

UNAPPROVED – SUBJECT TO CORRECTION

**Pension and Retirement Board
Regular Meeting
March 17, 2022**

The Pension and Retirement Board held their Regular Meeting on Thursday, March 17, 2022, via Audio/Tele Conferencing. Chairman Kimmel called the meeting to order at 6:09 p.m.

Members Present via Audio/TeleConference

A. Armstrong
M. Chaco
S. DuBrow
M. Hedman
C. Hiza
G. Kimmel
A. Maher
M. O'Neil
M. Palumbo
C. McInnis

Members Absent

T. Bradbury
W. Farrell
T. Harrigan
L. Mahoney
C. McKenna
C. Angelica (Alt)
K. Frank (Alt)
M. Glennon (Alt)
J. Grady (Alt)
M. Moreno (Alt)
R. Smith (Alt)
B. Broesder, BOA Liaison
D. German, BOA Liaison

Also Present

T. Barnes, Human Resources
M. Carrasquillo, Benefits & Pension Coordinator
L. DiCocco, Recording Secretary
Rodger Metzger, Hooker & Holcombe
J. O. Beirne, Beirne Wealth
Samantha Hicks, Beirne Wealth
Jeff Goldstein, Arsenal Growth Equity
Jason Rottenberg, Arsenal Growth Equity
Orlando Mendoza, Arsenal Growth Equity

Consideration of Minutes:

Mr. Chaco and Mr. McInnis made and seconded a motion to approve the minutes of the Regular Meeting held February 17, 2022. Motion carried unanimously.

Chairman's Report

None

New Business:

None

Old Business:

None

Pension Requests:

(a)	Dennis Broderick	Code 3 – City (Police) Normal w/ MBI & ABI	Application
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Mr. DuBrow and Ms. Palumbo made and seconded a motion to accept the application for a Code 3 City (Police) Normal Retirement Pension with MBI and ABI for Mr. Broderick. Motion carried unanimously.

(b)	Christopher Brown	Code 3F – City (Fire) Normal w/ QDRO	Application
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Mr. O'Neil and Mr. Hiza made and seconded a motion to accept the application for a Code 3F City (Fire) Normal Retirement Pension with QDRO for Mr. Brown. Motion carried unanimously.

(c)	Brian Coleman	Code 5 – BOE (Maint) Normal	Application
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Ms. Palumbo and Mr. McInnis made and seconded a motion to accept the application for a Code 5 – BOE (Maint) Normal Retirement Pension for Mr. Coleman. Motion carried unanimously.

(d)	Joseph DeStefano	Code 3 – City (Police) Normal w/ ABI	Application
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Mr. DuBrow and Ms. Palumbo made and seconded a motion to accept the application for a Code 3 City (Police) Normal Retirement Pension with ABI for Mr. DeStefano. Motion carried unanimously.

(e)	Lisa Johnson	Code 5 – BOE (Secretary) Normal	Application
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Ms. Palumbo and Mr. McInnis made and seconded a motion to accept the application for a Code 5 BOE (Secretary) Normal Retirement Pension for Ms. Johnson. Motion carried unanimously.

(f)	Paul L. Raucci	Code 5 – BOE (Maint) Normal	Application
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Ms. Palumbo and Mr. McInnis made and seconded a motion to accept the application for a Code 5 BOE (Maint) Normal Retirement Pension for Mr. Raucci. Motion carried unanimously.

Withdrawals and Refunds:

(a)	Richard Brantley	Code 5 – City (PW) Entered: 09/17/2018	Application/Calculation Terminated: 12/10/2021
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Ms. Palumbo and Mr. McInnis made and seconded a motion to accept the application and calculation of the withdrawal and refund of a Code 5 City (PW) Pension request of Mr. Brantley in the amount of \$8,042.08 entered 09/17/2018 and terminated 12/10/2021. Motion carried unanimously.

Buy Ins:

None

Contingent Annuitant Options:

None

Applications of Entry:

Chairman Kimmel read the following application of entry:

(a)	Tina Marie James	Code 5 – City (Police Social Worker)	Entered: 02/07/2022
(b)	Mona LaBissoniere	Code 9 – City (Sanitarian)	Entered: 02/14/2022
(c)	Kacey Golebiewski	Code 5 – BOE (Secretary)	Entered: 03/09/2022

Invoices

(a)	Wells Fargo	\$2,717.70	Period: 01/01/2022 – 01/31/2022
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Mr. Chaco and Mr. McInnis made and seconded a motion to authorize payment to Wells Fargo in the amount of \$2,717.70 for their invoice dated February 4, 2022, for the period of 01/01/2022 – 01/31/2022. Motion carried unanimously.

Committee Report:

None

Financial Report:

None

Asset Allocation:

None

Arsenal Growth Presentation

J.O. Beirne presented there are three investments with Arsenal. One is in the Arsenal III Growth Fund and two separate co-investments that are companies owned in the portfolio – Cart and Sayari. Arsenal is a private equity firm focusing on small stage growth companies. They look for companies they could go in and grow their revenue and/or earnings.

