

Regular Meeting – May 29, 2024

The Taunton Retirement Board (the “Board”) met at 1:00 p.m. today at the retirement board offices, 104 Dean St., Suite 203, Taunton, MA with Chairman Dennis M. Smith presiding and board members Barry J. Amaral, Thomas A. Bernier, Ian D. Fortes and Gill E. Enos in attendance.

Roll Call

All members were present at the 1:00 p.m. roll call.

Also present were:

Paul J. Slivinski, Executive Director

Kevin Condy, Board Investment Consultant-Dahab Associates

Matt Navins, David Cook & Mark Toomey of Fiera Capital

Daniel Mahr, Scott Conlon & Brian Willer of Davenport Asset Mgmt.

Chris Pearson, Patrick Slack & Ehan Keator of Federated Hermes

Donald Emond (Landlord) & Jennifer Heeney of Waterfront Realty Trust

1:00 p.m. – The Board met with Don Emond & Jen Heeney on office space lease renewal with Waterfront Realty Trust. Ex. Director Slivinski provided the board with copies of the new proposed lease to extend another ten (10) years and discussed upgrades needed to the office. After review and discussion, the board excused Mr. Emond & Ms. Heeney and took the matter under advisement.

1:10 p.m. – The Board met with investment consultant Kevin Condy of Dahab Associates to review investment matters and to conduct interviews of finalists for Mid-Cap Growth Equity investment management services:

Investment matters:

Performance Evaluation QE 03/31/2024: Assets returned +4.9% for the quarter vs. benchmark of +5.25%. Overall, the performance was welcomed and a good start to 2024 although the month of April was down and May is slightly up resulting in a quarter-to-date for 6/30 of approx. -1.1%. Mr. Condy noted that growth equity manager Polen Capital continues to lag in performance and this is being watched closely to determine if a change needs to be made. All other assets were performing with their respective benchmarks longer term.

Asset allocation: Mr. Condy noted this will need to be re-visited once the actuarial valuation is completed. For now, assets are over allocated to large-cap equities which can be used to fund new investments for capital calls made for alternative investments with PRIT’s private equity vintage year funds as well as new investments with Private credit funds – Blue Ocean Onshore Fund II LP and the pending fund with Constitution Capital partners – Ironsides Opportunities Fund II LP.

Abrndn U.S. Small-cap equity fund: notice from Abrndn on a succession plan to replace their CEO. Mr. Condy noted that there will be no change in investment philosophy/team and the purported replacement, Jason Windsor, has been involved as interim CEO and very involved in the firm etc.

Mr. Condy noted that long-term performance has been around +9.0% (net of fees) since the board hired Dahab Associates in 2008.

Mr. Condy informed the board that Dahab will be reducing the consulting fees from \$90K to \$80K annually within the next quarter or so.

Mr. Condy provided a summary of upcoming matters: RFP’s due 5/31/24 for Small-cap equity, Custodial services, and Passive index funds. These can possibly be reviewed at the June board meeting. Also the board would need to decide on alternatives such as PRIT private equity to

determine if an annual commitment should be made or if a change to ‘every other’ year is more appropriate. Finally private credit was discussed and Mr. Condy asked the board to consider follow-on investment(s) in the coming year to keep this asset class diversified within vintage years etc. Also discussed was the PRIT fund as an option for private credit but so far PRIT has no option to invest in this asset class.

Mr. Condy noted that in 2025, the board will have to issue RFP’s for International & Emerging market equities to comply with PERAC guidelines (7-year rule).

1:20 p.m. – Mid-cap equity finalist interviews:

The Board and Mr. Condy met with finalists for mid-cap growth equity investment management services: Fiera Capital, Federated Hermes, and Davenport Asset Management. Each firm provided information on their investment philosophy & style, management team & firm, type of stocks utilized with all using a bottom-up approach. Also analyzed was each firm’s performance, alpha, beta/volatility, and type of product(s) such as separately-managed fund/CIT. The board asked if fees were negotiable and each firm did agree to a lower fee amount than what was proposed in their respective RFP’s.

After review and discussion, the board voted as follows:

On the motion by Amaral, seconded by Fortes, it was unanimously

VOTED: to select Federated Hermes as mid-cap growth equity manager.

VOTE: 5-0-0

Discussion then focused on the incumbent mid-cap growth manager – Frontier Investment mgmt. – who fund has underperformed the benchmark (Russell mid-cap growth index).

On the motion by Enos, seconded by Fortes, it was unanimously

VOTED: to terminate Frontier Investment Mgmt. and to allocate the proceeds into the SSgA Mid-cap 400 Index NL Fund until Federated Hermes hiring is completed.

VOTE: 5-0-0

Mr. Condy was excused from the meeting.

Hearing: Chairman Smith announced a hearing to allow input from the active members of the retirement system on amending our Supplementary Regulation on Creditable Service by excluding the purchase of non-membership service for Substitute Teachers.

