

April 8, 2014  
Minutes #501

**Minutes of the Board of Trustees' Meeting -1-**

**Call to Order:** Chairman Pinard called the meeting to order at 8:30 a.m.

**Present:** Trustees: Donald Pinard, Bob Lynch, Mike Woitkowski, Richard Molan and Dianne Mercier arrived at 8:37 a.m.  
MECRS Staff: Gerard Fleury, Sandi Aboshar and Suzanne Wilson

**Absent:** Mayor Gatsas and Bill Sanders

**In Attendance:** John Rich of the McLane Law Firm

**Approval of the Minutes of the Previous Board Meeting:**

Chairman Pinard entertained a motion to approve the minutes of the previous meeting. Trustee Molan moved to approve the board minutes of March 11, 2014, seconded by Trustee Lynch and passed unanimously by all those trustees present.

**Approval of the Immediate Meeting Agenda:**

It was then moved by Trustee Woitkowski to approve the immediate meeting agenda, seconded by Trustee Lynch, and passed unanimously by all those trustees present.

**Report of the Executive Director:**

**Update on Recovery of Overpayment:** Mr. Fleury first updated the trustees on the pending MECRS claim that was filed in Manchester District Court on November 27<sup>th</sup> to recover an overpayment. He informed the board that a hearing was conducted on Friday, February 21, 2014 for mandatory mediation, but no resolution was reached and that the Court has scheduled Thursday, May 1<sup>st</sup> as the trial date.

**Legislative Update:** Next, Mr. Fleury reported that SB 225 passed the Senate with a minor amendment and was sent to the House in mid March. Subsequently, the House conducted a hearing on April 2<sup>nd</sup> and testimony was received by the committee without incident or opposition. Mr. Fleury reported, that the bill is scheduled for executive session, April 8, 2014, which will be followed by a third and final reading and signature by the Governor.

**Status of Portfolio Rebalancing for 2014:** Mr. Fleury referred to the board's directive at the March meeting to rebalance the MECRS portfolio, as recommended by New England Pension Consultants. He reported that as of Friday, April 4<sup>th</sup>, the last transaction of the rebalancing exercise was completed with the exception of the actual funding of \$2.5 million allocated to the existing PRISA Real Estate Investment. In that case, he explained that MECRS has been added to the subscription queue with capital calls predicted at the end of 2014.

In closing his report, Mr. Fleury informed the board that the audit firm, Berry, Dunn, McNeil & Parker is currently conducting the MECRS annual audit of 2013.

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**Report of the Investment Committee:**

Committee Chairman Molan reported that the MECRS Investment Committee, had conducted private equity manager interviews at its scheduled meeting, Monday, April 7<sup>th</sup>, in keeping with the recommendation of its investment consultants at New England Pension Consultants. NEPC had previously recommended investments with both managers to be interviewed. He noted that NEPC Representative, Mr. Kevin Leonard was present during the interview process.

He reported that the committee interviewed Lexington Partners, an existing MECRS private equity manager, for an additional placement in their upcoming Fund VIII, and also Private Advisors for investment in their Fund VI. Committee Chairman Molan stated that each interview lasted approximately 60 minutes, during which, committee members, advisors, counsel and staff were able to question the managers on materials included in their presentations. He then expressed his opinion and stated that the two manager presentations were well done.

At the conclusion of the private equity interviews, Committee Chairman Molan reported that the Investment Committees voted to recommend to the full Board, that Lexington Partners Fund VIII be selected for a \$5 million investment to help satisfy investment objectives in private equity in the secondary market and also, that Private Advisors Fund VI be selected for a \$4 million investment in the fund of funds category, both investments being subject to a satisfactory review of subscription agreements by legal counsel.

Trustee Molan then moved to approve the Investment Committee's recommendation as stated, seconded by Trustee Lynch and passed unanimously by all those trustees present.

**Consent Agenda:**

Trustee Molan moved to approve the Consent Agenda, seconded by Trustee Woitkowski and passed unanimously by all those trustees present.

**New Business:**

Compliance With MECRS Code of Ethics: Mr. Fleury explained that some members of the board have failed to submit the annual Standard of Conduct questionnaire which is required by board policy. The trustees discussed the importance of compliance with the policy and the matter was referred to the Chairman and the Executive Director for consultation with counsel.

**Other Business:**

Mr. Fleury referred to the handout distributed to the trustees regarding a key departure within New England Pension Consultants and informed the board that Chief Investment Officer, Mr. Erik Knutzen, has made an announcement to leave the firm.

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Mr. Fleury stated that he has been diligent in following this matter since he has received notice of Mr. Knutzen's departure and that NEPC is committed to maintaining high standards and has a plan in place to fill the position.

He also stated that he was assured by NEPC Representative, Kevin Leonard, that this should not be of great concern to the board.

**Motion to Adjourn:**

Having conducted all the business of the day, Trustee Molan moved to adjourn the meeting at 8:41 a.m. seconded by Trustee Lynch and passed unanimously by all those trustees present.

Respectfully Submitted

Gerard E. Fleury  
Executive Director