

May 11, 2021  
Minutes #584

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

**Special Notice:** Due to the COVID-19 outbreak, this meeting of the MECRS Board of Trustees was conducted exclusively as a conference call due to social distancing requirements.

Pursuant to RSA 91-A:2 III (B), Executive Order 2020-04, Section 8 and Emergency Order #12, Section 3, Chairman Molan has determined that an emergency exists due to the worldwide COVID-19 pandemic and, therefore, a physical presence of a quorum is not practical.

Conference call connection details will be provided to invited participants, and members of the public seeking to attend should email their request to [WShea@ManchesterRetirement.org](mailto:WShea@ManchesterRetirement.org) no later than noon on May 10, 2021. Please note that portions of this meeting may consist of a meeting with counsel or conducted in non-public session. Should that occur, anyone other than invitees will be disconnected from the call at that point in the meeting. Members of the public who wish to be connected back to the meeting at the conclusion of the non-public session should so indicate in their email request and they will be rejoined when the meeting re-enters public session.

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

Before moving forward with the agenda items, Mr. Shea referenced the SPECIAL NOTICE regarding the COVID-19 Pandemic, and read it into the minutes.

**Linked Via Conference Call:**

Executive Director Shea conducted a roll call for those participating via Zoom Conference.

**Participating Remotely:** Chairman Molan, Trustee Ntapalis, Trustee Bunker, Trustee Bozoian. All trustees stated that they were alone during the remote session.

Also linked remotely in addition to the Executive Director, Mr. William Shea were, MECRS staff members Sandi Aboshar, Suzanne Wilson, Kimberly Barrett, Attorney John Rich from McLane Middleton Professional Association, NEPC representative, Mr. Kevin Leonard, and Retiree Mr. Gerry Fleury. A member of the media, McCyril Espanol, from Fund Map, was also present.

Not Participating: Mathew Ciechon, Sharon Wickens and Mayor Craig

May 11, 2021  
Minutes #584

**Minutes of the Board of Trustees' Meeting -2-**

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

Chairman Molan entertained a motion to approve the previous board meeting minutes of April 13, 2021.

Trustee Bunker moved to approve the previous board meeting minutes of April 13, 2021, which was followed by a second from Trustee Ntapalis.

Executive Director Shea conducted a roll call vote.

Ayes: Chairman Molan, Trustee Bozoian, Trustee Bunker, and Trustee Ntapalis.

Nayes: None

Motion Carried

**Approval of the Immediate Meeting Agenda:**

Chairman Molan entertained a motion to approve the immediate meeting agenda.

Trustee Ntapalis moved to approve the immediate meeting agenda, which was seconded by Trustee Bunker.

Executive Director Shea conducted a roll call vote.

Ayes: Chairman Molan, Trustee Bozoian, Trustee Bunker and Trustee Ntapalis.

Nayes: None

Motion Carried

Citizens Comments: - None

**Report of the Executive Director:**

Forward Planning – Mr. Shea reported that the first draft of the MECRS's Comprehensive Annual Financial Report is in its final phases and that he has shared several iterations with the CAFR designer. He informed the trustee's that he has just received the GASB 74 report from Gabriel, Roeder, Smith & Co., to be included in the CAFR, and that he has provided the first draft of the CAFR to the auditors at Berry Dunn.

**Minutes of the Board of Trustees' Meeting -3-**

Mr. Shea then referred to the MECRS Board approved 1% Cost of Living Adjustment (COLA) and he informed the trustees that the COLA will be communicated to the retirees the first week of June via the custodial bank, State Street Bank & Trust, with the retirees June 1<sup>st</sup> ACH benefit payments. He also then stated that on April 26, 2021, the MECRS website had been updated to reflect the retiree awarded COLA .

**Executive Assistant Replacement** – Next Mr. Shea referred to the pending retirement of Executive Assistant Sandi Aboshar. He informed the Board that her replacement, Ms. Kim Barrett, began employment on May 3, 2021. Ms. Aboshar will be training Ms. Barrett through her last day at Retirement System, which will be May 28, 2021.

**Legislation for 2021-** In closing, Mr. Shea reported that HB356, which was the “house cleaning” bill, came out of the Senate ED&A Committee on March 31, 2021 with an Ought to Pass vote of 5-0. Mr. Shea stated that he will continue to check the NH General Court website daily and will download the final version of the bill when its available.

**Report of the Monthly Cash Balance:**

Mr. Shea reported cash inflows and cash outflows for the period ending April, 2021, resulting in a healthy cash balance of \$6,117,322.14.

**Report of the Investment Committee:**

Committee Chairman Ntapalis reported that the Investment Committee met as scheduled on Wednesday, May 5, 2021 at 10:00 a.m. to conduct manager interviews with Newbury Capital, PA Capital, and HarbourVest, as recommended by the MECRS’s advisors at NEPC.

