

## GREATER NEW BEDFORD REGIONAL REFUSE MANAGEMENT DISTRICT MEETING

### Meeting Minutes

Thursday, February 23, 2023

The Greater New Bedford Regional Refuse Management District Committee held a publicly posted meeting on **Thursday, February 23, 2023 at 8:00 A.M.** at the Dartmouth Town Hall, Room 315, 400 Slocum Road, Dartmouth, MA.

**District Committee Members in attendance:** Chairperson, John Beauregard; Daniel Patten, Christine LeBlanc, Kelley Cabral-Mosher, Michael Gagne.

Ken Blanchard, absent.

**Also in attendance:** Scott Alfonse, Executive Director; Leonor Ferreira, Secretary; Matthew J. Thomas, District Counsel; Anthony Novelli, Tom King.

**Other attendees:** Alex Bartholomew and Michelle Newcomb, Bartholomew & Company, Inc. representatives (8:00 a.m. to 8:40 a.m.).

#### **1. Call to order / Salute the flag.**

Chairperson Beauregard called the meeting to order at 8:00 a.m. and led a salute to the flag.

#### **2. Legal notices**

Mr. Beauregard noted that legal notices of the meeting were posted in Dartmouth and New Bedford more than 48 hours prior to the meeting.

Chairperson Beauregard read the following statement:

“Pursuant to the Open Meeting Law, any person may make an audio or video recording of this public meeting, or may transmit the meeting through any medium. Attendees are therefore advised that such recordings and transmissions are being made, whether perceived or unperceived, by those present, and are deemed acknowledged and permissible.”

#### **3. Roll call of members**

Chairperson John Beauregard, yes  
Daniel Patten, yes  
Christine LeBlanc, yes  
Michael Gagne, yes  
Kelley Cabral-Mosher, yes  
Ken Blanchard, absent

#### **4. Approval of Minutes**

a. Approval of Minutes of January 19, 2023 meeting

**Motion to approve the minutes of January 19, 2023, made by Mr. Patten, seconded by Ms. LeBlanc. All voted in favor.**

**Motion passed 5 – 0.**

## 5. Warrant Report and Ratification

- b. Warrants No. 13-23 dated January 25, 2023, 14-23 dated February 8, 2023, and 15-23 dated February 9, 2023.

**Motion to ratify warrants 13-23 dated January 25, 2023, 14-23 dated February 8, 2023, and 15-23 dated February 9, 2023, made by Mr. Patten, seconded by Ms. LeBlanc. All voted in favor.**

**Motion passed 5-0.**

## 6. New Business

- a. Discussion of District investments – Bartholomew & Co.

**Motion to receive an update on District investments from Bartholomew & Co. made by Ms. LeBlanc, seconded by Mr. Patten.**

Mr. Alfonse introduced Michelle Newcomb and Alex Bartholomew of Bartholomew & Co. He said that prior to the meeting, he asked Mr. Bartholomew to address asset allocation targets.

Ms. Newcomb made opening remarks.

Mr. Bartholomew referred to the portfolio summaries provided to the Committee (Closure, Trust Funds, Reserve Funds and Post Closure) and said he would review these together since they have similar investment strategies and risk profiles.

Mr. Bartholomew said that all five funds (the above-mentioned and the OPEB trust) are invested pursuant to what is referred to as the list of legal investments approved by the Commissioner of Banks in Massachusetts. He noted that for the purpose of discussion, he will use the Trust fund portfolio, valued at \$14 million at end of January 2023, as a proxy.

Mr. Bartholomew noted that the overnight lending rate in February 2022 was 0%. We saw a 25 basis point (.25%) hike in March 2022, and now the overnight lending rate is near 5%. This has created a lot of turmoil in the market with stocks and bonds, but also created opportunities on a forward looking basis for returns in conservative portfolios.

He referred to page 2 of the portfolio summary. At the end of last fiscal year (June 30, 2022), the yield was 1.8% and annual income was \$246,000; now, at end of January 2023, the yield is 2.57% and annual income is estimated at \$360,000. These are backward looking numbers; forward looking numbers could look different and may be even higher. They are not representative of total return, but of income. We will continue to see an overweight in corporate bonds and treasuries.

Mr. Bartholomew said that agency bonds have been big parts of these portfolios for some time. They don't provide any big spread over treasuries because they have been in conservatorship since 2009. CDs haven't offered any advantage over treasuries since the pandemic.

