



Advisory Committee Meeting Minutes
Thursday, February 10, 2022
Zoom Video/Audio Conference – 7:00 pm

Pursuant to Chapter 20 of the Acts of 2021, Scituate Advisory Committee Members held the February 10, 2022 meeting via Zoom Video and/or Audio (Dial-in for those with only phone access). All participants participated remotely.

Committee Members Present: Jamie Gilmore; Chair, Missy Seidel, Elise Russo, Jerry Kelly, Dan McGuiggin, Patrice Metro, Michael Westort and Lynda Ferguson

Committee Members Not in Attendance:
Lincoln Heineman

Also in Attendance: James Boudreau, Town Administrator; Nancy Holt, Finance Director/Town Accountant; Seth Pfeiffer, SCTV Facilitator; Chris Carchia, Capital Planning Committee Chair; Thomas O'Brien, Plymouth County Treasurer and Plymouth County Retirement Board Chair; David Sullivan, Executive Director of Plymouth County Retirement Association; Dan Dynan, Meketa Investment Group

Mr. Gilmore called the meeting to order at 7:01 p.m.

Ms. Metro made a motion to accept the agenda which was seconded by Ms. Russo and voted unanimously in favor (7-0) by roll call vote; Mr. Gilmore-yes, Ms. Seidel-yes, Ms. Russo-yes, Mr. Kelly-yes, Mr. McGuiggin-yes, Ms. Ferguson-yes, and Ms. Metro-yes

Mr. Gilmore called for a motion to accept the minutes of the February 3, 2022 meeting which was made by Ms. Metro seconded by Ms. Russo. The minutes were voted in favor (7-0) by roll call vote; Mr. Gilmore-yes, Ms. Seidel-yes, Ms. Russo-yes, Mr. Kelly-yes, Mr. McGuiggin-yes, Ms. Ferguson-yes and Ms. Metro-yes.

Review of FY 2023 Capital Plan

Mr. Carchia reviewed the projects including beach improvements for \$100,000, foreshore protection for \$200,000, seawall replacement at Cedar Point for \$7.1M, \$16M for seawall repairs at Oceanside and multiple FEMA subsidized foreshore projects. Ms. Holt noted the FEMA projects were recommended for Town share only and Cedar Point at the maximum liability of

\$7M. Mr. Carchia said the Capital Planning Committee recommended all of the foreshore projects. Ms. Metro asked for clarification that the total Cedar Point project was \$17M and Ms. Holt confirmed with a \$10M grant. Mr. Kelly asked about the Third Cliff total cost and Ms. Holt stated it was \$12,8M but had gone down to \$10M after multiple iterations required by the Commonwealth's Coastal Zone Management (CZM).

Mr. Carchia reviewed the Waterways Enterprise projects including a dredging project with Marshfield partially funded with a grant. He then reviewed the school projects and noted that the Jenkins roof project was not recommended due to not being eligible for MSBA funds. The other school projects including the high school roof replacement, performing arts center rigging and school technology. He noted the elementary school sink replacement was held over to the following year as materials could not be sourced due to shortages.

Mr. Westort joined the meeting.

Mr. Carchia stated the Committee recommended the Information Technology switch project but not the broadband project. He stated the broadband feasibility study was not recommended by the Town Administrator and the Capital Planning members had much discussion on this project. He informed members that the Committee was going to recommend the Select Board form a committee to study it further. He continued his review with the Fire Department projects for Zoll monitors and a vehicle. The Police Department projects were also recommended including the ballistic vests and the automated license plate readers. Mr. Gilmore stated that the ballistic vests had to be replaced as their useful life had been reached. Mr. Westort asked if all officers were required to have a vest and Ms. Holt said yes there was a uniform wear policy and the town received federal and state grants. Mr. Westort asked about the other uses of the license plate readers. Mr. Carchia stated it could read vehicles in traffic but it was for parking enforcement and could eliminate the need for stickers. Mr. Gilmore noted that they were only buying three units. Ms. Holt stated that this is the starting point for a larger system including body cameras. Ms. Ferguson noted that riding by the vehicles in the lot would seem to be just as efficient and economical. Ms. Holt noted that the parking enforcement included the two hour limit in Cole Parkway and in other areas. Mr. Boudreau noted that the potential loss of part-time officers in the summer requires the Police Department to become more efficient. Mr. Gilmore responded to Mr. Westort's concerns about future costs by stating that the Police Department would need to substantiate future requests. Ms. Holt referred the members to the five year capital plan for the next phases of the Police Department projects.