Chairman Smith asked: IS THERE ANYONE WISHING TO SPEAK IN FAVOR OF THE PROPOSED SUPPLEMENTARY REGULATION? There was none.

IS THERE ANYONE WISHING TO SPEAK IN OPPOSITION TO THE PROPOSED SUPPLEMENTARY REGULATION? There was none.

Chairman Smith asked: DO I HAVE A MOTION TO CLOSE THE HEARING AND ADOPT or REJECT THE REGULATION?

On the motion by Enos, seconded by Bernier, it was unanimously

VOTED: to close the hearing and adopt the regulation.

VOTE: 5-0-0

A roll call vote was taken and recorded as follows: Member Amaral “Yes”; Member Bernier “Yes”; Member Enos “Yes”; Member Fortes “Yes”; and Member Smith “Yes”.

REGULAR BUSINESS:

Minutes – from the April 24, 2024 regular & executive session meeting.

On the motion by Enos, seconded by Fortes, it was unanimously

VOTED: to approve the minutes.

VOTE: 5-0-0

Warrants – warrants #34 thru #44 for 2024.

On the motion by Enos, seconded by Fortes, it was unanimously

VOTED: to approve the warrants.

VOTE: 5-0-0

New members of the system to date:

- Rita Zambou, GATRA, Group 1, 9+2%
- Joseph Gottlich, Taunton Public School, Group 1, 9+2%
- Tobias Cowans, Human Services, Group 1, 9+2%
- Marc Dunderdale, Human Services, Group 1, 9+2%

On the motion by Bernier, seconded by Enos, it was unanimously

VOTED: to approve the new members.

VOTE: 5-0-0

Refunds/transfers subject to D.O.R. liens:

- Jacqueline Gonzalez - GATRA, Refund, 9/24/2015 to 4/3/2016 & 4/16/2018 to 7/24/2019 – 1 year, 9 months service.
- Shannon Tavares, Mayor's Office, Transfer to State Retirement, 11/15/2021 – 12/02/2022. *Taunton will accept 1 year of liability under G.L. c. 32, section 3(8)c on a 12-month basis.*
- William Roth, Community Development, Transfer to Norfolk County Retirement, 4/6/2020 – 2/5/2023. *Taunton will accept 2 years, 9 months of liability under G.L. c. 32, section 3(8)c on a 12-month basis.*
- Sherry M. Costa-Hanlon, City Council, Transfer to State Retirement Board, 4/4/2008 – 12/31/2015. *Taunton will accept 7 years, 8 months of liability under G.L. c. 32, section 3(8)c on a 12-month basis.*
- Karen Grossi-Pemberton, Mayor's Office, Transfer to State Retirement, 4/04/2022 – 12/28/2023. *Taunton will accept 1 year and 8 months of liability under G.L. c. 32, section 3(8)c on a 12-month basis.*

On the motion by Bernier, seconded by Amaral, it was unanimously

VOTED: to approve all of the refunds/transfers.

VOTE: 5-0-0

Retirement/survivorship applications:

- Daniel Williams, Police, Accidental Disability, Group 4, 04/29/2024
- Elizabeth Dourado, GATRA, Group 1, 6/30/2024
- Denise L. Irving, Zoning-Conservation-Planning Dept., Superannuation, Group 1, 8/3/2024
- Thomas Cammarata, Housing Authority, Accidental Disability, Group 1, 03/18/2023

On the motion by Enos, seconded by Fortes, it was unanimously

VOTED: to approve the retirements & survivorships.

VOTE: 5-0-0

Deaths - there were none.

Make-up/redeposits and liability for creditable service: There were none.

PERAC Memo's and correspondence: There were none.

Investments & accounting:

- Accounting reports for m/e 03/31/2024 – Trial Balance, Cash Receipts & Disbursements, Journal Entries and General Ledger. Bristol County Savings Bank & IntraFi Checking account statement and reconciliation as of m/e 03/31/2024.
- Investment Purchases (\$9,776,853.93) and Sales \$9,776,853.93 for m/e 03/31/2024.
- Frontier Mid-cap Growth Equity fund – notice dated 5/10/24 on IRS breach/tax returns (similar to Molpus) Board counsel notes no issue affecting the fund.

After full review of all reports, investment purchases/sales, and Frontier matter, the Board voted as follows:

On the motion by Amaral, seconded by Bernier, it was unanimously

VOTED: to approve all accounting reports for m/e 03/31/2024; Bristol County Savings Bank/IntraFi Checking account statement and reconciliation as of 03/31/2024; Purchases & Sales; and place on file Frontier matter.

VOTE: 5-0-0

Funding & Budget requests:

- The Board reviewed budget expenditures and account balances thru m/e 04/30/2024.

On the motion by Enos, seconded by Bernier, it was unanimously

VOTED: to approve expenditures & balances and place on file.

