Pursuant to the March 12, 2020 Executive Order of the Governor Suspending Certain Provisions of the Open Meeting Law, members of the public can access the meeting only through telephone. Public access will be available by calling 312-626-6799 - Meeting ID No.: 546 896 9127 – passcode 3068.

Pursuant to a notice duly filed with the Town Clerk, a meeting of the Concord Retirement Board was held on Tuesday, May 25, 2021 at 8:30 a.m. via Zoom meeting ID no.: 546 896 9127 – passcode 3068.

Present: Peter J. Fulton, Chair, Elected  
Mary M. Barrett, Ex Officio  
Brian J. Whitney, Elected  
Arnold D. Roth, 5th Member, Appointed

Also Present: Linda A. Boucher, Retirement Administrator  
Anthony Tranghese, Investment Consultant  
Kathy Cuoculoa, Finance Committee Observer  
Francesco Daniele – Director of Client Services - Mass PRIM  
Laura Strickland, Senior Client Services Officer – Mass PRIM  
Lawrence B. Stone – Actuary – Stone Consulting, LLC  
Colin Edgar – Stone Consulting, LLC

Absent: Kerry A. Lafleur, Appointed

Chair Peter Fulton opened the meeting at 8:31 a.m.

Minutes - The April 22, 2021 were not available for review at the time of the meeting. They will be reviewed at the June 23, 2021 Board meeting.

The Board unanimously approved the May 31, 2021 retiree payroll as follows:

- Pension: $710,644.12
- Annuity: $187,207.74

**Total Payroll:** $897,851.86

The Board unanimously approved the following expenses:

- Natalie Lefebvre Reimb. postage $56.80
- Comerica Bank Invoice No.: 467987 $1,445.21
- Acadian Invoice No.: 1101708 $15,925.00
- Wellington Management: Invoice No.: 20210331-105317-A $22,653.86
- Russell Investments Invoice No.: 20210331-233-A $78,002.54
- Town of Concord Reimbursement tel. April; Q-4 tel. maint. $59.46

**Total:** $118,142.87

The Board unanimously approved the following new members:

<table>
<thead>
<tr>
<th>Name</th>
<th>Unit</th>
<th>Department</th>
<th>Position</th>
<th>Hire Date</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jason Arquit</td>
<td>School</td>
<td>Transportation</td>
<td>Bus Driver</td>
<td>11/23/2020</td>
<td>1</td>
</tr>
<tr>
<td>Zachary Orchanian</td>
<td>School</td>
<td>Transportation</td>
<td>Bus Driver</td>
<td>02/22/2021</td>
<td>1</td>
</tr>
<tr>
<td>Victor Sencion</td>
<td>Town</td>
<td>CMLP</td>
<td>Network Engineer</td>
<td>04/05/2021</td>
<td>1</td>
</tr>
<tr>
<td>Daniel Barbour</td>
<td>Town</td>
<td>Library</td>
<td>Circulation Super.</td>
<td>05/03/2021</td>
<td>1</td>
</tr>
<tr>
<td>Cary Stough</td>
<td>Town</td>
<td>Library</td>
<td>Sr. Library Assist.</td>
<td>04/19/2021</td>
<td>1</td>
</tr>
<tr>
<td>Andrew Leduc</td>
<td>Town</td>
<td>IT</td>
<td>Info. Systems Tech.</td>
<td>03/29/2021</td>
<td>1</td>
</tr>
<tr>
<td>Erich Robichaud</td>
<td>Town</td>
<td>Police</td>
<td>Pub. Safety Dispatcher</td>
<td>03/08/2021</td>
<td>1</td>
</tr>
</tbody>
</table>

The Board unanimously approved the following new retirements:

<table>
<thead>
<tr>
<th>Name</th>
<th>Unit/Group</th>
<th>Department</th>
<th>Position</th>
<th>Retirement Date</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeffrey Shelley</td>
<td>Town/4</td>
<td>Police</td>
<td>Sergeant</td>
<td>06/11/2021</td>
<td>30.6667</td>
</tr>
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</table>
The Board unanimously approved the following refunds/rollovers:

<table>
<thead>
<tr>
<th>Name</th>
<th>Unit/Group</th>
<th>Department</th>
<th>Position</th>
<th>Amount</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael McSheffrey</td>
<td>Town/1</td>
<td>CMLP</td>
<td>Lead Telecom Tech.</td>
<td>$35,383.40</td>
<td>4.8333</td>
</tr>
</tbody>
</table>

To IRS: $8,845.85

The Board acknowledged there were no transfers to another system.

