initiatives were also discussed. Laura mentioned that PRIM's Private Equity Portfolio was ranked #3 by the American Investment Council. PRIM's private equity ranked #3 among 176 U.S. public pension funds based on a 10-year performance by the American Investment Council's Public Pension Study. PRIM is the only fund that has been in the top five every year the study has been conducted, including #1 rankings in 2019,2018,2015, and 2013, as of June 2022. Laura went over the Changes to Target Ranges for the PRIT Fund Asset Allocation on page 20 and PRIT's Asset Allocation on page 21. Ms. Strickland reviewed the PRIT Fund Performance on pages 23 through page 29. Laura mentioned that the Gardner Contributory Retirement Board is fully invested in the PRIT Fund and that Gardner was one of the first retirement boards to invest in the PRIT Fund. Board Chairperson, Denise Merriam, mentioned that she remembers when the three board members all drove down to the PRIT offices to drop off the paperwork to invest with MASS Prim Board. There being no further discussion, everyone thanked Laura for joining them today and Laura Strickland departed the Board Meeting at 10:22 AM.

Colin Edgar, Lead Pension Consultant, Stone Consulting, Inc., thanked everyone for their time today. Colin presented the preliminary results of the January 1, 2023, Actuarial Valuation. Ex-Officio Board Member, John Richard, had requested four more funding schedules and those are included in this presentation under exhibits 12A, 12B, 16A and 16B. Colin mentioned that the Fiscal Year 24 appropriations payment has already been calculated and approved by PERAC and what he will be discussing today is the FY'25 Appropriations Payment. Gardner's current funding schedule is a 6-year schedule, with 5 years remaining. The next two years' planned appropriation payments are \$5,732,791.00 for FY24 and \$6,134,086.00 for FY25. The preliminary results show an actuarial asset loss of \$14.5M for calendar year 2022, previous year was an asset gain of \$8.4M. Gardner's discount rate is currently 7.00% with 7.00% annual increases to the scheduled appropriation payments. The required end date to be fully funded is 2040, and PERAC recommends Boards be fully funded by 2035 with some room for being fully funded by 2040. Being fully funded is a race between assets and liabilities. Colin pointed out to all the board members that on page 13, the last line shows the unfunded actuarial accrued liability as of July 1, 2024, showing balances for the current valuation of 01/01/2023 as \$41,889,513.00 and as of 01/01/2022 as \$27,239,858.00. Ex-Officio Board Member John Richard stated that he is trying to reduce the Cities appropriation payment so that the city does not have to request free cash to make the appropriation payments to the Retirement Board. Mr. Richard also informed the Board Members that he likes the funding schedule on page 11 with a 7.00% discount rate, with yearly increases of 5.25% for the next nine years. John mentioned that this schedule reduces the contributions but that it does not add any years to the funding schedule. Colin Edgar pointed out to the Board Members that all the funding schedules reflect the new COLA Base amount of \$14,000.00. Mr. Edgar also informed the Board Members that when the city's payroll increases due to new union contracts being settled, that this will also increase the city's liability with the appropriations increasing as well. The newly settled police and firefighters' union contracts were used in all the schedules presented today. Mr. Edgar also mentioned that on page 6, the mortality table is the same one that was used last year. There is no new mortality projection scale available due to the irregularity of the COVID-19 era data. Board Administrator, Cheryl Bosse, informed the Board Members that we will have our first post 04/02/2012 hire retiring at the end of June. This will be the first retiree process that will use the high five-year salary average. Every new hire after 04/02/2012 will pay 2+ years of contributions due to the five-year salary average for retiree benefits. Colin pointed out to the Board Members that page 9 shows the maturity of the Gardner retirees and that they have remained around 46% of the population in the past 15 valuations, however, the increased portion of liability, from 59% to 70% (68% prior valuation) is higher than average. Gardner's long-term liability is the active members, and the short-term liability is the retirees. There being no further questions, Colin Edgar departed the Board meeting at 10:55 AM.

Ex-Officio Board Member, John Richard, departed the Board Meeting at 10:56 AM for an appointment.

The Board Members continued the meeting in the order of the agenda.

On a motion by Kevin McInerney, seconded by Robert Newton, the Board unanimously voted to approve the minutes of the regular meeting of April 25, 2023. The Board then signed the permanent minutes of the regular meeting minutes of March 28, 2023.

On a motion by Neil Janssens, seconded by Robert Newton, the board unanimously voted to approve the Trial Balances and General Ledger Histories for March 2023 and to accept the City Treasurer's bank reconciliations for March 2023.

On a motion by Kevin McInerney, seconded by Robert Newton, the Board unanimously voted to approve Warrant #05/23 dated May 31, 2023, totaling \$745,862.58.

Vendor	For	Amount
MACRS	Spring Conference 2023	\$ 484.00
NECS	INV #AR180476	\$ 294.40
Stone Consulting, Inc	INV #48-042023	\$ 1,450.00
Worcester Reg'l Ret Board	Trsf ASF Ryan Casper	\$ 68,074.68
Haylee N. Butterfield	Death Refund to Beneficiary	\$ 369.02
City of Gardner	F/W Haylee Butterfield	\$ 92.25
Philip M. Chalifoux	Refund ASF to Member	\$ 1,180.88
City of Gardner	F/W Philip Chalifoux	\$ 295.22
City of Gardner	2nd Half FY2023 Reimb.	\$ 44,525.00
Liana Guzman	Refund ASF to Member	\$ 9,418.54
City of Gardner	F/W Liana Guzman	\$ 2,354.64
Pension Payroll #05/23	Annuity Paid	\$ 107,680.92
	Pension Paid	\$ 501,928.26
	Veteran's Benefits Paid	\$ 323.75
	Dependents Paid	\$ 208.40
	Bd. COLA	\$ 7,182.62
TOTAL WARRANT #05/23		\$ 745,862.58

The Board next reviewed the PRIM statement for the Gardner Retirement System for the month of April 2023, noting a positive \$469,829.84 Net Change in Investment Value for the month. The Management Fees for the month were \$13,999.16. The Board also reviewed the PRIM Board Quarterly Update for the First Quarter, 2023.

