

CITY OF MARLBOROUGH MEETING POSTING

Meeting Name: OPEB Trust

Date: March 9, 2021

Time: 1:00 PM

Location: Virtual Meeting

Agenda Items to be addressed:

RECEIVED
CITY CLERK'S OFFICE
CITY OF MARLBOROUGH

2021 MAR -4 P 4:44

In accordance with the March 12, 2020 Executive Order issued by Governor Baker modifying certain requirements of the Open Meeting Law, the Marlborough OPEB Trust Committee will hold a virtual meeting on March 9, 2021 at 1:00 PM with Trustees attending in person and/or remotely.

NO IN PERSON PUBLIC ATTENDANCE WILL BE PERMITTED

The public may access the meeting by
dialing 617-433-9462 and using conference ID 984696 136#

The agenda for the meeting is below:

1. OPEB Trustee Board positions (Article 5.1) – All
 - Recognition of Patrick Jones as a Trustee filling the role of the City Treasurer
 - City Council President Designee – two-year appointment – Councilor Michael Ossing – term to expire 3/11/23
 - Mayor appointment – three-year term – Al Weaver – term expires 3/11/22
2. Approval of the July 28, 2020 meeting minutes – Ossing
 - Submitted to the City Council on August 24, 2020 – agenda items 17 (OPEB update) and 27 (minutes)
3. OPEB Trust Performance – Bartholomew
 - a. Balance as of December 31, 2020
 - b. Balance as of February 28, 2021
 - c. Market Insights
4. Draft letter to the Mayor regarding OPEB Trust performance – then forward to City Council – Ossing
5. Investing the \$350,000 in the FY21 OPEB account and the 10% of FY21 Undesignated Fund - \$1,504,785.40 – All
6. Trust account audits – Annual per Article 12.2 - Ossing
7. Actuarial Study for 2021 (fund in FY22 budget) – Ossing
8. Other Business - All

THE LISTING OF TOPICS THAT THE CHAIR REASONABLY ANTICIPATES WILL BE DISCUSSED AT THE MEETING IS NOT INTENDED AS A GUARANTEE OF THE TOPICS THAT WILL HAVE BEEN DISCUSSED. NOT ALL TOPICS LISTED MAY IN FACT BE DISCUSSED, AND OTHER TOPICS NOT LISTED MAY ALSO BE BROUGHT UP FOR DISCUSSION TO THE EXTENT PERMITTED BY LAW.

CITY OF MARLBOROUGH
OTHER POST-EMPLOYMENT BENEFITS ("OPEB") TRUST BOARD MEETING

July 28, 2020

Regular Meeting Minutes

Call to order: 1:00 pm

Members Present: Doug Dias, Diane Smith, Michael Ossing, Al Weaver – arrived at 1:11 pm

Members Absent:

- Motion made and seconded to accept the minutes of the October 4, 2019 meeting. Approved 3-0.
- Representatives Charles Patterson and Alex Bartholomew from Bartholomew & Company appeared virtually before the board. The representatives reviewed the City's portfolio performance from inception to June 30, 2020. The fund totaled \$12,798,461.91 with an annualized return of 3.46%.
- Bartholomew and Company reported that the portfolio's performance through July 24, 2020 was positive. The balance in the fund was \$13,064,420.26 with total contributions as of that date at \$11,187,250.63.
- Diane Smith will be sending the portfolio's performance as of June 30, 2020 and July 24, 2020 to the Mayor and City Council in August.
- Mike Ossing informed the board that the FY21 appropriation to OPEB is \$350,000. Based on the City's financial policies, 10% of certified free cash will be transferred to the OPEB Trust in the fall after free cash is certified.
- The board discussed having the next meeting in November. All agreed that going forward July and November made the most sense for holding meetings.
- The board reviewed the Trust Agreement, specifically articles 5, 8 & 15, due to the Comptroller position being vacant. No issues were found.
- Motion made and seconded to adjourn at 2:33 pm. Approved 4-0.

Respectfully submitted

Diane Smith



ACCOUNT NUMBER	FUND NAME	BEGINNING MARKET VALUE	BEGINNING PRINCIPAL	BEGINNING EARNINGS	NET INCOME	REALIZED GAIN/LOSS	NET EARNINGS	TRANSFERS OF PRINCIPAL	TRANSFERS OF EARNINGS	ENDING PRINCIPAL	ENDING EARNINGS	ENDING CASH VALUE	CHANGE IN UNREALIZED GAIN/LOSS	UNREALIZED GAIN/LOSS	ENDING MARKET VALUE
<i>OPEB FUNDS</i>															
	OPEB TRUST	\$13,771,618.85	\$11,169,647.00	\$1,318,380.53	\$183,199.81	\$44,353.82	\$227,553.63	\$0.00	\$0.00	\$11,169,647.00	\$1,545,934.16	\$12,715,581.16	\$15,050.97	\$1,298,642.29	\$14,014,223.45
	OPEB HOUSING DIVISION	\$13,779.02	\$11,603.63	\$891.11	\$183.29	\$44.38	\$227.67	\$0.00	\$0.00	\$11,603.63	\$1,118.78	\$12,722.41	\$15.06	\$1,299.34	\$14,021.75
	SUBTOTALS	\$13,785,397.87	\$11,181,250.63	\$1,319,271.64	\$183,383.10	\$44,398.20	\$227,781.30	\$0.00	\$0.00	\$11,181,250.63	\$1,547,052.94	\$12,728,303.57	\$15,066.03	\$1,299,941.63	\$14,028,245.20
	GRAND TOTALS	\$13,785,397.87	\$11,181,250.63	\$1,319,271.64	\$183,383.10	\$44,398.20	\$227,781.30	\$0.00	\$0.00	\$11,181,250.63	\$1,547,052.94	\$12,728,303.57	\$15,066.03	\$1,299,941.63	\$14,028,245.20