<table>
<thead>
<tr>
<th>Name</th>
<th>Unit/Group</th>
<th>Department</th>
<th>Position</th>
<th>Amount</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Board respectfully acknowledged the following deaths:

**Patricia Lawrence** – born on December 4, 1941. Patricia became a member of the Concord Retirement System on September 27, 1977 as a clerical paraprofessional with the Concord-Carlisle Regional School District. She served in this capacity for close to 16 years before retiring on December 6, 1995. Patricia grew up in Concord and was a graduate of Concord High School. She passed away on April 19, 2021 at the age of 79.

**Barbara Pickel** – born June 9, 1928. Barbara became a member of the Concord Retirement System on September 9, 1971 as a cafeteria worker. She worked in this position for over 20 years before retiring on June 25, 1996. Barbara grew up in Concord and attended Concord Public Schools and graduated from Concord-Carlisle High School. Barbara’s late husband, Richard, was a Town of Concord Firefighter for 32 years. She passed away on April 25, 2021 at the age of 92.

**Bruce Kidder** – born on August 10, 1936. He became a member of the Concord Retirement System on June 26, 1966 as a firefighter. During his 25 plus years career, he was able to work his way up the ranks to Captain/EMT. He retired on November 17, 1991. Bruce passed away on April 29, 2021 at the age of 84.

**PRIT Investment Management Review:**
Francesco Daniele provided the Board with the PRIT investment review. Francesco noted that he is joined by Emily Green, Senior Client Services Analyst and Laura Strickland, Senior Client Services Officer. To frame the conversation for today, I will be covering markets and the PRIM organizational update. Emily will present asset allocation and I will bring it home through performance and your specific results.

As I just mentioned, Laura has recently joined PRIM. She comes to us with over 20 years of finance and client service experience. Most recently, she was Director of Business Development and Relationship Management at DDJ Capital in Boston where she managed institutional relationships. Prior to that, she was a Vice president at Standish Melon Asset Management. We are very excited to have Laura join the team. She comes to us with a Bachelor’s of Science in Finance and an MBA from DePaul University.

Emily Green has been promoted to Senior Client Services Analyst. Emily joined back in 2019 as a Client Services Analyst and has quickly become a strong member of the team and a strong contributor. She truly hit the ground running when she joined and has never looked back. Congratulations Emily on your promotion - it is well deserved.
I have complete confidence in our team, and I know we have prepared for Paul’s retirement. I am very pleased that I was promoted to Director of Client Services and I’m very grateful for all the years that I worked with Paul - who retired at the end of March after a truly remarkable career in public service; I will miss him dearly.

Francesco noted that he would be remiss if he did not discuss the volatility briefly. You can see the deep decline and the unbelievable recovery. This volatility, which we will discuss in a few minutes with asset allocation, is something that we have prepared for via our asset allocation work and the diversification of the PRIM portfolio.

Who would have guessed and who would have planned that at the end of last March we would have seen this kind of recovery? For us, it is a constant wake up call; a constant reminder that our asset allocation and diversification has worked well in up or down markets. Maybe more importantly it worked well in down markets.

As you folks know, we have a committee structure and a Board at PRIM. One of our leading committees is the Investment Committee. The PRIM Board approved another stellar addition to that Investment Committee. Phillip H. Perelmutter was nominated by Treasurer Goldberg to join PRIM. He recently retired from Wellington Management after 25 years. Phil graduated Magna Cum Laude from Princeton and has an MBA from the Harvard Business School.

I would be remiss if I did not mention, all committee participants are non-compensated. They are doing this just to give back to public service and this is just another example of PRIM being able to attract truly global talent. This is another person who went into retirement and could not retire; we are taking full advantage of that.