Mr. Carchia reviewed the engineering project for MS-4 compliance and Public Grounds requests of a trash truck, cemetery database maintenance program, two pick-up trucks and a forklift and truck for Highway which were all approved unanimously. He reviewed the Sewer Department requests for SCADA, Inflow & Infiltration (I & I), aeration valve replacement and truck replacement. He noted the I & I project was \$4M and dealt with a project to remove 313,000 gallons per day of I & I in the Oceanside Drive area.

Mr. Carchia noted that the Humarock water main replacement project will save money on the payments to Marshfield as there is a 50% leakage in that area. He further noted West End well investigation ,water meter replacement program, well rehabilitation and a \$50M water treatment

plant projects were recommended. Ms. Russo asked if the \$50M was a good estimate as it had increased from previous estimates. Ms. Holt noted that the design and engineering were ongoing and this was the updated amount based on the needs and they were doing borings and necessary treatment needs if the CJC Highway site was selected. Ms. Russo asked about the financing options and if it could be split between rates and the tax levy. Ms. Holt noted that the Select Board had discussed the two options and decided to move forward with the debt exclusion. Mr. Boudreau responded to Ms. Russo's question as to the siting of the water treatment plant that it was likely to be CJC Highway. Ms. Metro asked how the project would be approved. Mr. Boudreau stated it would be a 2/3rds at town meeting and a majority vote at the ballot. Ms. Seidel asked about the relief offered under the tax levy option and Ms. Holt noted the ability to defer real estate taxes and the income tax deduction. Mr. Westort noted that the seasonal residents will be based on the property assessment rather than just three months of water usage.

Ms. Holt noted the Facilities Department had an approved vehicle, ADA ramp for the Maritime Center and year two of the town-wide facilities plan that included \$80,000 for repairs to the Jenkins School roof. Mr. Carchia noted the Committee now had a full membership and better minutes were being taken. He planned to have the members meet monthly to monitor the capital projects and look at the outer years of the five year plan.

Discussion with Plymouth County Retirement Board

Mr. O'Brien thanked the members for the invitation and invited them to their meetings as well. Mr. Dynan of Meketa Investment Group provided a short presentation on the investment plan for Plymouth County Retirement Association. He noted that Meketa Investment Group was founded in 1978 in Boston and currently work with 229 clients with over \$1.8T in assets of which \$1.6T is in public fund assets. He noted the firm has 229 employees resulting in a very low client to consultant ratio with a 99% client retention rate. The firm advised 86 public funds of which 13 are cited in Massachusetts. Mr. Kelly asked if Meketa was the lead consultant for CALPERS and Mr. Dynan responded they were lead consultant for CALSTRS and they were consultants for a part of CALPERS. Mr. Dynan stated the Retirement Board was fully engaged, committed to a world class investment portfolio, utilizes investment guidance from professionals (Meketa) and the system was outperforming the public fund peer universe.

Mr. Kelly asked the make-up of the Board. Mr. O'Brien listed the five members including an elected member from the membership every three years and the appointed member. He noted that some members had been on the Board for decades. Mr. Kelly asked if there were any institutional investment professionals on the Board. Mr. O'Brien stated that he was a certified treasurer and had prior financial experience, there was another municipal treasurer on the Board and a full-time investment professional on staff. Mr. Sullivan explained the Director of Investments was Peter Manning and he was very useful to them. Mr. Kelly asked Mr. Manning's background and Mr. Dynan stated he had over 30 years of experience including working for Merrill Lynch and futures trading. Mr. Kelly asked if there were any investment committees or advisory committees. Mr. Sullivan replied in the negative stating that the five members made the decisions. Mr. O'Brien stated that this required the board members to be fully engaged.