<i>ACCOUNTING METHOD</i> : BOOK VALUE	CURRENT ACCRUAL:	\$2,980.24
	TRANSFER IN TRANSIT:	\$0.00
	UNREALIZED GAIN/LOSS:	\$1,299,941.63
	MONTH ENDING STATEMENT VALUE:	\$14,028,245.20

The information contained herein has been created by your financial advisor, is provided for informational purposes only as a courtesy to you, should not be relied upon for tax purposes, is based upon sources believed to be reliable, and is not intended to replace your custodial statements. No guarantee is made to the completeness or accuracy of the information. Commonwealth urges you to compare your account custodian statements with the statements you receive from us or your advisor. If you believe there are material discrepancies between statements, please contact Commonwealth directly at 800.251.0080. Securities and advisory services offered through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Adviser. Past performance is not indicative of future results. 13364323



BARTHOLOMEW
& COMPANY

Bartholomew & Company, Inc.

Thomas J. Bartholomew AIF®

800.440.8807

tom.bartholomew@bartandco.com

Portfolio Review

As of Sunday, February 28, 2021

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS

ACCOUNTS INCLUDED IN YOUR PORTFOLIO

VALUE ON 2/28/2021

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS

\$14,092,298.89

Total

\$14,092,298.89

*This report is incomplete without the accompanying disclosure page.
Securities offered through Commonwealth Financial Network®.*