Consistent with our hiring plan, we continue to fill top vacancies with top talent. We have one senior departure, Mike Bailey, our Director of Private Equity and as I mentioned earlier, Paul Todisco, who retired. We are very fortunate at PRIM to be able to recruit and that PRIM is a highly sought-after destination as an employer.

Alisa Haynes joined recently as an Investment Analyst in the Private Equity team reporting to Michael McGuire. Alisa joined us from Holy Cross where she graduated in 2018 with a Bachelor of Science degree in International Studies and Philosophy.

Lionel Yelibi joined as an Investment Analyst on the research team. Lionel joined with a Bachelor of Science in Physics from Indiana University and a Master of Science in Mathematical Statics from the University of Cape Town.

Shannon Erickson joined the risk team reporting to Jay Leu. Shannon brings well over 20 years of investment industry experience to PRIM. Prior to joining us, she was at LNCG for about 15 years as a quantitative portfolio manager. She had a unique focus at that time on developed and international equity markets. She has a Bachelor of Science and MBA from Bentley and has a CFA Charter designation.

Anthony Falzone has been promoted to Deputy Executive Director from Chief Operating Officer. Tony has over 25 years of experience. In addition to his current responsibilities, he will be adding the responsibility of the communication team under Elizabeth Hurlieh.

Deb Coulter, CFO for our non-investment activities, will be adding the Chief Administration Officer to her title and will join PRIM’s Executive Management Team.

You folks have a fairly large allocation to PRIM’s Private Equity. As I mentioned, Michael Bailey left to take a position with Fidelity here in Boston. We are fortunate, that within the team, we had Michael McGuire. Michael has been with the Private Equity Team for over seven years. We were fortunate to have such a strong member of the team to take over; but more importantly, to ensure continuity of our processes.

Michael was consistently one of the highest performing and most valued employees at PRIM. He joined in April of 2014 from Baine Capital where he was an investment manager. Prior to Baine, he was at the Minnesota State Board of Investment where he managed a portfolio worth $9 billion in assets. He has a Bachelor of Science from the University of Richmond and an MBA from Cornell. He is also a CFA Charter holder, a member of the CFA Boston Society, and tied to his private equity work, he is a member of the Institutional Limited Partners Association content committee (ILPA) which is key for his work on the private equity side.
You may be asking yourself, why are all these changes occurring and why have the promotions occurred? We may have mentioned this in the past. The number of direct reports tied to Michael Trotsky, our Executive Director and Chief Investment Officer, have been reduced allowing him to allocate more time to the investment team.

Emily continued with a presentation on asset allocation. Emily provided a background of how PRIM approaches asset allocation. The top core investment beliefs serve as a nice backdrop to how we determine asset allocation. We believe nobody can predict the future - so we do not try; we believe that nobody can predict the stock market- so we do not try; we do not make tactical asset allocation decisions. Our asset allocation is strategic and built for the long term. The PRIT Fund is constructed to perform well in both and up and down markets. We believe that any investment must be evaluated on three equally important parameters: risk, return and cost. Finally, we value a basis point of cost reduction more than a basis point of return.

With asset allocation, PRIM focuses on achieving a dual objective. First, seeking to meet the mandated actuarial rate of return – which in Massachusetts is 7.0%. Second, providing adequate down-side protection. PRIM defines down-side protection as minimizing the probability of a drawdown greater than 20.0% within the next three years.

Our asset allocation framework uses principal component analysis. I think it is helpful to give an analogy of the PRIT Fund as soup. Basically, the asset classes are the ingredients – equities, bonds, real estate, and timberland. The underlying components are the nutrients in the soup. PRIM’s goal is to make a soup with a balance of nutrients that increases the probability of achieving this dual objective.

Maria Garrahan, our Director of Research and her team, have developed a systematic framework to determine which nutrients or components offer the most meaningful additions and reductions to the portfolio. The asset allocation process blends this quantitative analysis with insights from NEPC while addressing the feasibility and practicality concerns from PRIM’s asset class heads.