Orlando Mendoza of Arsenal introduced team members Jason Rottenberg and Jeff Goldstein. Mr. Rottenberg spoke about Arsenal's team. Arsenal invests in software companies. They invest in execution stage meaning they are not doing startups. Execution stage is companies already selling to their customers with revenues of \$5 - \$20 million. The companies exhibit high gross margins, are growing rapidly and relatively little capital intensity. Arsenal's goal is not to invest in companies that raise tens of millions of dollars over their history. Arsenal likes to be the first institutionals in and partner with the management team to think about how the company can be taken from where it is and take it to its next step.

Arsenal is balanced between portfolio companies and sectors. Each of the sectors are growing rapidly. It is about having a diversified portfolio based on their strategy that allows them to generate outside returns for the risk people are taking.

Building the portfolio is sourcing deals. They look at thousands of deals over the years. They are involved in the companies generally having a board seat. Performance to date for Fund III has been extremely well. Milford has committed \$5 million. Arsenal has called \$3.5 million of that capital and the value as of 12/31/21 was \$9.2 million. Milford has invested in special purpose vehicles (SPV). Investment was made in Series B Preferred Stock in cart.com and Series C of Sayari. In October Milford invested in Sayari. The investment in cart.com of \$600,000 is now valued at about \$1.2 million. As the manager Arsenal floats all the expenses and at liquidity expenses get paid out.

Mr. Rottenberg reviewed two case studies in Arsenal Growth III. On the compliance and regulations side Sayari is a financial intelligence platform. They work with large financial institutions. On the edtech side Arsenal invested in a company called Elevate K-12. This company is focused on the teacher shortage throughout the country. It is a platform that allows students to be in the classroom and the teacher is remote.

Mr. Goldstein discussed Arsenal Growth Fund IV stating the investments are consistent with Fund III. In Fund IV they expect to have 12 – 15 portfolio companies with Arsenal continuing to have meaningful ownership and board presence. The sector focus will be the same working with industries they already have established relationships with. They are looking for a \$100 million target fund size with Milford committing \$10 million.

Mr. Beirne asked Arsenal to explain why they target millions as opposed to billions. Mr. Rottenberg explained they are focused on the most that can be generated in the time they are involved in the companies. A discussion was held regarding the investments that are in the tech industries. They look for companies with product market fit. Arsenal's presentation concluded.

Mr. Metzger and Mr. Beirne discussed the investment and the amount Milford is investing, Arsenal's advisors and how frequently their funds come out. Investment began with the fund in 2018. Mr. Metzger noted investments were moving from the growth to the value side in the large cap and asked Mr. Beirne where the funding will come from. Mr. Beirne said from the liquidity and also continuing the process of reducing some of the bigger growth exposure. Mr. Kimmel said if Milford invests in this fund, money will be tied up for several years without access to it. Does Beirne Wealth look at how liquid all of Milford's assets are when looking at these investments. Mr. Beirne said they look at what is liquid in a day, liquid with a redemption and investments that are liquid in a month's time.

Mr. McInnis asked Mr. Beirne to explain why he would recommend investing more. Mr. Beirne presented two recommendations based off the Boyd Waterson presentation and the Arsenal fund. He said the intent is to shift the risk and with the Boyd fund it is thought there would be significantly less risk. The second recommendation is with Arsenal. They are in a place where they probably should not be impacted by public markets.

Mr. Beirne recommended making a decision on the proposed investments in Boyd Waterson and Arsenal.

Report of Investment Advisor: Beirne Wealth

Mr. Beirne touched on the Beirne Wealth Consulting report for month ending February 28, 2022 noting the fund sits are \$424,000,000. Mr. Kimmel noted that the report was as of the 28th and they market changing day to day. Mr. Beirne said the market is moving three percent a day. He said the fund was similar to last month, continuing to reduce the volatility out of the portfolio on the equity side. The Boyd investment will go into the real estate division of the investments. Mr. Metzger noted that the cash is down to virtually nothing and asked if it is a tactical move or because investments presented themselves with different investment vehicles. Mr. Beirne said there was a capital call and a pension payment. Mr. Beirne said he was comfortable investing \$15 million each into Boyd and Arsenal. Reviewing the Beirne monthly report Mr. Beirne noted the portfolio has virtually zero Russia exposure. The only exposure there would be in the index and all the Russia exposure is being removed.

Mr. McInnis and Ms. Palumbo made and seconded a motion to invest \$15 million into Boyd Waterson. Motion carried unanimously.

Mr. McInnis and Mr. McKenna made and seconded a motion to invest \$15 million into Arsenal Growth Equity Fund IV. Motion carried unanimously.

Mr. Chaco and Mr. McInnis made and seconded a motion to adjourn the meeting. Motion carried unanimously.

The meeting adjourned at 7:15 p.m.

The next regular meeting of the Pension & Retirement Board will be held on April 21, 2022.

Respectfully submitted,

A handwritten signature in blue ink, reading "Lesley DiCocco". The signature is written in a cursive, flowing style.

Lesley DiCocco
Recording Secretary