Mr. Dynan noted additional improvements including the hiring of an investment officer, and executive director and retention of Meketa in 2016 to upgrade the investment portfolio. He noted the priorities of the Board was to reduce fees where appropriate. He stated that when Mr. Manning was brought on board there was a comprehensive fee study resulting in a reduction of \$260,000 in fees. He noted the Board's access to Meketa's scale could generate significant fee savings from \$670,000 to \$5.3M. He noted the investment priorities are illiquid investments. Since 2016, \$197M has been committed to 17 private equity funds resulting in a 22.7% net return. He further explained the Plymouth County Retirement Association was performing well and improving. Mr. Dynan noted that the 12/31/2020 PERAC report annual reports showed the system has performed in the top 33rd percentile.

Mr. Sullivan noted that the Association recently bought their own building and moved in 12/1/21. Mr. O'Brien stated the Association prided itself on its service to its members. Mr. Sullivan stated that there are 11,000 members. Mr. O'Brien stated that the Association expects to be fully funded by 2029. Mr. Sullivan noted that 90% of the assessment goes toward the liability.

Mr. Kelly noted that the investment report on the website was from 2019. Mr. Sullivan stated that the investment report is posted on website through January 2022 and shared his screen to demonstrate the location. Mr. Kelly asked if the performance was against the Wilshire Trust Universe [or Wilshire TUCS] and Mr., Dynan replied no they use a different metric as it is more relevant to the Association. Mr. Kelly asked about the PERAC approval letter and the investment return assumption and his concern that past results cannot be relied upon. Mr. O'Brien stated the system had outperformed the return assumption for 36 years based on their actuarial studies. He noted that 8% was reasonable but they reduced it in response to PERAC's concern. Mr. Dynan noted the Board is aware of the current investment environment and is making adjustments including private equities and real estate to generate the higher return. Mr. Sullivan stated that PERAC's recommendations are not based on historical trends but their opinion.

Ms. Ferguson joined the meeting.

Mr. Kelly noted the 2029 fully funded date required a \$80M balloon payment. Mr. O'Brien stated that the last two years of returns will positively impact the actuarial study as of 1/1/2022. Mr. Kelly congratulated the system on their diversification and cautioned them on the risk of illiquid investments based on experience in prior economic downturns. Mr. Sullivan said there was a focus to de-risk the portfolio and Mr. Dynan stated they had removed some risk in the 4th quarter. Mr. McGuiggin asked about the availability of the specific investments in the portfolio. Mr. O'Brien noted the information was on the website.

The members discussed concerns that the investment strategy was more like a hedge fund than a pension system. Mr. Gilmore suggested the Advisory Committee send a letter to the Association sharing their concerns and offering advice. Ms. Metro noted that she did not know that the Advisory Committee had enough information about their operations to offer advice. Ms. Russo stated there were some basic issues with how they do business and their business model. She specifically noted the investment in private equity funds and the use of consultants due to the

lack of investment experience on the Board. Mr. Gilmore noted that it is important to put a letter on record should a negative outcome arise due to their investment strategy.

Other Business

Ms. Holt stated that the February 17, 2022 agenda has been posted for non-monetary articles and the Charter Review Committee recommendations for annual town meeting. Mr. Gilmore stated the wind turbine petition article should be added on to the agenda again for further discussion. Ms. Russo asked if the wind turbine article was binding similar to the Go Green petition article. Mr. Boudreau stated town meeting can only authorize the Select Board to do something but not require it. Mr. Boudreau also stated that they were obtaining the estimated cost of a shutdown. Ms. Holt informed members that the Select Board was sponsoring a wind turbine curtailment article at night.

Ms. Russo relayed the DPW Director's invitation to tour the water treatment plant at 9AM on Friday.

Ms. Metro made a motion to adjourn the meeting which was seconded by Ms. Russo at 9:01 p.m.; the Committee voted unanimously in favor (7-0) by roll call vote; Mr. Gilmore-yes, Ms. Seidel-yes, Ms. Russo-yes, Mr. Kelly-yes, Mr. McGuiggin-yes, Mr. Westort-yes, and Ms. Metro-yes.

Respectfully Submitted,

Nancy Holt
Recorder