On February 24, 2021, the PRIM Board voted on the PRIT asset allocation recommendation which represents no major changes to last year’s recommendations. The minor changes include a 1.0% increase in the Private Equity target range moving from 10.0% to 16.0% of the PRIT Fund to 11.0% to 17.0% of the PRIT Fund and a 1.0% decrease in the Portfolio Completion Strategies target range moving from 8.0% - 14.0% of the PRIT Fund to 7.0% -13.0% of the PRIT Fund. The small increase in the private equity range is aligned with our multi-year effort to slowly increase the allocation to that asset class, and the small decrease in the portfolio completion strategy range reflects the practical challenge of allocating to this asset class. No changes were made to the target ranges for global equity, core fixed income, value-added fixed income real estate or timberland.

Francesco continued from this point noting that PRIT is on a Fiscal Year for market values. On March 31, 2021, the market value of the PRIT Fund is $90.1 billion. We had strong results both on an absolute and relative basis - truly remarkable at 30.4%, gross of fees.

The asset class performance summary, gross of fees, for the period ending March 31, 2021, show private equity and global equity leading the way. Value fixed income is also serving us well.

The goal of the Portfolio Completion Strategy is not to zig and zag; but to be truly independent of what is happening in the market. This is not called hedge funds because there are other components within PCS that you do not get exposure to with other hedge funds.

Real estate was also a strong performer. Timberland and Core Fixed Income are clearly a very sensitive part of the market that is underperforming.

For the quarter ending March 31, 2021, US Strips were a super underperformer. If you looked at the portfolio one year earlier, US Strips really did a remarkable job of protecting us on the downside of volatility. The message is consistent – we have a lot of strategies and diversification - so there is always something blooming within the portfolio.

PRIT Fund annualized returns by asset class gross of fees tells two stories: (1) private equity leads the way; (2) global equity leads for the one-year number. As the years go by, you will notice that private equity, global equity and real estate tend to
lead the way. Portfolio Completion Strategies are usually the lowest performer because it is not really return seeking but more defensive in nature. The portfolio is performing the way it was engineered.

As of March 31, 2021, the net of fees number for the Concord portfolio is about $77 million in assets under management with PRIT. Since inception the portfolio returned 8.46%; 10-year return 8.64%; 5-year 9.85%; 3 year 9.01%; 1-year return - a remarkable 25.81%; and calendar year-to-date 5.0%.

PRIT has had a lot of questions about the real estate part of the portfolio – mostly office real estate. We like to define our office portfolio a little differently. We are a little underweight to office when you think about it. In our office portfolio we have medical office, lab space and one data center that we have recently acquired. Everyone is trying to ascertain where office is going. When Tony looks at our office exposure, he may see a larger number; but, we include other components within office that we think are non-GDP sensitive.

On the private equity side, the industry is becoming more competitive. More folks are seeing that private equity is a very lucrative asset class. That bodes well for PRIM as we have many long-term relationships that we have nurtured and developed over the years. We also have a co-investing program as private equities is a very expensive asset class. Our co-investing side allows for no fees and no carry in the portfolio. Private equity managers can pick whoever they want to do their co-investing with. We think it is a big feather in our cap that they come to PRIM and allow us to co-invest with them.

The hedge fund performance was about 5.2% for the quarter outperforming the benchmark of 4.4%. We are encouraged by this both on an absolute and a relative basis. Our stable value part of the portfolio returned 3.5% and our direct hedge funds did quite well at 10.6%.

Francesco and Laura completed their presentation and the Board thanked them for their time.

**ACTUARIAL VALUATION:**

Colin Edgar began the actuarial valuation presentation. He noted that we are kicking off the January 1, 2021, Actuarial Valuation. The results of this valuation will be used to determine your appropriation for Fiscal Year 2023 - the contribution you will pay in a little over one year’s time. We have already received most of the data we need and we have received the information we need on the asset side. With this information, we were able to calculate your investment experience for calendar year 2020 - you had a $4.3 million dollar gain. (The report being viewed used a 7.00% return assumption but should have used a 6.75% assumption so the $4.3 is slightly askew.)