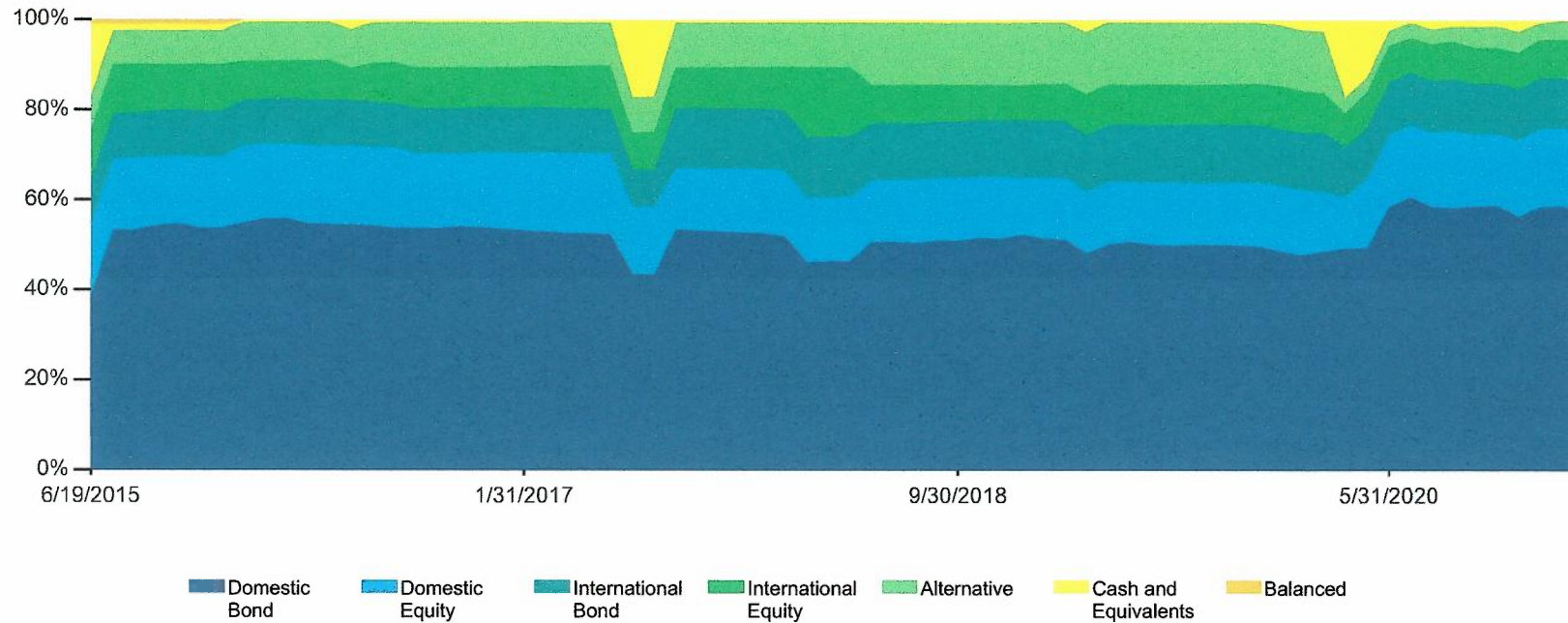
Portfolio Allocation History

From 6/19/2015 to 2/28/2021

Since Inception
as of Prior Month End

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS

Asset Class (Primary) Allocation



Historical Market Value and Performance Summary

As of 2/28/2021

Since Inception &
Fiscal Year-to-Date

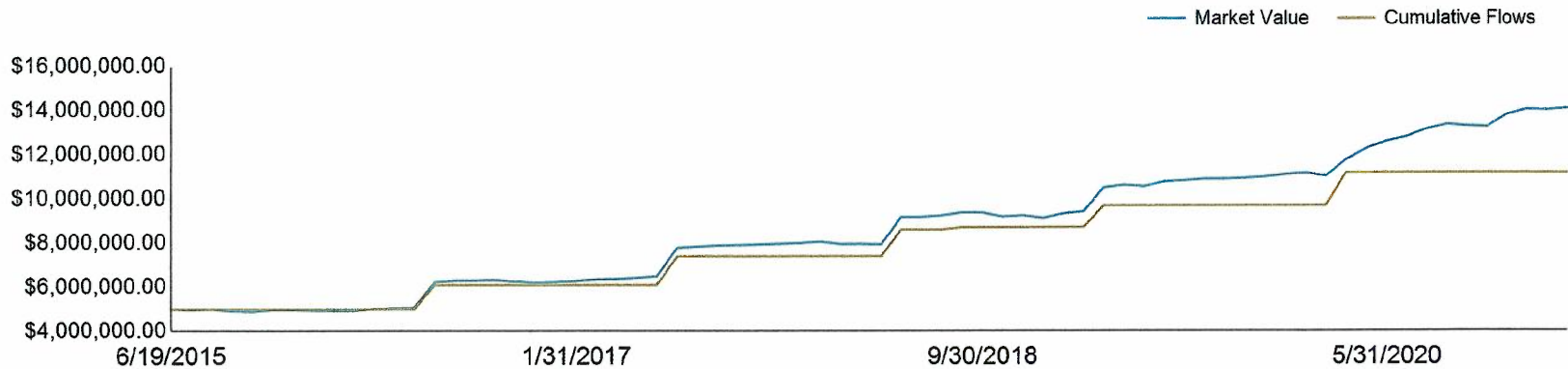
City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS

Inception To Prior Month End Activity Summary

Beginning Balance (06/19/2015)	\$0.00
Contributions	\$11,187,250.63
Withdrawals	\$161,784.35
Realized Gain / Loss	\$95,228.21
Unrealized Gain / Loss	\$1,241,754.56
Interest	\$132,826.12
Dividend / Cap Gains	\$1,592,395.10
Change in Accrued Interest	\$4,628.62
Ending Balance (02/28/2021)	\$14,092,298.89
Total Gain / Loss After Fees	\$2,911,048.26
TWR for 06/19/2015 to 02/28/2021	30.70
TWR (Annualized)	4.81

07/01/2020 To 02/28/2021 Activity Summary

Beginning Balance (07/01/2020)	\$12,798,461.91
Contributions	\$0.00
Withdrawals	\$26,683.68
Realized Gain / Loss	\$77,325.87
Unrealized Gain / Loss	\$876,094.65
Interest	\$17,933.80
Dividend / Cap Gains	\$349,655.52
Change in Accrued Interest	(\$489.18)
Ending Balance (02/28/2021)	\$14,092,298.89
Total Gain / Loss After Fees	\$1,293,836.98
TWR for 07/01/2020 to 02/28/2021	10.11



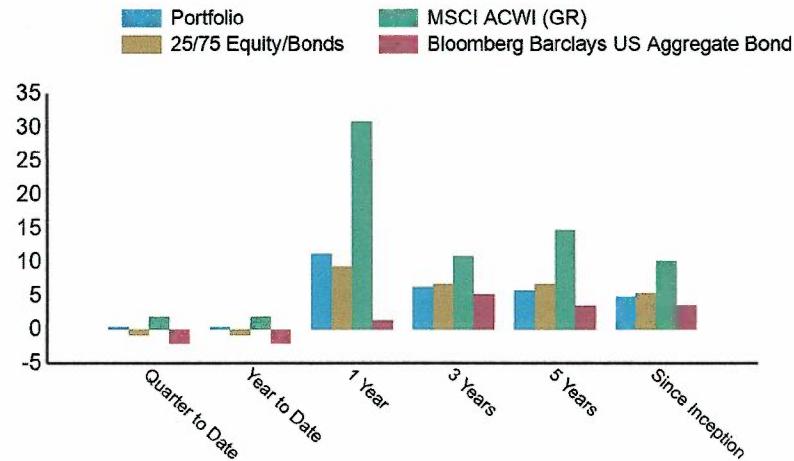
Performance Summary with Account Detail

As of 2/28/2021

Prior Month End

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS

Annualized Portfolio Rates of Return



Rates of Return

Portfolio vs. benchmarks	Inception Date	QTD (%)	YTD (%)	Annualized returns(%)			Since Inception (%)
				1 Year (%)	3 Year (%)	5 Year (%)	
Your Portfolio	06/19/2015	0.34	0.34	11.25	6.25	5.81	4.81
25/75 Equity/Bonds	06/19/2015	-0.81	-0.81	9.27	6.79	6.73	5.46
MSCI ACWI (GR)	06/19/2015	1.91	1.91	30.87	10.87	14.85	10.20
Bloomberg Barclays US Aggregate Bond	06/19/2015	-2.15	-2.15	1.38	5.32	3.55	3.62

Rates of return by account

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS	Inception Date	QTD (%)	YTD (%)	Annualized returns(%)			Since Inception (%)
				1 year (%)	3 year (%)	5 year (%)	
City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS	06/19/2015	0.34	0.34	11.25	6.25	5.81	4.81

Note: Returns are time-weighted and annualized for any period greater than one year. This report is incomplete without the accompanying disclosure page.

