



Commonwealth of Massachusetts State Retiree Benefits Trust Fund

Board of Trustees

Nicola Favorito, Chair

Deborah Goldberg · Michael Heffernan · William McNamara · John W. Parsons
Matthew Veno · Theresa Flynn · Michael C. Tow, CFP

State Retiree Benefits Trust Board of Trustees Minutes of the Meeting of June 4th, 2020 *as approved at the 8/6/20 meeting*

Call to Order:

The meeting of the State Retiree Benefits Trust Fund Board (“SRBTF Board” or “Board”) was held on Thursday, June 4, 2020 via remote participation pursuant to the Governor’s March 12, 2020 “Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20”.

A quorum being present the meeting was called to order at 9:34 a.m. The SRBTF Board members or designees present for all or part of the meeting and participating remotely were: Chair Nicola Favorito, William McNamara, Frank Gervasio, James Rust, John Parsons, Michael Tow and Theresa Flynn. All participants were notified that this meeting would be audio recorded. All votes were taken via roll call.

Also present for all or part of the meeting were: Jeffrey Moyer of the SRBTF; Attorney Katherine Hesse and Attorney Matt Feeney of Murphy, Hesse, Toomey & Lehane, LLP (“MHTL”); Paul Todisco, Francesco Daniele, and Emily Green of the Pension Reserves Investment Management Board (“PRIM”).

I. **Approval of the May 7th, 2020 Meeting Minutes**

The Chair turned to the minutes of the May 7, 2020 meeting.

On a motion made by Mr. McNamara and duly seconded by Mr. Gervasio, the Trustees took the following action.

VOTED: To approve the minutes of the May 7th, 2020 Board Meeting.

Mr. Tow - Yes

Ms. Flynn - Yes

Mr. Gervasio -	Yes
Mr. McNamara -	Yes
Mr. Parsons –	Yes
Mr. Rust –	Yes
Mr. Favorito -	Yes

II. Investment Report

The Chair welcomed back Mr. Todisco and invited him and Mr. Daniele to provide brief market and performance updates.

Mr. Todisco stated that the stock market has recently been performing well, having bounced back from March lows. However, there is a mismatch between the performance of Wall Street and that of the economy at large, where employment numbers and business closures suggest a longer recovery forthcoming. Markets have not responded much to the ongoing recent social protests around the country, but this might change as events unfold.

The Chair asked Mr. Todisco if there were any pertinent updates from the last PRIM Board meeting at the end of May. Mr. Todisco stated that the Board had approved new investments as well as their upcoming budget, but no changes to asset allocations.

Mr. Gervasio asked Mr. Todisco if the mismatch between Wall Street and “Main Street” has precedent. Mr. Todisco advised that the long-term impact of shock may yet still be felt in some sectors such as real estate, as an example, where PRIM is receiving requests for rent relief from tenants. Currently he is seeing a classic “V-shaped” recovery, but that does not mean this will hold long-term. Markets are usually ahead of the economy, and while it is easy to be pessimistic given recent events, the re-opening holds some promise that the recovery could advance more quickly, barring any additional complicating factors.

The SRBT Fund returns reviewed were net of fees, versus the PRIT fund performance which are gross of fees. The 1-year return of 1.0% versus 1.4%; 3-year 5.6% versus 5.5%; 5-year 5.5% versus 5.2%; and 10-year 7.7% versus 6.9%. Since the fund’s inception in 2001 PRIM has achieved a positive 6.8% return versus the benchmark of 6.4%.

As of April 30th, 2020, the combined SRBT Fund assets were \$1.92 billion.

III. Operations Report

Mr. Daniele updated the Board that he has had discussions with the City of Lawrence, the Cape Cod Light Compact and the Prospect Hill Academy. These entities are appreciative of the outreach but are currently on standby.

Municipal Contracts

The Chair invited Mr. Moyer to present the entities up for consideration. Mr. Moyer stated there was one submission from the Town of Reading. The Town's paperwork is complete and indicates that their trust agreement became effective late last year and are intending to invest \$5.2 million. Mr. Feeney agreed with Mr. Moyer, noting only that there was a small non-material error in the attorney's letter that he is seeking to have corrected.