The funding schedule you are currently using is from the January 1, 2020, valuation. This was an eight-year funding schedule. One-year later, there are seven years remaining and your planned contribution. Next year’s contribution will be around $6.5 million. When we finish preliminary results and bring them to present to the Board, as always, we will show a few options for funding schedules. If there are any constraints or preferences, please let us know and we will keep them in mind when drafting the schedules.

PERAC has taken their discount rate down to about 7.0%. When they released a memo about discount rates a couple of months ago, they provided a recommended range and then a range a little wider than that - but not a range they were recommending; but a range they were still saying was reasonable. The 6.75% that Concord is using was at the bottom of their recommended range. It is still something that PERAC is saying is fine - but it is still on the conservative side of the range.

Larry Stone commented that rates really have gone down. If 6.75% was considered reasonable in the PERAC memo, the Board may want to consider dropping the current rate. There are some other issues that we can discuss further on as you are getting closer to full funding. For example, “what is it that you want to do?” Maybe that would affect some of your decisions regarding the discount rate.

Peter asked for clarification as to why projected rates of return are less “optimistic” particularly in the short term. Colin explained that when we look at projected rates of return from various asset managers and asset consultants, the long-term rates are generally higher than the short-term. Peter asked if it had to do with the little bit of inflation that we are seeing in the market? Larry Stone explained, it is because (1) we are not getting any returns from fixed income and (2) if interest rates rise, then it hurts your existing investments in fixed income. Additionally, you have had some big returns, particularly last year, even though it was incredibly volatile. All that does is suggest lower returns in the future.
Colin continued with the salary increase assumption. He noted that this is where we look at an individual that is an active employee and project their salary through the remainder of their career. Whatever benefit they are going to earn as a retiree will be based on their compensation. Therefore, we need to project what their compensation is going to be. This is not a flat rate. It differs not only by the employment Group they are in but also where they are in their career. People early on in their career tend to receive steps whereas people in the later stages of their career do not. The rate includes the effect of promotions and longevity. Rather than trying to pinpoint a particular year and guess when someone is going to be promoted, we “smooth” the effect of that over the course of someone’s entire career.

Colin noted that there were no big changes in the contracts. When we finish with the member data, we will be able to see if it looks like the experience was off with any particular group of people.

Group 1 and Group 2 people tend to get steps for about the first 10 years, people in fire are getting steps about every 3 years and police have a set of steps that are vacillating back and forth between 5.0% and 7.0% and then back to 5.0%.

Last year we used the RP-2014 table adjusted to 2006 and then projected using MP-2019. Basically, looking at a 65-year-old retiree, the mortality table will provide the odds of these people still receiving a benefit at 66, 67, 68 and so on. The MP-2019 (Mortality Projection Scale) just incorporates the fact that mortality does not stay static over time; it reflects the idea that life spans are expected to improve over time. The degree to which they are expected to improve is going down. As late as 2016 and 2017, we were improving or refining mortality assumptions that almost always resulted in liabilities going up. For the past few years, those results have been going in the other direction.

We want to note that none of these changes reflect COVID yet. In terms of figuring out what COVID’s impact is on mortality going forward, it is not so much that the work of figuring that out is not done yet - it is more that it has hardly begun. There are lots of different potential takes on that and they point in several different directions.

Brian Whitney mentioned promotions that have taken place in just the last couple of months resulted in the fire department reclassifying five firefighter positions to lieutenant. The number of personnel did not change but it resulted in an increase to the fire department payroll.

Colin noted that the COVID impact is our next topic. Not only could this have an effect on benefits, but it can also have an effect on revenue for the town. If there are any constraints or preferences about funding schedules, we would want to keep those in mind when drafting a funding schedule.

Larry already touched on investments and the short-term forecast being a little less optimistic. Some people, in response to this, have simply taken on greater and greater risk to maintain the same level of return. The PRIT return of 6.2% is partly driven by the fact that their equity assumptions for both US and International Equity are in the 6.0% range now. People are trying to beef up the return. In the past, people would have moved over to hedge funds; but now, that trend has moved on to private equity - where projected rates of return range from optimistic to incredible.