Performance History

From 06/19/2015 to 2/28/2021

Since Inception
as of Prior Month End

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS

<u>From</u>	<u>To</u>	<u>Time Weighted Return (%)</u>						
Yearly	Portfolio Return	25/75 Equity/Bonds	MSCI ACWI (GR)	Bloomberg Barclays US Aggregate Bond	S&P 500	MSCI ACWI ex USA (NR)	HFRI Fund of Funds Composite	
06/19/2015	12/31/2015	-1.10	-1.69	-6.79	0.74	-2.55	-10.89	-3.90
01/01/2016	12/31/2016	3.52	5.02	8.49	2.65	11.96	4.50	0.51
01/01/2017	12/31/2017	7.10	9.06	24.62	3.54	21.83	27.19	7.77
01/01/2018	12/31/2018	-2.08	-2.71	-8.93	0.01	-4.38	-14.20	-4.02
01/01/2019	12/31/2019	10.21	13.56	27.30	8.72	31.49	21.51	8.39
01/01/2020	12/31/2020	10.07	9.74	16.82	7.51	18.40	10.65	10.83
01/01/2021	02/28/2021	0.34	-0.81	1.91	-2.15	1.72	2.20	-1.02
Total		30.70	35.41	73.93	22.46	101.27	39.65	18.80
Annualized		4.81	5.46	10.20	3.62	13.06	6.04	3.07

Portfolio Holdings

As of 2/28/2021

Prior Month End

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS

Holdings by Asset Class (Primary)

Initial Purchase Date	Description	Symbol	Quantity	Price	Value (\$)	Pct. Assets (%)	Est. Tax Cost (\$)	Principal (\$)	Principal Gain/Loss (\$)	Current Yld/Dist Rate (%)*
Domestic Equity										
2/27/2019	Carillon Eagle Growth & Income Fund CI I	HIGJX	32,335.371	22.30	721,078.77	5.12	630,201.84	569,688.22	151,390.55	1.89
3/31/2017	Alger Focus Equity Fund CI Z	ALZFX	10,075.416	56.38	568,051.95	4.03	331,571.47	274,454.65	293,597.31	.03
11/6/2018	Ivy Mid-Cap Income Opportunities Fund CI I	IVOIX	26,536.963	17.40	461,743.16	3.28	348,229.39	328,687.51	133,055.65	1.67
12/18/2020	BlackRock Mid-Cap Growth Equity Portfolio CI Institutional	CMGIX	6,990.619	44.61	311,851.51	2.21	308,076.60	308,076.60	3,774.91	.00
9/4/2018	American Century Small-Cap Value Fund I CI	ACVIX	27,647.666	10.27	283,941.53	2.01	202,574.40	183,608.47	100,333.06	.43
6/12/2020	Neuberger Berman Small-Cap Growth Fund Institutional CI	NBSMX	3,276.486	60.40	197,899.75	1.40	125,665.20	123,783.65	74,116.10	.00
Total Domestic Equity					\$2,544,566.68	18.06%	\$1,946,318.90	\$1,788,299.10	\$756,267.59	.89%
International Equity										
6/19/2015	First Eagle Overseas Fund CI I	SGOIX	15,222.168	25.74	391,818.60	2.78	365,354.55	316,150.00	75,668.60	.47
12/31/2015	John Hancock Funds International Growth Fund CI I	GOGIX	8,625.056	37.76	325,682.11	2.31	197,187.55	188,000.00	137,682.11	.21
12/31/2015	Artisan Developing World Fund Advisor Shares	APDYX	9,176.078	27.61	253,351.51	1.80	118,915.30	108,212.11	145,139.40	.00
7/10/2019	Causeway International Small-Cap Fund Institutional CI	CIISX	10,816.138	12.00	129,793.66	.92	120,167.79	111,473.95	18,319.71	3.43
8/17/2017	Brown Capital Management International Small Company Fund Institutional Shares	BCSFX	4,101.645	25.96	106,478.70	.76	54,850.40	53,502.41	52,976.29	.00
Total International Equity					\$1,207,124.59	8.57%	\$856,475.59	\$777,338.47	\$429,786.12	.58%
Alternative										
6/19/2015	Shelton Tactical Credit Institutional	DEBIX	30,569.165	11.02	336,872.20	2.39	330,027.46	292,325.00	44,547.20	3.87
9/25/2020	JPMorgan Hedged Equity Fund CI I	JHEQX	7,856.000	24.27	190,665.12	1.35	180,078.39	178,844.87	11,820.25	1.10
1/21/2021	American Beacon Ahi Managed Futures Strategy Fund Y CI	AHLYX	6,019.615	11.16	67,178.90	.48	66,336.16	66,336.16	842.74	3.06
Total Alternative					\$594,716.22	4.22%	\$576,442.01	\$537,506.03	\$57,210.19	2.89%
Domestic Bond										
2/26/2018	Guggenheim Total Return Bond Fund Institutional CI	GIBIX	58,152.635	28.86	1,678,285.05	11.91	1,568,653.00	1,398,629.99	279,655.06	2.71
6/30/2016	Performance Trust Strategic Bond Fund	PTIAX	61,163.081	22.89	1,400,022.92	9.93	1,381,197.70	1,214,118.08	185,904.85	3.84
5/11/2018	Artisan High Income Fund Advisor Shares	APDFX	76,698.424	10.17	780,022.97	5.54	744,279.39	632,150.00	147,872.97	5.40

This report is incomplete without the accompanying disclosure page.