VOTE: 5-0-0

- The Board reviewed petty cash invoices #354 thru #358.

On the motion by Amaral, seconded by Fortes, it was unanimously

VOTED: to approve the invoices and replenish petty cash up to \$200.

VOTE: 5-0-0

Travel, Education & Conferences:

- MACRS draft agenda - FYI
- The Board reviewed the NCPERS conference report

NCPERS Conference: May 19-22, 2024

Ex. Director Slivinski, Ass't. Dir Medeiros and Admin. Ass't. Gonsalves recently attended the NCPERS Conference from May 19-22, 2024 in Seattle, WA. Attendees took part in retirement and investment education offered by NCPERS to learn about the latest trends, best practices, and regulations impacting public pension plans. The Board's travel policy incorporates an emphasis on continuing education that is encouraged as a way to make sure the board members and staff holding positions of responsibility for the plan's viability are well informed and will be able to do their utmost to make sound decisions when challenged. A summary of topics covered were as follows:

NCPERS Annual Conference & Exhibition 2024-Economic overview; the intersection of public and private credit; has recovery of real estate values begun?; crossing an actuary with an investment officer; private equity investing in infrastructure; U.S. energy transition; implementing private credit for plan diversification; emerging managers; the role of venture capital in retirement plans; financial wellness benefits; limitations of passive investing; securities litigation; basic principles to manage portfolio risk; healthcare in an investment portfolio; meaningful metrics for comparing public plans; securities fraud class action exposures & share-price movements; ESG trends; benchmarking for hedge funds; artificial intelligence and plan governance considerations; adding duration in high-quality fixed income; high inflation and post-retirement benefit increases; leveraging technology in pension systems; emerging market opportunities; alternative asset classes; best practices and leadership development for boards &

staff; communications and engaging employers; private credit opportunities in maritime & offshore energy; what's next for diversity-equity-inclusion?; and a conversation with investment consultants.

Also NCPERS business meeting, conference resolutions and networking activities.

All Attendees reported that the programs were well presented. The interaction with professionals from all investment management styles was most beneficial. The subjects covered will assist in the fulfillment of fiduciary responsibilities.

On the motion by Enos, seconded by Bernier, it was unanimously

VOTED: to accept the NCPERS conference report.

VOTE: 5-0-0

Legal matters:

- The Board reviewed legal expenses of \$5,768.00 for m/e 04/30/2024 for Atty. Michael Sacco.

On the motion by Bernier, seconded by Enos, it was unanimously

VOTED: to approve the legal expenses for m/e 04/30/2024.

VOTE: 5-0-0

Executive Director's report

- Office space lease - Don Emond of Waterfront Realty Trust. This was reviewed earlier in the meeting. Ex. Director provided the board with alternate options at 101 Industrial Park Rd, Taunton (must purchase-no lease) and also 350 Myles Standish Blvd. (cost to lease around \$22-\$24/sq. ft. plus build-out costs) It was agreed that the current office space continues to meet the board's and staff's needs. After discussion, the board voted as follows:

On the motion by Amaral, seconded by Fortes, it was unanimously

VOTED: to approve renewal of the office space lease for ten (10) years effective Jan. 1, 2025.

VOTE: 5-0-0

Ex. Director Slivinski gave updates on the following:

- Bi-annual affidavits to be sent during 2024 to all retirees/survivors to verify receipt of benefits.
- Actuarial Valuation 01/01/2024. All data has been sent and comments returned to Buck Consultants. Just waiting for draft report which should be available soon.
- Bay State Pension Solutions – discussion of current users and feedback. Wellesley & Salem report that there was a short time-line to run the new software parallel but so far they like the product. Other contacts made note that a longer parallel time-line would be more beneficial. Ex. Director noted that there is no hurry to change over and that more time would be beneficial for Bay State to iron out any issues with the new users before deciding if a change should be warranted.
- EnTrust Global Blue Ocean Onshore Fund II LP – contract fully signed to invest up to \$5mm. Effective date is for May 7, 2024 to May 7, 2031. FYI
- Constitution Capital Ironsides Opportunities Fund II LP – contract & side-letter signed by Chair and waiting on Constitution for final executed version. FYI
- Credit card policy from City of Taunton and new PERAC regs. Member Enos noted that the City of Taunton will be further updating its policy and this can be re-visited later to determine if this would be beneficial to the retirement board.

EXECUTIVE SESSION: There was none.

OLD BUSINESS: There was none.

NEW BUSINESS: There were none.

There being no further business to come before the board, it was voted to adjourn at 3:50 p.m.

APPROVED BOARD OF RETIREMENT

Ian D. Fortes, Ex-Officio Member

Paul J. Slivinski, Executive Director

Dennis M. Smith, Elected Member

Barry J. Amaral, Appointed Member

Thomas A. Bernier, Elected Member

Gill E. Enos, Appointed Member