Mr. Parsons asked Mr. Moyer if he knew where Reading had their money before choosing SRBTF. Mr. Moyer and Mr. Feeney both stated that they were not aware of this. Mr. Todisco noted that the Town's Retirement Board is invested through PRIM and noted that they recently changed their method of participation.

On a motion made by Mr. Gervasio and duly seconded by Mr. McNamara, the Trustees took the following action.

VOTED: To approve the Investment Agreement between the SRBTF Board and the Town of Reading and to accept the Town of Reading as a participating unit in the SRBTF as of June 4th, 2020.

Mr. Rust -	Yes
Mr. Parsons -	Yes
Mr. McNamara -	Yes
Mr. Gervasio-	Yes
Ms. Flynn-	Yes
Mr. Tow-	Yes
Mr. Favorito-	Yes

IV. Administrative Issues

A. Policies & Procedures Update

Mr. Moyer stated that the proposed amendments to the Board's Policies and Procedures will be considered at the August Board meeting. He asked Board members to continue examining them and to send him any feedback. Ms. Hesse noted that she had some elements that she would like to discuss, and the Chair agreed that they would meet.

B. Legislative Update

The Chair stated that there is no word as to when the next Commonwealth budget would be proposed, and he will continue to communicate with Mr. Gervasio and provide the Board with updates as he hears them.

C. SRBTF Calendar, Meeting Times

The Chair stated that the next Board meeting will be on August 6th. He hopes to potentially consider an in-person meeting but will update Board members closer to the date.

D. Board Chair

The Chair reminded the Board of Mr. McNamara's question from last month regarding whether the Board could allow the Chair to be re-elected. Mr. Moyer noted that if the Board chose to have Mr. Favorito continue in the role of Chair he believed the votes to waive the term limits and elect should be separate. He brought the Board's attention to section 2.1 of the Board's By-laws, which were amended in 2018 to allow for this.

Mr. Feeney agreed that the vote should be held yearly and should be separate votes. His reading of the relevant statute (Chapter 32A) doesn't indicate any provision that would limit the Board's authority to do this. Mr. McNamara thanked both Mr. Feeney and Mr. Moyer for their update.

The Chair clarified the language that Mr. Moyer and Mr. Feeney were specifying and asked if the Board how it wanted to proceed.

On a motion made by Mr. McNamara and duly seconded by Mr. Rust, the Trustees took the following action.

VOTED: To waive the term limit contained in Section 2.1 (c) of the SRBTF By-laws for FY2021.

Mr. Parsons –	Yes
Ms. Flynn-	Yes
Mr. Rust-	Yes
Mr. Gervasio-	Yes
Mr. McNamara	Yes
Mr. Tow-	Yes
Mr. Favorito-	Abstain

The Board moved on to select a new chair.

On a motion made by Mr. McNamara and duly seconded by Mr. Parsons, the Trustees took the following action.

VOTED: To elect Nicola Favorito to a one-year term as SRBTF Board Chair for FY2021.

Mr. Rust-	Yes
Mr. Parsons –	Yes
Mr. McNamara-	Yes
Mr. Gervasio-	Yes
Ms. Flynn-	Yes
Mr. Tow-	Yes
Mr. Favorito-	Abstain

The Chair thanked the Board for their ongoing confidence, and noted he enjoys continuing to be involved in the Board's work.

V. Other Business

Mr. Moyer noted the August will have several agenda items on it. The Chair thanked all the Board members and others for being available for this morning's meeting and the quick turn around after the May meeting.

VI. Adjournment

There being no further business, a motion was made by Mr. Flynn and duly seconded by Mr. Rust, to adjourn the meeting at 10:03 a.m.

Mr. Parsons –	Yes
Mr. Rust-	Yes
Mr. McNamara-	Yes
Mr. Gervasio-	Yes
Mr. Tow-	Yes
Ms. Flynn-	Yes
Mr. Favorito-	Yes