Portfolio Holdings

As of 2/28/2021

Prior Month End

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS

Holdings by Asset Class (Primary)

Initial Purchase Date	Description	Symbol	Quantity	Price	Value (\$)	Pct. Assets (%)	Est. Tax Cost (\$)	Principal (\$)	Principal Gain/Loss (\$)	Current Yld/Dist Rate (%)*
Domestic Bond										
3/28/2019	Destra Flaherty & Crumrine Preferred & Income Fund CI I	DPIIX	39,491.272	18.49	730,193.62	5.18	671,214.81	633,275.00	96,918.62	4.37
1/22/2021	Diamond Hill Short Duration Securitized Bond Fund CI I	DHEIX	56,978.281	10.17	579,469.12	4.11	578,900.57	576,288.44	3,180.68	3.08
1/22/2021	Voya Securitized Credit Fund CI I	VCFIX	56,048.370	9.72	544,790.16	3.87	543,672.03	542,287.74	2,502.42	3.78
12/30/2020	United States Treas Note Ser A-2030 0.12500% 01/15/2030	912828Z37	355,000.000	109.93	390,250.47	2.77	398,952.68	398,952.68	(8,702.21)	.11
12/27/2019	Federal Home Loan Banks Bond 2.25000% 12/08/2023	3130A3VC5	225,000.000	105.30	236,920.50	1.68	230,109.75	230,109.75	6,810.75	2.14
12/27/2019	Federal Home Loan Banks Bond 2.50000% 05/30/2023	3133833R0	200,000.000	105.23	210,460.00	1.49	205,146.00	205,146.00	5,314.00	2.38
8/5/2020	Federal Home Ln Mtg Corp Ser Kf83 CI AL 0.50388% 06/25/2030	3137FVNB4	200,000.000	100.94	201,889.50	1.43	200,375.00	200,375.00	1,514.50	.50
2/3/2021	Federal Home Ln Mtg Corp Ser Kf98 CI As 0.28267% 12/25/2030	3137F9CN9	200,000.000	100.03	200,059.28	1.42	200,406.25	200,406.25	(346.97)	.28
5/29/2020	Federal Farm Cr Banks Bond 0.18513% 08/01/2022	3133EHTJ2	170,000.000	100.05	170,078.20	1.21	169,677.00	169,677.00	401.20	.19
4/29/2019	United States Treas Note Note 2.00000% 11/15/2021	912828RR3	150,000.000	101.37	152,050.50	1.08	149,074.50	149,074.50	2,976.00	1.97
5/29/2020	United States Treasury Floating Rate Note 10/31/2021	912828YN4	150,000.000	100.20	150,295.50	1.07	150,511.85	150,511.85	(216.35)	.33
5/29/2020	United States Treas Note Note 0.14400% 04/30/2022	912828ZK9	150,000.000	100.10	150,154.50	1.07	150,069.62	150,069.62	84.88	.14
5/29/2020	United States Treas Note Note 0.18400% 01/31/2022	912828Z45	150,000.000	100.07	150,103.50	1.07	150,200.05	150,200.05	(96.55)	.18
12/3/2019	Federal Farm Cr Banks Bond 2.15000% 11/18/2026	3133EK7E0	100,000.000	103.09	103,088.00	.73	100,427.00	100,427.00	2,661.00	2.09
2/5/2020	Federal Farm Cr Banks Bond 1.82000% 11/23/2022	3133EC4Q4	100,000.000	102.87	102,874.00	.73	100,924.00	100,924.00	1,950.00	1.77
3/9/2017	United States Treas Note Note 2.00000% 02/15/2022	912828SF8	100,000.000	101.83	101,832.00	.72	99,687.50	99,687.50	2,144.50	1.96
2/2/2021	Federal Home Loan Ba Ser Ts-2028 0.50000% 02/16/2028	3130AKYL4	100,000.000	99.22	99,221.00	.70	100,000.00	100,000.00	(779.00)	.50
Accrued Interest					4,628.62	.03				
Total Domestic Bond					\$8,136,689.41	57.74%	\$7,893,478.70	\$7,402,310.45	\$729,750.34	2.88%

This report is incomplete without the accompanying disclosure page.

Portfolio Holdings

As of 2/28/2021

Prior Month End

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS

Holdings by Asset Class (Primary)

Initial Purchase Date	Description	Symbol	Quantity	Price	Value (\$)	Pct. Assets (%)	Est. Tax Cost (\$)	Principal (\$)	Principal Gain/Loss (\$)	Current Yld/Dist Rate (%)*
International Bond										
7/12/2019	Janus Henderson Developed World Bond Fund CI I	HFAIX	112,643.991	9.82	1,106,163.99	7.85	1,085,937.31	1,006,168.89	99,995.10	1.96
2/6/2020	Lord Abbett Emerging Markets Corporate Debt Fund CI F	LCDFX	28,636.617	15.61	447,017.59	3.17	448,989.79	430,438.06	16,579.53	3.98
Total International Bond					\$1,553,181.58	11.02%	\$1,534,927.10	\$1,436,606.95	\$116,574.63	2.54%
Cash and Equivalents										
	Fidelity Govt Money Market Capital Reserves CI	FZAXX	51,548.790	1.00	51,548.79	.37	51,548.79	51,547.64	1.15	.01
	Fidelity Government Cash Reserves	FDRXX	4,471.610	1.00	4,471.61	.03	4,471.61	3,760.32	711.29	.01
Total Cash and Equivalents					\$56,020.40	.40%	\$56,020.40	\$55,307.96	\$712.44	.01%
Total Portfolio					\$14,092,298.89	100%	\$12,863,662.70	\$11,997,368.96	\$2,090,301.31	2.28%

This report is incomplete without the accompanying disclosure page.

