

October 10, 2017
Minutes #539

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Acting Chairman Sanders called the meeting to order at 8:32 a.m.

Present: Trustees: Bill Sanders, Dick Molan, Mike Woitkowski, Bob Lynch and Dianne Mercier arrived at 8:33
MECRS Staff: Gerard Fleury, Sandi Aboshar and Suzanne Wilson

Absent: Trustees: Donald Pinard and Mayor Gatsas

In Attendance: Attorney John Rich, from McLane Middleton, Professional Association

Approval of the Minutes of the Previous Board Meeting:

Due to the excused absence of Chairman Pinard, Trustee Sanders agreed to serve as Acting Chairman for the meeting. Trustee Molan moved to approve the minutes for the board meeting held September 12, 2017. Trustee Woitkowski seconded the motion and it was passed unanimously by all those trustees present.

Approval of Minutes of the Public Hearing held September 12, 2017

Acting Chairman Sanders entertained a motion to approve the minutes of the Public Hearing held September 12, 2017, on Administrative Rules, Parts 4 & 13 and By-Law Amendments and Additions to Articles X & XI. Trustee Woitkowski moved to approve the Public Hearing Minutes, seconded by Trustee Molan and passed unanimously by all those trustees present.

Approval of the Immediate Meeting Agenda:

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

Report of the Executive Director:

Status of Allocation of Hedge Fund Proceeds: Mr. Fleury reported that as of October 4th three of the allocations of proceeds from Hedge Fund redemptions, authorized by the Board at its September meeting, were completed. He clarified that funding to PRISA, Blackrock and Loomis Sayles were completed and only Gryphon International and Standard Life were outstanding, noting that Standard Life is scheduled for funding on October 26th and Gryphon International is scheduled for October 31st.

Status of New Manager Subscription Agreements: Next, Mr. Fleury explained that at the time his Executive Director's Report was written, new manager agreements for CarVal Credit Value Fund

October 10, 2017
Minutes #539

Minutes of the Board of Trustees' Meeting -2-

IV and HarbourVest Int'l Private Equity Fund VIII were incomplete. He updated the trustees reporting that, both side letter agreements have now been completed and the System has received acknowledgement from HarbourVest that all necessary forms have been accepted and fully endorsed copies will be forthcoming, including a schedule of capital calls.

Regarding the CarVal Investors subscription agreement, Mr. Fleury reported that the contract negotiation is ongoing and the board will be kept apprised of all further details of the pending agreement.

Local Area Backup System Upgraded: In closing his monthly report, Mr. Fleury notified the trustees that a hardware failure in the MECRS local area network prevented daily backups from being sent off site for a few days. He explained that to fix the problem and simultaneously update speed, capacity and reliability of the backup process, the media used to ship backups off site has been changed from Blue Ray DVDs to industrial grade flash drives. The media inventory system and rotation schedule, which has worked successfully for the past few years, was adapted to the new flash drive components and has been in use since October 2nd.

Report of Monthly Cash Balance:

Moving on to the next agenda item, Acting Chairman Sanders called attention to the September 30, 2017 Cash Management Report.

Mr. Fleury highlighted the balance as of August 31, 2017, in the amount of \$3,233,978.79 and at the end of the period, the balance increasing to \$11,039,724.49. He attributed the increase to the redemption of Entrust/Permal on September 28, 2017, in the amount of \$9.9 million, and he also reported 3 capital calls during the month.

Trustee Mercier asked Mr. Fleury whether he had a timing schedule for the future funding commitments listed in the cash balance report, to which Mr. Fleury responded that the nature of the way those investments operate precluded the availability of an accurate schedule.

Trustee Molan moved to accept the Cash Management Report for the period ending September 30, 2017, seconded by Trustee Lynch and passed unanimously by all those trustees present.

Report of the Administrative & Accounting Committee:

Chairman Woitkowski referred to the A&A Committee meeting held earlier in the morning, summarizing the committee's discussion regarding the status of the pending MECRS Request For Proposal for Custodial Banking Services. He explained that after assessing the pros and cons of each RFP and in an effort to mitigate risk within the System, the A&A Committee is recommending, the continuation of services with the current custodian bank, State Street Bank & Trust.

October 10, 2017
Minutes #539

Minutes of the Board of Trustees' Meeting -3-

Mr. Fleury further explained that since the issuance of the RFP, the Retirement System has seen a positive change in the custodian's personnel assigned to the MECRS account. Past cash flow management and investment reporting issues have been fully addressed by State Street Bank and, therefore, the original service issues no longer exist.

Committee Chairman Woitkowski moved the A&A Committee's recommendation to continue the service contract with State Street Bank & Trust, seconded by Trustee Molan with Trustee Mercier abstaining from the vote.

Trustee Mercier suggested that Committee Chairman Woitkowski amend his motion to adopt the current contract with State Street Bank & Trust, which would not limit the Retirement System's ability to re-issue a future custodian RFP, should the need arise. Mr. Woitkowski agreed with Trustee Mercier's suggestion and amended his motion to adopt the current contract with State Street Bank & Trust. Motion carried with Trustee Mercier abstaining.

Moving on, Committee Chairman Woitkowski recapped discussions by the A&A committee, regarding the upcoming 2018 MECRS budget concerns. He informed the board that he will be scheduling an additional committee meeting, prior to the end of 2017, to workshop the 2018 budget amounts and to formulate a recommendation to the full Board.

Report of the Benefits Committee Meeting:

Committee Chairman Lynch noted that he had nothing to report at this time, however he noted that the next Benefits Committee Meeting is scheduled for Wednesday, October 25, 2017 at 9:00 a.m.

Consent Agenda:

Trustee Woitkowski moved to accept the Consent Agenda, seconded by Trustee Lynch and passed by all those trustees present.

New Business:

Executive Director Recommendation for Work-Related Disability, Orlando Farias -

Mr. Fleury referred to the request submitted for Work-Related Disability by City Employee Mr. Orlando Farias. He noted that pursuant to the provisions of Chapter 218:15 Laws of 1974, as amended, and Administrative Rule Section 2.4, the two mandatory Independent Medical Examiner reports have been received and both results were supportive for a total and permanent work-related disability. Mr. Fleury reported his recommendation to approve the request for Work-Related Disability for Mr. Orlando Farias.

October 10, 2017
Minutes #539

Minutes of the Board of Trustees' Meeting -4-

Trustee Mercier moved to approve the request for Work-Related Disability for Mr. Orlando Farias, seconded by Trustee Mercier and passed by all those trustees present.

Before the adjournment of the meeting, Acting Chairman Sanders stated that the next Retirement System, Board of Trustees meeting, is scheduled for Tuesday, November 14, 2017 at 8:30 a.m.

Motion to Adjourn:

Having conducted all the business of the day, Trustee Lynch moved to adjourn the meeting at 8:46 a.m., seconded by Trustee Woitkowski and passed unanimously by all those trustees present.

Respectfully Submitted,

Gerard E. Fleury
Executive Director