Under “Correspondence” the Board reviewed a letter received from PERAC on May 11, 2023, informing the Board that PERAC had approved the Board’s action of April 27, 2023, to increase the Cost-of-Living Adjustment base to \$14,000.00 beginning July 1, 2023.

All Board Members reviewed *The Voice, May 2023*, from MASS Retirees.

Under “Old Business,” the Board Administrator, Cheryl Bosse, updated the Board Members on the status of the disability retirement application currently in process: No updates on this matter, we are still waiting for DALA and the court date to be set.

Under “Old Business”, the Board members recognized that the Retirement Board Election for two members to serve three-year terms each is still scheduled to be held on June 26, 2023.

Election Officer, Neil Janssens, notified the Board that only the two incumbent members submitted nomination paperwork to the Board by the May 12, 2023, deadline for the two elected positions for the two three-year terms of July 1, 2023, through June 30, 2026, and therefore an “Election by Declaration” will be voted on by the Board.

On a motion by Kevin McInerney, seconded by Neil Janssens, the Board unanimously voted to approve the “Election by Declaration”.

Denise M. Merriam and Robert W. Newton will serve the two three-year Elected Member terms commencing on July 1, 2023, and expiring on June 30, 2026. They will serve in all aspects as though they had been elected by election.

On a motion by Kevin McInerney, seconded by Neil Janssens, the Board unanimously voted in approval of the Election by Declaration Announcement to be included with the mailing of the May 2023 retiree and survivor retirement allowance checks and nods and the announcement will be posted in all buildings where active-members-in service work.

Under “New Business,” the Board discussed the presentation from Stone Consulting, Inc. and the various funding schedules presented today. The Board decided to table this item until their next monthly meeting. The Actuarial Valuation Draft as of 01/01/2023 will be added to “Old Business” for the June 27, 2023, monthly meeting.

The Board reviewed the Operating Budget for Fiscal Year 2024 in the total amount of \$582,200.00. The Board Administrator, Cheryl Bosse, pointed out to the Board members that the proposed budget for FY2024 is approximately a 1.00% increase over the FY2023 budget of \$577,505.00. The increase is due to the increases to staff salaries, Fiduciary insurance, service contracts, fees paid for the actuarial evaluation and independent CPA firm, administrative expenses and furniture and equipment.

On a motion by Kevin McInerney, seconded by Robert Newton, the Board unanimously voted to approve the Fiscal Year 2024 Operating Budget, total amount of \$582,200.00 for the Gardner Contributory Retirement Board.

The Board reviewed the two sample 2023 Annual Affidavits to be mailed to all retirees and survivors with their June 2023 payroll and due back to the Retirement Board by August 25, 2023. Gardner residents will receive an Annual Affidavit for 2023 that they must sign and return to the Retirement Board Office. Any resident outside of Gardner will receive an Annual Affidavit for 2023 that requires a Notarized signature. On a motion by Robert Newton, seconded by Neil Janssens, the Board unanimously voted to approve the 2023 Retiree/Survivor Annual Affidavits.

Under "New Business" the Board Administrator, Cheryl Bosse, updated the Board members that she had a part-time employee that works for the Building Department regarding the limitation on hours and money a retiree can earn post-retirement working for a municipality. This part-time employee is a retiree from the City of Leominster. Ms. Bosse' informed him of the limitation of 1,200 hours worked per year and that he would have to contact the City of Leominster Retirement Board to find out how much money he can earn within the 1,200 hours. After a brief discussion, Cheryl informed this employee that she would get clarification as to what the process is if he was to work over 1,200 hours. Ms. Bosse' contacted Felicia McGinnis, Associate General Counsel at PERAC. Ms. McGinnis responded to Ms. Bosse' that if the employee works over the allowed 1,200 hours in a calendar year, he would have to pay back any money he earned working past the 1,200 hours to the City of Gardner. Essential he would have worked for free for any hours above the 1,200 limit.

The Board Administrator shared with all the Board members an invitation to a retirement party for Calvin Brooks, former City of Gardner City Auditor. Calvin's party will be held on Friday, June 16, 2023, at the Fay Club in Fitchburg, Mass.

Cheryl Bosse' also reminded the Board members that she will be at the MACRS Spring Conference from June 4th to June 8th and that she will also be out of the office from June 9th to June 13th for the Greater Gardner Area Relay For Life.

Board Member, Robert Newton, informed the Board members that about 2 weeks ago he was not able to log into Prosper. Since then, he has not been able to log back into Prosper. The Board Administrator told Robert to come to her office after the meeting and see if they can get him logged back into Prosper. Sometimes it will work if you use another platform other than Google Chrome.

The next regular meeting is scheduled for Tuesday, June 27, 2023, at 10:00 A.M.

All meetings are scheduled to be held in City Hall, 1st Floor, Room 128, Mayor's Conference Room.

There being no further business, a motion to adjourn at 11:33 A.M. was made by Robert Newton, seconded by Kevin McInerney, passing unanimously.

The meeting adjourned at 11:33 A.M.

APPROVED:

John Richard, Ex-Officio

Kevin McInerney, Appointed

Denise M. Merriam, Elected (Ends 6/30/2023)
Chairperson

Robert W. Newton, Elected (Ends 6/30/2023)

Neil W. Janssens, Appointed (Ends 1/1/2024)