Risk Metrics

As of 02/28/2021

Prior Month End

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS

	1 YEAR	3 YEAR	5 YEAR	Since Inception (06/19/2015)
Annualized Time-Weighted Return	11.28	6.25	5.81	4.81
Sharpe Ratio	1.05	0.70	0.86	0.72
Sortino Ratio	0.75	0.62	0.75	0.62
Standard Deviation	10.39	6.50	5.27	5.11
Semi Standard Deviation	14.48	7.37	6.01	5.94

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS vs. 25/75 Equity/Bonds

Alpha	0.66	-0.82	-0.94	-0.55
Beta	1.15	1.05	1.00	0.98
R-Squared	95.17	91.97	90.65	89.73
Upside Capture Ratio	113.32	94.28	89.41	88.83
Downside Capture Ratio	101.38	101.40	97.44	93.26

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS vs. MSCI ACWI (GR)

Alpha	-2.03	1.54	0.20	0.94
Beta	0.42	0.33	0.32	0.30
R-Squared	93.15	83.29	79.52	78.01
Upside Capture Ratio	31.86	30.12	28.09	27.79
Downside Capture Ratio	48.25	26.76	26.29	24.55

City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS vs. Bloomberg Barclays US Aggregate Bond

Alpha	9.06	2.54	3.21	2.30
Beta	1.82	0.56	0.58	0.55
R-Squared	35.43	8.64	12.93	11.41
Upside Capture Ratio	349.06	107.20	116.63	106.51
Downside Capture Ratio	149.82	84.55	55.97	69.58

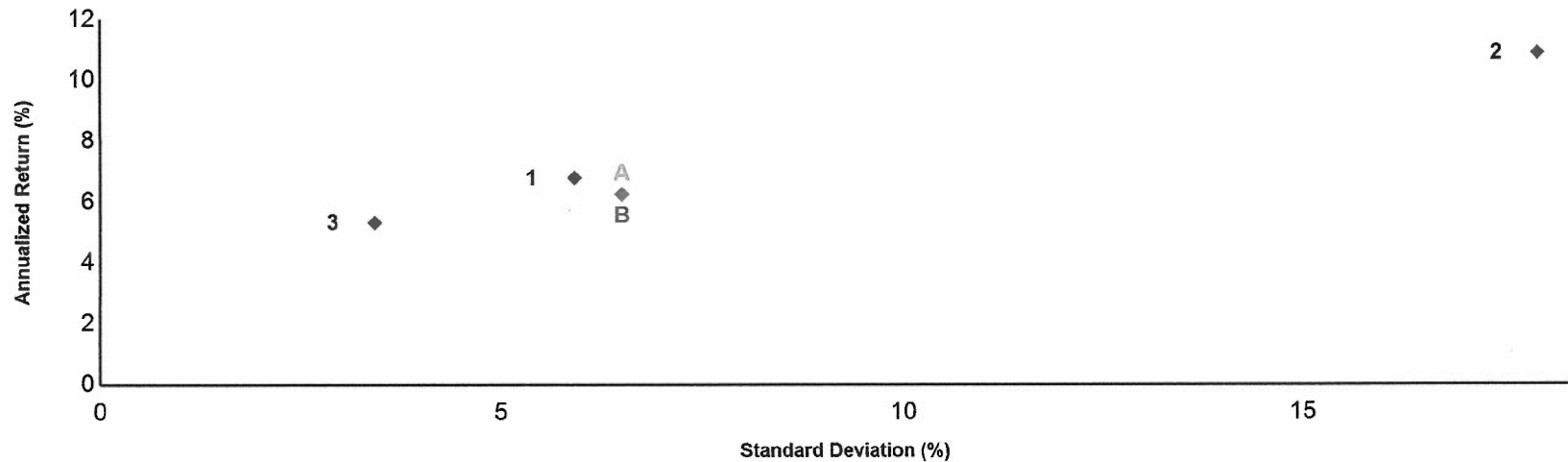
Risk vs. Return

As of 2/28/2021

Prior Month End

City of Marlborough OPEB Trust UA (B37512701) - PPS Custom NFS

Risk vs. Return



Description	Market Value (\$)	3 Year Annualized TWR (%)	3 Year Standard Deviation (%)
A - Total Portfolio	14,092,298.89	6.25	6.50
B - City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS	14,092,298.89	6.25	6.50
1 - 25/75 Equity/Bonds		6.79	5.91
2 - MSCI ACWI (GR)		10.87	17.96
3 - Bloomberg Barclays US Aggregate Bond		5.32	3.42