He reviewed page 3 of the Portfolio summary. He said it presented a high level summary of the trust fund portfolio through January 2023. Bartholomew's management of these assets predates the inception dates of these portfolios. This is because the District has regrouped certain funds over time. Since April 2020, the portfolios annualized about 1.8%. The fiscal year to date is up 1.57%.

On page 4 and 5 of the portfolio, Mr. Bartholomew reviewed the breakdown of individual fixed income; (mostly corporates and treasuries). He said that agencies and CDs will continue to roll

off the list of investments. He noted the well diversified credit table, which leans towards higher quality. Any not rated are not below investment grade.

On page 5, he noted the duration at just over 2 and yield to maturity at almost 4.5%. He compared this to page 2, where the current yield for the entire portfolio (including money markets, exchange traded funds, common stock). Looking at individual equities on forward looking basis, Bartholomew & Company's expectations of gross total return are about 4.5% with a weighted average 2 to ratio. Currently, the weighted average short bond portfolio with high credit quality yield is offering something not seen in over 15 years. The last 12 months affect prices in the short term, but will increase forward looking returns.

Mr. Bartholomew referred to page 7. In 2022, the portfolio was down 2.3% compared to the government/ credit index which was down 3.7%. He noted the factors that contributed to this and said it is quite a lot for a conservative portfolio. Equity risk is low at 10% of total portfolio. In a normal market environment, if the stock market is down, fixed income is up. Last year, which wasn't true. Interest rate rises and inflation affected both stocks and bonds. Last year was the worst Investment grade fixed income bond market since 1700s. There have been other periods where low credit quality fixed income sells off, such as 2008. The events are related to the fact that forward guidance on rate moves coming into last year predicted about 1 to 3 hikes to 25 to 75 basis points. We ended with the equivalent of going from 0 to 4.5% by the end of the year and are now at 4.25%. Reality versus expectations changed pricing in the short term time period. Every time we had data (inflationary, economic, labor, etc.) pointing one way or another, the commentary and forward guidance of the Federal Reserve Bank reacted to the data. Mr. Bartholomew speculated that we are nearing the end of the rate hiking cycle, trending with only a 25 basis point hike at end of January 2023. We will see over the next couple of federal reserve bank meetings. If rate hikes exceed 50 basis points, the market will react negatively. The Federal Reserve Bank has communicated that it is going to be restrictive for "some time" is a subjective statement. It's unclear as to how long "some time" may be.

Mr. Beauregard noted that the Federal Reserve Bank doesn't have many other tools to use other than increasing interest rates. Mr. Bartholomew said this tool is what gets talked about the most. They have other options. Historically, the information reported out of their meetings is usually limited to action taken relative to the overnight lending rate. Now there are other information points, such as dot plot, meeting minutes, speeches, etc. There is more transparency and insight into what they are doing.

Mr. Bartholomew noted that through January 2023, the portfolio is up 86 basis points. The portfolio is benefiting from rates starting to come down. It is to be expected that we will have volatility in markets until we have better clarity on what the rate environment is going forward.

When the Federal Reserve Bank is done with rate hikes, we will likely see volatility wind down a little, because it will be an indication that it is comfortable with the inflationary trend going forward.

He referred to page 8, which is summary of portfolio holdings (common stock, corporate bonds, agencies, treasuries CDs money markets, etc.).

Mr. Bartholomew explained that Bartholomew & Co. is in the cash management business and must ensure that cash is invested in the highest yielding money market. They have seen 1 basis point on money markets for 15 years and now see 3-4%. How long this trend will last depends on the overnight lending rate.

He noted that he would offer all of the prior commentary for the other 3 accounts (Reserves, Closure and Post Closure). He asked if the District wanted to discuss asset allocation on these accounts or on OPEB. Mr. Alfonse responded that we'd like to discuss it on all, recognizing that asset allocation on OPEB will be different than the other accounts.

Mr. Bartholomew said that with all the communities they work with that use the legal list, few have definitive asset allocations in their Investment Policy Statement (IPS). Overtime, investment managers, such as Bartholomew & Co., strategically move to where opportunity and risk is. He suggested that if asset allocation were to be documented in IPS, it be done in an addendum. This would streamline changing it without having to re-adopt a new IPS.

