


**Minutes
Retirement Board Meeting of
August 31, 2021**

The monthly meeting of the Marlborough Retirement Board was held on August 31, 2021. The meeting was held in Memorial Hall in Marlborough City Hall, 140 Main Street. Gregory Brewster, William Taylor, Daniel Stanhope, Diane Smith, Robert Gustafson, Margaret Shea, Nathaniel Chen, and Michael Ossing were attending.

1. The meeting was called to order at 8:19 a.m.
2. The first item was approval of minutes for the meetings of July 27, 2021, August 3, 2021, and August 17, 2021 and the executive session minutes of August 6, 2021. The assistant director reported that there was a typographical error on pages 841 and 842; "Dante" should read "Damian." Additionally, William Taylor was removed from the list of members in attendance on page 841. A motion was made and seconded to approve the minutes as amended. Vote unanimous.
3. The next item on the agenda was presentations from the finalists of the Board's search for private debt managers; Golub Capital and Neuberger Berman. Before they began their presentation, Stephen MacLellan from Meketa joined remotely to provide the Board with an interim update of the portfolio, noting that the estimated year-to-date return is 10.3%.

Golub Capital was represented remotely by Ross Van der Linden, Meg Visokey, and Sunny Suh. Mr. Van der Linden noted that the company, which was started in 1994, began executing its private debt strategy since 2004 and has \$30.6 billion under management in private debt funds. Golub Capital's strategy is to buy into an existing portfolio of investments of more than 500 borrowers, few of which exceed 1% of the overall portfolio, with target net returns of 10.5% - 13.5%. Since inception, the funds have had a default rate of 0.95%. For the Golub Capital Partners 14 fund, the management fee is 100 basis points with a performance fee of 20% over an 8% hurdle. Ms. Suh reviewed Golub Capital's new BDC 4 offering, which has incentives waived during the seeding period. She discussed the performance of the BDC 3 fund, which has returned 9.1% since its inception in 2017. For the BDC 4 fund, the management fee is 50 basis points with a performance fee of 10% over a 7% hurdle. After questions, the Board thanked Mr. Van der Linden, Ms. Visokey, and Ms. Suh for their presentation.

Neuberger Berman was represented remotely by Michael Savinelli and Susan Kasser. Mr. Savinelli noted that the company, which was started in 1939 and is 100% private equity-owned, began executing its private debt strategy in 2013 and has \$10 billion under management in private debt funds. Marlborough would be participating in the Private Debt Fund IV, which is a diversified portfolio of middle and upper middle-market companies with strong free cash flow. Target return is conservatively 8-10%. Strategy focuses on quality bias and capital preservation; the Private Debt Fund III reviewed 2,452 investments from October 2017 through June 2021 and only invested in 135 of them, resulting in a 0.03% loss rate and a



return of 11.4%. After questions, the Board thanked Mr. Savinelli and Ms. Kasser for their presentation.

Following the two presentations, Mr. Gustafson asked if Mr. MacLellan had any concerns about the extremely conservative policy that Neuberger Berman employs. Mr. MacLellan did not express concern, noting that their policy was not atypically short. Mr. Gustafson asked about the leverage, which Mr. MacLellan stated was similar for both firms. Mr. Gustafson asked Mr. MacLellan about the late introduction of Golub Capital's BDC 4 fund into consideration. Mr. MacLellan explained that, while both firms are equally advantageous, the BDC 4 fund has a significant fee discount that warrants consideration.

After discussion, a motion was made and seconded to hire both Neuberger Berman and Golub and split the private debt allocation between Neuberger Berman's Private Debt Fund IV and Golub Capital's BDC 4 fund. Vote unanimous.

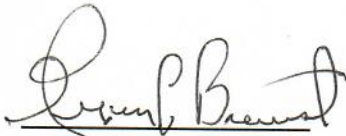
4. The choice of a funding schedule was the next topic for discussion. A motion was made and seconded to approve a funding schedule with 7.5% interest, 4% increasing payments, and a target date of 2028. Vote unanimous. A motion was also made and seconded to adopt the actuarial method to distribute the cost of the appropriation between departments. Vote unanimous.
5. The next item on the agenda was a proposed 2% staff salary increase. A motion was made and seconded to approve the increase as submitted. Vote unanimous.
6. The next item on the agenda was a proposed supplemental regulation regarding the corrective rate of interest and a recalculated retirement allowance. A motion was made and seconded to approve the regulation as submitted. Vote unanimous. A motion was also made and seconded to approve the recalculated retirement allowance for Denise Murphy. Vote unanimous.
7. Approval of retirements was the next item on the agenda. Margaret Arena, Maureen Fahey, Marjorie Risotti, and Richard Bissonnette had applied for superannuation in July. After a review of pertinent information, a motion was made and seconded to approve the applications as submitted. Vote unanimous.
8. Approval of refunds and transfers was the next item on the agenda. The Board reviewed refunds due to Russell Breault, Jane Malick-Nugent, Cathleen Liberty, Jonas DaRocha, and Elvin Lavergne. The Webster Retirement Board had requested a transfer of Melissa McKeon's annuity savings fund. The Norfolk County Retirement Board had requested a transfer of Cathleen Liberty's annuity savings fund. The Massachusetts Teachers' Retirement System had requested a transfer of Kaitlyn Prior's, Kristina Pappas's, Kristen Mikula's, and Joseph Phillips's annuity savings funds. A motion was made and seconded to approve the refunds and transfers as submitted. Vote unanimous.
9. The Financial Review was the next item on the agenda. The Board reviewed the following documents:



- a. Operating Budget as of 08/31/21
- b. FY21 Operating Budget
- c. Cash Flow Analysis
- d. Cash Reconciliation
- e. July 2021 Accounting

A motion was made and seconded to accept and place on file. Vote unanimous.

- 10. Approval of warrants was the next item on the agenda. A motion was made and seconded to approve the following warrants: payroll warrant for August 2021, warrant #172021, warrant #202021, warrants #212021, and warrant #222021. Vote unanimous.
- 11. Discussion of Staff/Office Matters was the next item on the agenda. Margaret informed the Board that Beth Matson will be starting as Director on September 20, 2021.
- 12. The next item on the agenda was the accidental disability application of David Joyce. A hearing was not scheduled due to Mr. Joyce's deteriorating health. After discussion, a motion was made and seconded to approve the application. Vote unanimous.
- 13. Miscellaneous correspondence and PERAC memoranda was the next item on the agenda. The Board reviewed PERAC memo #24. A motion was made and seconded to accept and place on file. Vote unanimous.
- 14. New Business/ Old Business (Reserved for Topics Not Anticipated by the Chairman) was the next topic for discussion. The board discussed David Wills's request for a refund buyback. Mr. Wills was a dispatcher in Marlborough for 2 years, withdrew his funds in 1994, and is now employed in Southborough and a member of the Worcester Regional Retirement System. The assistant director told the Board that the subscription paperwork for IFM is complete.
- 15. A motion was made and seconded to adjourn the meeting. Vote unanimous.



Gregory P. Brewster, Chairman