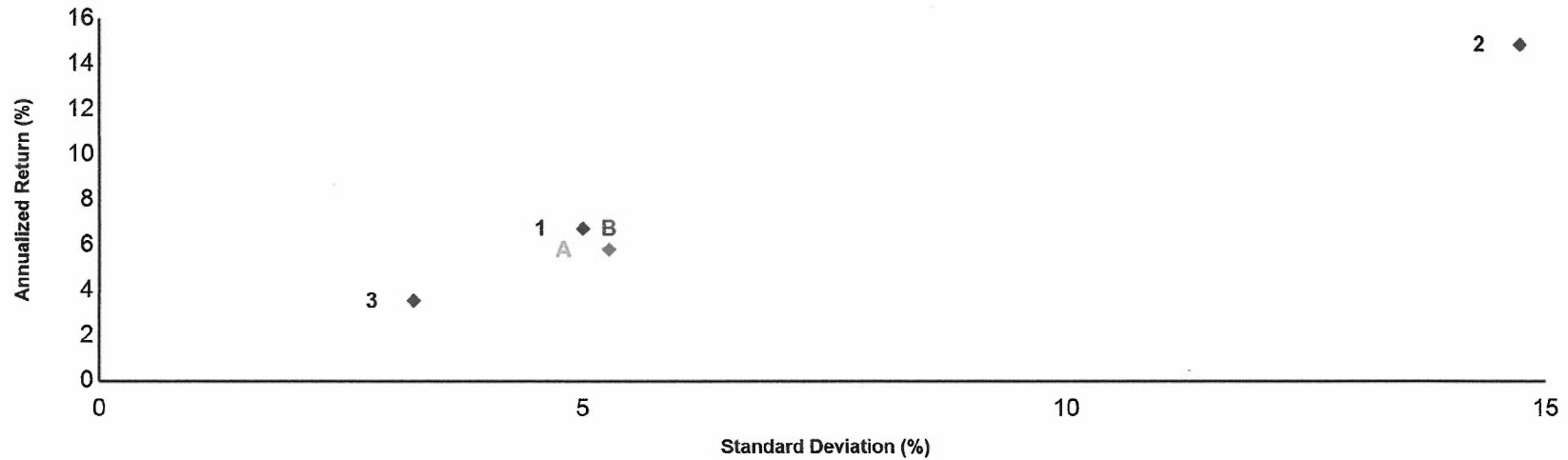
Risk vs. Return

As of 2/28/2021

Prior Month End

City of Marlborough OPEB Trust UA (B37512701) - PPS Custom NFS

Risk vs. Return



Description	Market Value (\$)	5 Year Annualized TWR (%)	5 Year Standard Deviation (%)
A - Total Portfolio	14,092,298.89	5.81	5.27
B - City of Marlborough OPEB Trust UA (xxxx2701) - PPS Custom NFS	14,092,298.89	5.81	5.27
1 - 25/75 Equity/Bonds		6.73	5.00
2 - MSCI ACWI (GR)		14.85	14.73
3 - Bloomberg Barclays US Aggregate Bond		3.55	3.25

Disclaimer

The information displayed is provided by Commonwealth Financial Network® ("Commonwealth"), Member FINRA/SIPC. It is provided for informational purposes only, should not be relied upon for tax or legal purposes, and is based upon sources believed to be reliable. No guarantee is made as to the completeness or accuracy of this information. Commonwealth urges you to compare your account custodian statements with the statements you receive from us. If you believe there are material discrepancies between statements, please contact Commonwealth directly at 800.251.0080. Past performance is not indicative of future results.

Position and account values shown are based on trade date and do not necessarily reflect actual current market prices or the value you would receive upon sale of such assets. Fixed income securities do not account for cost basis adjustments associated with holding these securities. The investment return and principal value of an investment will fluctuate, so an investor's shares, when redeemed, may be worth more or less than their original cost. Certain assets may be illiquid and unavailable for sale at any price. There is no assurance that your investment objective will be attained.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other governmental agency; although the fund seeks to preserve the value of the investment at \$1 per share, it is possible to lose money. Non-bank deposit investments are not FDIC- or NCUA-insured, are not guaranteed by the bank/financial institution, and are subject to risk, including loss of principal invested.

*"Current yield", if reflected in this report, is the percentage of interest (bonds) or dividends (stocks) that the security is yielding based on the security's current price. It is calculated by dividing a bond's current interest rate, or a stock's dividends paid over the prior 12 months, by the current market price of the security as of the date of this statement. Current yield, if reflected in this report, is provided for informational or illustrative purposes only and is not an accurate reflection of the actual return an investor will receive because bond and stock prices are constantly changing due to market factors. "Distribution rate" applies to securities that are not listed or traded on a national securities exchange (i.e., nontraded real estate investment programs). Distribution rates and payments are not guaranteed and may be modified at the program's discretion. Distributions may consist of return of principal (including offering proceeds) or borrowings. A breakdown of the distribution components and the time period during which they have been funded from return of principal, borrowings, or any sources other than cash flow from investment or operations can be found in your tax forms, which the sponsor will provide. When distributions include a return of principal, the program will have less money to invest, which may lower its overall return. When distributions include borrowings, the distribution rate may not be sustainable. Please refer to the relevant prospectus or offering memorandum for additional information and disclosures about the nature of and potential source of funds for distributions relating to nontraded securities.

All returns are shown net of fees unless otherwise indicated. Commonwealth relies upon data, formulas, and software to calculate the performance of portfolios. Periodic software enhancements may possibly cause inconsistencies with some performance calculations. Please notify your advisor if you have reason to believe calculations are incorrect to help ensure proper performance calculations going forward.

Certain assets listed in this report (identified as "Additional Assets" or "Advisor Manually Entered Account(s)") may not be held through Commonwealth and may not be covered by SIPC. Such assets are not subject to fee billing and are excluded from account performance calculations. Descriptions and valuations of Additional Assets or Advisor Manually Entered Account(s) are based upon information provided by you (or by a third party acting on your behalf) to your advisor, have not been verified by Commonwealth, and may not be accurate or current. The "unknown" label located in the value field indicates that no current value for the holding(s) has been able to be obtained. If you have a custodial statement indicating the current value, and wish to see it listed on future reports, please provide it to your advisor.