Mr. Alfonse commented that he has seen asset allocations done both ways – as an addendum to the IPS and in the body of the IPS. He said that the District historically included the asset allocation targets in its IPS. When the District revised its IPS in 2019, the asset allocation target was removed. He said that past discussions have referred to asset allocation targets, and he wanted to make sure the Committee and Treasurer were aware that the IPS does not currently include asset allocation targets.

Ms. Newcomb noted that when she began in 2010, the IPS included allocations. She agreed that if the District found it necessary, including them as an addendum would streamline any revision process.

Mr. Alfonse noted that the Committee does not have to make the decision today. He suggested reviewing the IPS in its entirety since a few years have passed since the last revision.

Mr. Bartholomew said that the original IPS was for non-OPEB accounts and there were a lot of investments that were not on the legal list that were permissible. He described the evolution of making it more compliant with the legal list of investments. He feels that if we adhere to the legal list, a prescriptive asset allocation target doesn't add a lot of value and investment opportunity is sufficiently limited by the list. If we are going to move away from the legal list, then the targets may be useful.

Ms. Newcomb noted that the targets provided by Bartholomew are what they provide to their OPEB clients operating under the prudent investor rule (which typically results in a client investing in securities not listed on the legal list of investments).

Mr. Alfonse suggested that the Treasurer, Executive Director, District Counsel and Accountant meet to discuss revising the IPS.

Attorney Thomas referred back to Mr. Bartholomew's assessment. The legal list creates an implicit limitation on what the District can do and there is not a need to add.

Attorney Thomas asked Mr. Bartholomew to refresh the Committee on what is specifically meant when there's a reference to the "legal list". Mr. Bartholomew reviewed the definition, which is a list of legal investments intended for state chartered banks and credit unions. Municipal law points to this as what is permissible to invest long term funds. He described the limitations of changing the list. He summarized the items on the legal list and noted that items on the list may incur loss of investment.

Mr. Bartholomew moved onto review the OPEB portfolio summary. He noted the different risk profile (45 to 50% common stock) aimed at generating a higher rate of return. In the other funds, the 10% equities complement the bond portfolio. The OPEB trust is 50/ 50 public equity and fixed income. Since 2011, this portfolio annualized 4.7% time weighted return through January 2023, and is up over 3% fiscal year to date because of higher equity. The current yield is just over 2.5%. He expects to see a shift to longer duration and longer weighted average to maturity if normalizing market conditions result in a shift to higher equity exposure.

He described performance and how the OPEB stocks did well last year. The stocks tended to be better performers and not "tech heavy". Over the long term, Mr. Bartholomew said he was pleased with the performance of OPEB, and the District is being compensated for the risks it has taken. There is an inverted yield curve – overnight is 4.75%; 10 year treasury is not even at 4%. As we go out 5 to 7 years maturity to complement equity, we are buying yield to maturity that are

currently lower than cash. However, over the holding period, the District will benefit, as it did 3 or 4 years ago.

Mr. Patten referred to page 8 and the District's Altria holding. He noted the column headings "Value (\$)" and "Est. Tax Cost (\$)" and asked for clarification. Mr. Bartholomew said "principal" is the amount of money the District has invested in the stock. The "value" is the current value of the stock. The "Est. Tax Cost (\$)" includes all of the reinvested dividends.

Mr. Thomas referred to page 7 and noted the different investment strategy than the funds previously discussed.

Mr. Beauregard asked for indication as to where we are headed. Mr. Bartholomew responded that market volatility is persistent because we haven't had good forward guidance on interest rates. He repeated the hypothetical scenario such as the Federal Reserve Bank raising interest rates 25 basis points one final time. If that happened, the market would likely perform well. The market can start pricing in forward looking growth because it will know what interest rates will look like. There was volatility in January 2023. After 6 months of inflation going down, the trend was not consistent enough for the market to respond positively. Mr. Bartholomew anticipates that we are going to have volatility until the 2nd quarter when the Federal Reserve Bank may stop raising interest rates. It's possible that the overnight rate could land at 5 to 5.5% , but it is uncertain. Data on inflation as measured by Consumer Price Index suggests that by June 2023, we may see a different inflation number because year over year calculations are pointing in that direction. The expectation for the rest of the year is positive, but in the short term we should continue to expect volatility until there is clearer forward guidance. The labor market is very strong, which has both positive and negative consequences. It will take time to absorb the amount of capital infused in the economy since the beginning of pandemic. As China moves out of its zero covid policy, there are positive trends. He also noted geopolitical uncertainties and what that might do.