We are close to completing the GASB report and the funding valuation. Basically, for the funding valuation we are just waiting for the error report. This report is where we take all of the member and retiree data and run it through a program that flags anything that stands out. We confirm a few things to make sure everything is accurate before completing the schedule.

For GASB, the only open item is the split report. Concord has a number of people that work for both Concord Public Schools and Concord-Carlisle Regional School. Some are split 50/50, but many are something else.

Since we use asset smoothing, gains and losses are recognized over four years. Therefore, the entire gain is not recognized immediately. You had a larger gain last year. Essentially this means that between this year and previous years, there are close to $6 million in gains that have not been recognized yet. In terms of your funding level, that is a nice tail wind to have.

Larry noted that the Board is getting close to full funding once again. This is starting to be a trend. There are a few systems that are still looking at pension obligation bonds - which will then make that system fully funded.
There have been many discussions about de-risking. The question is do you de-risk on the assets or de-risk on the liabilities? De-risking on the liabilities has not been done much in the public sector. To de-risk on the liabilities, you might buy annuities for your people through an insurance company; but it can be costly.

What makes sense right now is to modify your asset allocation. The thought is that over the long term, less equities will actually lower your investment return. The question is, do you want to have lower contributions or less volatility? Less volatility could also result in lower contributions - it is less likely to get both.

PERAC is pushing one system to be over 125% funded. PERAC might think this is being conservative. I think it is the opposite. The more money you have, the more money you have to lose.

Of course, as you approach full funding, some places decide to increase benefits. In places where you bargain, there is a lot of pressure to increase benefits. One example of this is a change to the COLA base - which will push back the funded status.

Larry noted that he wanted to bring this up so the Board can determine what it is that you want to do. If you are talking about modifying the asset allocation, we would want to reflect that in the discount rate. This is a really important topic for the Board because you are one of the top-funded Boards in the Commonwealth and you are going to help set the path for many of the other systems.

Tony Tranghese noted that this is an interesting conversation and one that we have had multiple times just in the past couple of years. What makes it interesting is that if we de-risk the portfolio we are essentially reducing the return assumption. If we severely reduce the discount rate, the funded ratio changes dramatically. I do not think there has been any conversation of selling off the liabilities. As you noted Larry, you need to be more than 100.0% funded in order to sell off the liabilities. If you take this off the table, one of the conversations that we have had at the Board level is about striking the right balance between the risk profile of the portfolio and the expected return.

As we reduce the risk profile or the expected return, the higher the likelihood is that we will achieve that return on a more frequent basis. The larger return you see, the larger the variability you will have in your year-to-year returns. The lower the returns, the easier it is to build a portfolio that more consistently will wrap around that targeted return.

It reduces funding volatility and as you get closer to 100.0% and that becomes really appealing from a budgeting perspective.

Tony Tranghese noted that he does not think there are any dramatic shifts, but more of a gradual continuation of the trend of reducing the risk profile gradually as we continue to improve the liability and funding profile.

As communities start to have more money both in OPEB and retirement, there is that much more concern that if there were a bad event, it would have a negative effect on the town.

Tony noted that this is a great point and that when they do the modeling for the Board that this is a healthy discussion to have. To reduce the return seeking profile of the portfolio, generally what one would do, is increase fixed income and reduce equities. The appeal in fixed income today, given where rates are, is incredibly low. The flip side is you de-risk the portfolio and then the portfolio does not keep up with your objectives over the longer run. Having a diversified portfolio and balancing those different risks is an approach that the Board has adopted to date and one that I think makes sense. You do not have to be overly aggressive, but we are still trying to seek some return to offset the continued growing liabilities.

Brian commented that the trend of lowering the discount rate when opportunities exist seems to be moving in a little more conservative direction.

Larry replied that lowering the discount rate tends to make you more volatile because you put more money into the system. He further commented that one of the concerns he has, is that the Board is set up to be fiduciaries just for retirement. If you look at it from a town-wide basis, it makes more sense to look at it with the OPEB side as well. Now you have two big chunks of money which are going to be affected. As Tony noted, there are not many good options to equities or alternative investments as fixed incomes are incredibly unattractive.