Blended benchmark returns are composed of individual index data and index composition may change over time. All indices are unmanaged and it is not possible to invest directly in an index or blended benchmark. Unlike investments, indices and blended benchmarks do not incur management fees, charges, or expenses.

S&P 500 - The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. Dividends are reinvested to reflect the actual performance of the underlying securities.

25/75 Equity/Bonds - 75.00% Bloomberg Barclays US Universal Bond; 25.00% MSCI ACWI IMI (NR) - Rebalance annually.

MSCI ACWI (GR) - The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Developed and Emerging Markets. (Total Return Gross)

Bloomberg Barclays US Aggregate Bond - The Bloomberg Barclays US Aggregate Bond Index covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

MSCI ACWI ex USA (NR) - The MSCI ACWI ex USA (Net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Developed and Emerging Markets. The MSCI ACWI ex USA does not include the United States. (Total Return Net USD)

HFRI Fund of Funds Composite - The HFRI Fund of Funds Composite index invests in a portfolio of hedge funds. Fund of Funds invest with multiple managers through funds or managed accounts. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. The Fund of Funds manager has discretion in choosing which strategies to invest in for the portfolio. A manager may allocate funds to numerous managers within a single strategy, or with numerous managers in multiple strategies. Effective November 2020, a historical correction was implemented to ensure that performance for this index properly reflects the most up-to-date returns.

Bloomberg Barclays US Universal Bond - The Bloomberg Barclays US Universal Bond Index consists of income securities issued in U.S. dollars, including U.S. government and investment grade debt, non-investment grade debt, asset-backed and mortgage-backed securities, Eurobonds, 144A securities and emerging market debt with maturities of at least one year.

MSCI ACWI IMI (NR) - The MSCI ACWI IMI (Investable Market Index) captures large, mid and small cap representation across Developed Markets and Emerging Market countries. The index covers approximately 99% of the global equity investment opportunity set. (Total Return Net)

AGENDA ITEM #6
10F3

ROSSELL CLARK & ASSOCIATES
Certified Public Accountants

CITY OF MARLBOROUGH, MASSACHUSETTS

Management Letter

Year Ended June 30, 2020





ROSELLI, CLARK & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

20F3
500 West Cummings Park
Suite 4900
Woburn, MA 01801

Telephone: (781) 933-0073

www.roselliclark.com

December 15, 2020

The Honorable Mayor and City Council
City of Marlborough, Massachusetts

We have audited the financial statements of the City of Marlborough (the "City") as of and for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 29, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the basic annual financial statements. No new significant accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Net pension liability, which is actuarially-determined. We audited the fiscal year 2020 Marlborough Contributory Retirement System financial statements (as of and for the year ended December 31, 2019) and issued an unmodified report on those financial statements dated June 1, 2020. In connection with that audit, we evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Net OPEB liability, which is actuarially determined. We evaluated the key factors and assumptions used by the City to develop the net OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

CITY OF MARLBOROUGH, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
(dollar amounts are in thousands)

	2020	Year Ended June 30, 2019	2018	2017
Total OPEB Liability:				
Service cost	\$ 3,853	\$ 2,937	\$ 3,278	\$ 4,376
Interest	7,495	5,922	5,733	5,120
Differences between actual and expected experience	(663)	13,675	-	5,239
Changes in assumptions	16,699	(5,765)	(8,893)	-
Benefit payments	<u>(5,880)</u>	<u>(5,697)</u>	<u>(4,096)</u>	<u>(3,637)</u>
Net Change in Total OPEB Liability	<u>21,504</u>	<u>11,072</u>	<u>(3,978)</u>	<u>11,098</u>
Total OPEB Liability:				
Beginning of year	<u>129,391</u>	<u>118,319</u>	<u>122,297</u>	<u>111,199</u>
End of year (a)	<u>\$ 150,895</u>	<u>\$ 129,391</u>	<u>\$ 118,319</u>	<u>\$ 122,297</u>
Plan Fiduciary Net Position:				
Contributions	\$ 7,462	\$ 6,684	\$ 5,296	\$ 6,055
Net investment income	542	490	188	261
Benefit payments	<u>(5,880)</u>	<u>(5,697)</u>	<u>(4,096)</u>	<u>(4,755)</u>
Net Change in Plan Fiduciary Net Position	<u>2,124</u>	<u>1,477</u>	<u>1,388</u>	<u>1,561</u>
Plan Fiduciary Net Position:				
Beginning of year	<u>10,647</u>	<u>9,170</u>	<u>7,782</u>	<u>6,221</u>
End of year (b)	<u>\$ 12,771</u>	<u>\$ 10,647</u>	<u>\$ 9,170</u>	<u>\$ 7,782</u>
Net OPEB Liability — End of Year (a) - (b)	<u>\$ 138,124</u>	<u>\$ 118,744</u>	<u>\$ 109,149</u>	<u>\$ 114,515</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	8.5%	8.2%	7.8%	6.4%
Covered payroll	\$ 86,837	\$ 84,308	\$ 69,952	\$ 67,914
Net OPEB Liability as a Percentage of Covered Payroll	159.1%	140.8%	156.0%	168.6%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.