

**Minutes**  
**Retirement Board Meeting of**  
**July 28, 2020**

The monthly meeting of the Marlborough Retirement Board was held on July 28, 2020. The meeting was held remotely due to the Corvid-19 crisis. Gregory Brewster, William Taylor, Daniel Stanhope, David Keene, Diane Smith, Margaret Shea, and Nathaniel Chen were participating via conference call. Other participants include Henry Jaung and Steven MacLellan of the Meketa Group and Michal Ossing.

1. The meeting was called to order at 8:15 a.m.
2. A motion was made and seconded to approve the minutes of June 30, 2020.

Diane Smith - Yes

William Taylor - Yes

Gregory Brewster - Yes

Daniel Stanhope - Yes

David Keene - Yes

Motion carried.

3. Henry Jaung and Stephen MacLellan presented Meketa's quarterly review. Mr. Jaung reviewed the markets. He noted that the quarterly returns were very strong despite the large losses in the first quarter and unemployment numbers. During review of performance, they noted that the system returned 11.6% net of fees for 2<sup>nd</sup> quarter resulting in an asset value of approximately \$177.7 million. Year-to-date return was negative 2.6%. Jaung noted that as of July 25, 2020, the fund is likely up 1%. The managers who underperformed their benchmarks were Frontier and Fiduciary. Frontier beat its benchmark for the quarter but trailed substantially with year-to-date performance. Meketa attributed the underperformance to overweight in airline stocks. Mr. Jaung expressed more concern with Fiduciary's performance. For the quarter, they trailed their benchmark, which gained 22%, with a gain of 15.5%. Year-to-date, Fiduciary trailed their benchmark by 7.8%. Mr. Jaung also discussed the \$9 million appropriation that was received in July. \$5.7 million was invested in emerging market equities and the remaining \$3.4 million remained in cash. Emerging market equities were the best returning asset class in July returning 8.3% as of today. Jaung and MacLellan then discussed the results of the RFP for defensive US equity passive index managers. As the system increases its allocation to equities, a defensive fund would provide protection against volatility. The ideal strategy will perform in line with the US equity market during up markets while protecting in down markets. There were nine respondents to the RFP. Three respondents were disqualified. Meketa ranked the remaining six. The top two strategies were Rhumblin and Northern Trust, both of whom were ranked highly advantageous. Both strategies had similar approaches. For one-year returns ending March 31, 2020, Northern Trust lost 5.5% and Rhumblin lost 4.4%. The Russell 1000 lost 8%. Both firms beat the 10-Year Russell return of 10.4%. Rhumblin returned 12.4% and Northern Trust returned 12.2%. Mr. MacLellan reviewed beta, tracking error, and upside and downside capture. Northern Trust offered a



commingled fund with a 15-point management fee and administrative costs capped at 2%. Rhumbline's fund was a separately managed account charging 5 basis points with 2.5 basis management and licensing fees. Mr. Jaung asked the Board how they wanted to proceed. The Board felt comfortable voting today based on Meketa's analysis. After discussion, a motion was made and seconded to hire Rhumbline to manage a defensive US equity passive index strategy.

Diane Smith - Yes  
Gregory Brewster - Yes  
Daniel Stanhope - Yes  
William Taylor - Yes  
David Keene - Yes  
Motion carried

3. Approval of retirements was the next item on the agenda. Anthony Dutchka, formerly of the Department of Public Works, Christine Phillips, Theresa Seymour, and Grace Cintron, all formerly of the School Department, had applied for superannuation retirement in June. After a review of pertinent information, a motion was made and seconded to approve.

William Taylor - Yes  
Gregory Brewster - Yes  
Daniel Stanhope - Yes  
David Keene - Yes  
Diane Smith - Yes  
Motion carried.

4. The Board reviewed refunds and transfers. After discussion, a motion was made and seconded to approve all refunds and transfers.

Gregory Brewster - Yes  
Daniel Stanhope - Yes  
David Keene - Yes  
Diane Smith - Yes  
William Taylor - Yes  
Motion carried.

5. New Business / Old Business was the next item on the agenda. The director provided a brief update on the upcoming election. Election notices were being sent to retirees in monthly checks and direct deposit notices. Active members would be notified via e-mail from the Mayor's Office. Inactive members would receive notice via U.S. mail. Nomination papers were available for pick-up in the retirement office. The Board members had received a copy of Roselli, Clark, and Associate's audit. There were no findings. A motion was made and seconded to accept and place on file.

Daniel Stanhope - Yes  
David Keene - Yes





Diane Smith - Yes  
William Taylor - Yes  
Gregory Brewster - Yes  
Motion carried

6. The next item on the agenda was the Financial Review. The director made a correction in the agenda noting that the Board would be reviewing the June accounting rather than the April accounting. The Board reviewed a cash flow analysis and operating budget as of July 31, 2020. The Board also reviewed the cashbooks, journals, and trial balance for June 2020. The Board reviewed the May cash reconciliation and bank statements. A motion was made and seconded to accept and place on file.

David Keene – Yes  
Diane Smith - Yes  
William Taylor - Yes  
Gregory Brewster – Yes  
Daniel Stanhope – Yes  
Motion carried

7. The Board reviewed miscellaneous correspondence. The PERAC 2019 Investment Report was published. Marlborough ranking in the top third of retirement systems for the year. The Board also reviewed a PERAC memorandum regarding Board Member Training. A motion was made and seconded to accept and place on file.

Diane Smith – Yes  
William Taylor – Yes  
Gregory Brewster – Yes  
Daniel Stanhope – Yes  
David Keene – Yes  
Motion carried

8. Approval of Warrants was the next item on the agenda. The Board reviewed warrants #182020, #192020, and the July 2020 retiree payroll warrant. A motion was made and seconded to approve.

William Taylor – Yes  
Gregory Brewster – Yes  
Daniel Stanhope – Yes  
David Keene – Yes  
Diane Smith – Yes  
Motion carried

9. A motion was made and seconded to adjourn the meeting at 9:33 a.m.

Gregory Brewster – Yes  
David Keene – Yes



Daniel Stanhope – Yes  
Diane Smith – Yes  
William Taylor – Yes  
Motion carried

A handwritten signature in cursive script, appearing to read "Gregory P. Brewster". The signature is written in dark ink and is positioned above the printed name.

Gregory P. Brewster, Chairman