Mr. Gagne noted that the price of goods and services did not go down when interest rates dropped. Fuel prices are also affecting prices. Mr. Bartholomew said that corporate earnings will reflect this as it remains to be seen whether the increased costs can be passed onto consumers. He also said that this phenomenon does not always negatively impact the investment market. He noted that you can have positive market returns in the middle of a recession. Negative returns tend to come before recession and the bottom happens in the middle of a recession. We won't know if we are in one until it is determined in hindsight.

The Committee thanked Ms. Newcomb and Mr. Bartholomew for their presentation. The pair left at 8:40 a.m.

b. Engineering services – future landfill cell permitting

**Motion to discuss engineering services for future landfill cell permitting made by Ms. LeBlanc, seconded by Mr. Patten.**

Chair recognized Mr. Alfonse who reviewed the memo on Engineering Services for future landfill cells.

Ms. LeBlanc noted Geosyntec's design experience and familiarity with MassDEP, and suggested obtaining or begin the process of exploring Geosyntec as an option for moving forward with engineering services. She suggested the District consider Tom Mackie for legal services relative to permitting if he's available. Mr. Alfonse noted that a proposal would be obtained from Geosyntec, and that a transfer of funds would likely be required from Phase 2 reserve.

Mr. Gagne asked if the new stormwater basin would be bordering the Bordering Vegetative Wetland (BVW). Mr. Alfonse noted that it would not border the BVW. Ms. LeBlanc asked if the stormwater basin was in District's property. Mr. Alfonse said yes.

c. Retiree life insurance

**Motion to consider offering life insurance to District retirees made by Mr. Patten, seconded by Ms. LeBlanc.**

Chair recognized Mr. Alfonse who reviewed the memo. He noted that Attorney Thomas was asked to provide an opinion as to whether the District is required, under MGL 32B, to provide life insurance. He referred to Attorney Thomas for further comments.

Attorney Thomas described section MGL 32B section 9 (policy provisions) that speak to life/health insurance:

*“The policy or policies of insurance shall provide that upon retirement of an employee, the policy or policies providing at least two thousand dollars of group life insurance and at least two thousand dollars of group accidental death and dismemberment insurance as set forth in section five, except the optional coverage referred to therein, shall be reduced to one thousand dollars of group life insurance, unless the governmental unit has accepted section nine F, and the retired employee shall make payment of the full premium cost, subject to the provisions of section nine A or nine E, whichever may be applicable, of the average group premium as determined by the appropriate public authority for such insurance; and the group general or blanket insurance providing hospital, surgical, medical, dental and other health insurance, as provided under sections four, eleven C, and sixteen as may be applicable, shall be continued and the retired employee shall pay the full premium cost, subject to the provisions of section nine A or section nine E whichever may be applicable of the average group premium as determined by the appropriate public authority for such hospital, surgical, medical, dental and other health insurance”.*

He noted that MGL 32B section 9 states that an employer shall offer employees life insurance of \$2,000. Upon employee’s retirement the plan decreases to \$1,000 and is to be paid by the retiree unless section 9F provisions are accepted. He described MGL 32B section 9F. He noted that section 9A and 9D-1/2 should also be accepted, and described sections. He noted that District does not have to pay for retiree’s life insurance plan, but it can if it chooses to. The policy would cover \$1,000 for each retiree, or offer a higher plan which requires a vote by committee.

Ms. LeBlanc noted that District can offer life insurance plan and pay for active employees, but she was not in favor of the District covering the costs for retirees’ life insurance plan. Mr. Alfonse noted that District has never paid for retiree life insurance in the past.

Mr. Beauregard asked how it was handled by the City of New Bedford. Mr. Alfonse noted that New Bedford retirees pay for their life insurance policy. Mr. Gagne noted that for consistency purposes the District should offer the life insurance plan, but retirees would be responsible for costs. Mr. Alfonse noted New Bedford retirees monthly premium of \$2.18/month for their life insurance plan.