Brian commented PERAC’s push for 125.0% funding is interesting. He noted that instinctually, he always thought we should try to get to 110.0% funded to provide a little cushion although it would not help a 30.0% drop in market value.
One of the biggest concerns is reaching a funded point that dramatically lowers the town’s contributions. It would be great for the OPEB side but, the difficulty of reestablishing the appropriation at the current level would be difficult. The 110.0% funded status would help absorb or minimize that scramble to increase the town’s contribution for a couple of years.

Larry commented that he has been advocating to towns and cities that if that money is released from the retirement board it should be put into things that can be shifted back to the retirement board easily - such as funding OPEB. If you use the funds to for some sort of ongoing, multi-year capital project it becomes a disaster, and you cannot get that money back.

This is an ongoing issue, but it is an issue that you want to be thinking about. As Tony mentioned, the Board has been thinking about this.

Peter commented that the information provided indicates that Concord is in a good position. He asked if both Tony and Larry were leaning toward a discount rate of 6.75%? Tony replied, given the allocation we have in place today, 6.75% is reasonable. Larry brought up good points on both sides. The allocation has not changed substantially over the past year and our expectations have tweaked a little bit but not enough to drive down the discount rate in any meaningful degree.

Larry noted that 6.75% is still on the reasonable side. We are starting to see the big state systems starting to go below 7.0% and they are generally slow to react.

The Board will have to decide has is what the right allocation should be. Ultimately, that is going to determine the return. More important than deciding which manager to pick is how much to put in each of the broad asset allocation buckets. We have spent a lot of time thinking about this conceptually to make sure that whatever desired return we might have, that we are not taking any undue risk.

The Board asked Larry to prepare a funding schedule using a 6.75% discount rate and they thanked him for his time.

**INVESTMENT CONSULTANT REVIEW:**
Tony began his presentation by informing the Board that as of April 30, 2021, the total assets were up over $213 million and are fairly diversified across the broad mix. We are a little underweight fixed income as of today – about 3.0%. This is not because Wellington has not performed well, it is because the other asset classes have performed quite well. We do have about 1.0% in cash that you can add to that. It does make sense to rebalance. I would propose we do that the next time we meet to raise cash and to take the step to rebalance the fixed income back to target.

The month of April returned 2.8% for the total portfolio. For the first four months of the year, you are up 7.3%. Strong performance so far this year. May has been a little bit of a step back. Wellington this year is down 2.5%. Rhumbline mandates are right in line and are up 13.8% for the combined total. International equities are up 10.0. Real Estate is up about 5.0% so far. PRIT and Russell mandates are up 7.0% and 10.8% respectively. Russell continues to move forward and recapture some of what was lost - up over 40.0% over the trailing 12-months. A lot of this is what Steve Flynn spoke about the last time he was in. Hedge funds are up 6.8% this year. Private equity - too early to tell; but posting strong returns in an absolute sense.

From a manager perspective, nothing new. I think they are all doing what we would like. Still good news to report with the manager we are most watching. After Steve’s presentation, Russell announced some changes at the senior level of the investment part of the organization. We think those are good hires - but they are a change to the structure. We have not instituted a “watch” status; but it is something we are spending a little bit of extra time on this.

We talked to Brian Meath about this. His perspective is favorable - as we would expect it to be. We will be watching to see if there are any changes in resources of people that would suggest that the Multi-Asset Core Fund, which is the fund that you are in today, is not considered a priority or one of their most important strategies. I do not expect that to be the case; but anytime you have a change in leadership, there could be changes in perspective. If that does play out, we will want to be on top of this as it does.

Tony concluded his presentation and the Board thanked him for his time.
DISABILITY APPLICATION:
The Board was notified that an application for disability retirement has been received. The application is in its preliminary stages in that the Board needs the Employer Statement and additional medical records prior to reviewing the application.

There being no further business before the Board, it was upon motion made and duly seconded that the meeting adjourned at 10:28.

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Peter J. Fulton, Chair, Elected

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Mary M. Barrett, Ex Officio

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Brian J. Whitney, Elected

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Arnold D. Roth, 5th Member, Appointed