Mr. Gagne noted that Board would wait for information gathered from New Bedford and Dartmouth, and then put item back on the agenda for resolution. Attorney Thomas noted he will have a series of votes ready for when the board is ready to move forward.

Mr. Alfonse provided background as to why this issue is before the Committee. He said that when Tom King, District Accountant was working to enroll all the employees on life insurance, Mayflower Municipal Health Group was surprised that the District wasn’t offering it to retirees because every other community offers life insurance to retirees (paid or unpaid).

**No action taken.**

d. Request from Town of Freetown / Proposed work on Quanapoag Rd., Freetown

**Motion to consider request from Town of Freetown relative to proposed work on Quanapoag Road, Freetown made by Mr. Patten, seconded by Ms. LeBlanc.**

Chair recognized Mr. Alfonse who reviewed the memo on the request from Town of Freetown.

Attorney Thomas described the three options District had available for granting the town work on Quanapoag Rd, Freetown. He recommended that the District not allow Town of Freetown to take land by eminent domain, but grant a permanent or temporary easement with compensation (if preferred) to the District.

Mr. Patten asked what impact it would have on the cranberry bog. Mr. Alfonse noted 400 sq ft of the cranberry bog would be removed. Mr. Patten asked what the size of cranberry bog was. Mr. Alfonse noted that the cranberry bog was approximately a total of 7 acres.

After further discussion the board noted that because there's not an expense to the District and Town of Freetown is responsible for all fees associated with the work, the board decided not to assess any compensation for the District.

Mr. Gagne noted that an appraisal should be done and formally presented to Freetown's Selectboard showing the appraisal, and in the interest of our community relationship with Freetown it would be waive it.

Mr. Patten asked if there was a timeline. Mr. Alfonse said it hadn't been provided. He noted that it would be beneficial speaking with Mike Wainio, who operates the cranberry bog, to find out what would be the best time of the year to begin the easement work.

e. **Director's Report**

**Motion to receive the report from District Staff made by Ms. LeBlanc, seconded by Mr. Patten.**

Chair recognized Mr. Alfonse who reviewed the Director's report.

Mr. Alfonse noted the cost estimate for renovations to two residential properties. He said that public construction can be costly and District may want to consider whether or not it wants to be in the business of owning residential properties.

Mr. Alfonse recognized Mr. Novelli who provided a compost update and described his and Shawn Peckham's visit to another compost facility. Mr. Beauregard asked if District had a covered building it could use. Mr. Novelli said no. A request for proposals (RFP) would be needed to procure composting services. Ms. LeBlanc asked the type of enclosed building Mr. Novelli saw during their visit, and if it was something he was looking to replicate for the District compost facility. Mr. Novelli said yes. He described the enclosed building.

Mr. Gagne suggested looking at Dartmouth's composting facility as a point of reference, and see if there were any issues there that could be avoided at the District's composting site.

f. **Items which could not have been reasonably anticipated 48 hours in advance.**

None

Mr. Gagne noted page 6, item 6e., (Health Insurance for FY2024, Mayflower Municipal Health Group), and asked if Mr. Alfonse knew what the increase would have been without the \$5.1 million supplement from their reserve. Mr. Alfonse noted that the carriers made the recommendation, and he could provide Mr. Gagne with information that would answer his question.

**7. Set Meeting Schedule – April 2023**

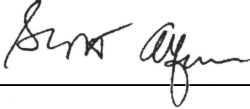
April meeting is scheduled for Thursday, April 27, 2023.

8. **Adjourn**

**Motion to adjourn made by Mr. Patten, seconded by Mr. Gagne. All voted in favor. Motion passed 5 to 0.**

The meeting adjourned at 9:19 a.m.

Approved by vote of District Committee on Thursday, March 16, 2023



Scott Alfonse, Executive Director

**MEMOS**

6a. Memo – February 23, 2023, meeting with Bartholomew & Co. dated 2/17/2023

Attachment – minutes from February 23, 2022 meeting with Bartholomew

Attachments – portfolio summaries (Reserve Fund, Trust Fund, Closure, Post Closure, OPEB)

6b. Memo – Engineering services – future landfill cell permitting dated 2/17/2023

6c. Memo – Retiree Life Insurance dated 2/17/2023

6d. Memo – Request from Town of Freetown Highway Department dated 1/13/2023

6e. Memo – Staff Reports dated 2/17/2023