Committee Chairman Ntapalis stated that all three fund managers provided detailed presentations inclusive of an overview of their firm, which were all held in non-public session. After the completion of the presentations and returning to public session, a motion was offered by Committee Member Molan to make a recommendation to the full Board of Trustees, that MECRS commits to investments of 50% of \$8M - \$10M to PA Capital (Fund IX) and 50% of \$8M to \$10M to HarbourVest (Fund XII). The motion drew a second from Committee Member Bunker. The vote was all in favor.

Trustee Bunker moved to accept the Investment Committee’s recommendation, seconded by Trustee Bozoian.

Representative, Mr. Kevin Leonard from NEPC suggested board clarification on the Investment Committee’s funding recommendation and he stated that NEPC would be comfortable with splitting the \$10M funding, with \$5M to PA Capital Fund IX and \$5M to HarbourVest Fund XII.

**Minutes of the Board of Trustees' Meeting -4-**

Trustee Bunker amended his motion, to split the \$10M commitment as suggested by NEPC and he also added that the funding commitment will also be contingent on legal counsel's review and approval of the manager's subscription agreement.

Executive Director Shea conducted a roll call vote.

Ayes: Chairman Molan, Trustee Bozoian, Trustee Bunker and Trustee Ntapalis.

Nayes: None

Motion Carried

Citizens Comments: - None

**Report of the Benefits Committee:**

Committee Chairman Bozoian stated that the Benefits Committee met as scheduled on Wednesday, April 28, 2021 at 8:30 a.m. to discuss House Bill (HB) 211, its retention by the New Hampshire Senate ED&A Committee, and possible future changes that can be made to the Plan.

Committee Chairman Bozoian reported that committee members as well as former Executive Director/Retiree Gerard Fleury, discussed the history of the HB 211 and how the potential changes were selected. Chairman Bozoian stated that Mr. Shea had sent the committee members a copy of the Benefit Changes Supplemental Valuation, which was presented to MECRS by the System's actuary in 2018. He also indicated that the committee discussed underperforming investments and asked Mr. Shea to submit a request to NEPC, to provide an investment manager report to be presented at the next Board of Trustees meeting, scheduled for May 11, 2021.

Mr. Shea stated that he was in touch with NEPC to clarify the Benefits Committee's request of assessing future investments as well as underperforming managers and funds.

Mr. Fleury stated that it would be prudent to look at the earnings component of what causes a fund to be healthy.

Mr. Leonard from NEPC referred to the watchlist concept and the expectation for future investments to earn 6.75% to help fund future Plan changes. He suggested drafting a Watchlist Policy for the board's consideration.

After lengthy discussion regarding the proposals contained in HB 211, possible future Plan changes as well as assessing the desire for increased future investment returns in the context of taking on more risk, it was decided that the Investment Committee schedule a meeting to discuss different alternatives, asset allocation with more risks, as well as investment manager reviews.

**Minutes of the Board of Trustees' Meeting -5-**

Investment Committee Chairman Ntapalis stated that he will work to schedule a committee meeting during mid-June, early July timeframe.

**Consent Agenda Items:**

Chairman Molan entertained a motion for approval of the Consent Agenda.

Trustee Ntapalis moved to accept the Consent Agenda, seconded by Trustee Bozoian.

Executive Director Shea conducted a roll call vote.

Ayes: Chairman Molan, Trustee Bozoian, Trustee Bunker and Trustee Ntapalis.

Nays: None

Motion Carried

**New Business:**

Market Update - Mr. Kevin Leonard from NEPC provided a Total Plan Performance Detail, via the Zoom meeting and first explained that, due to the normal lag in reporting, the March 31, 2021 preliminary report did not include the updated performance numbers for Private Equity, Private Debt or Private Real Estate. He reported, for period ending March, 2021, an overall composite on a preliminary basis, of \$283,715,375. The one-year return up 39.3% versus the policy index of 30.8% resulting in very strong absolute returns and significant outperformance over the one-year period of time. Mr. Leonard then informed the Board that on a 5-year annualized basis the total composite return is at 10.2% and the 10-year the total composite return on an annual basis is at 7.4%.

Mr. Leonard was pleased to report the total equity composite, which included domestic and non-U.S Equities, was up 67.6% for the 1-year period, versus the benchmark of 57.6%, almost a 68% rate of return on Equities. He then highlighted performance numbers for both domestic equities and international equities, resulting in outperforming the overall benchmark.

Regarding the Fixed Income portfolio, Mr. Leonard reported that the 1-year return did exceptionally well, with a very strong return of 11.8%, relative to the Barclays US Aggregate Bond Index.

Mr. Leonard continued by reporting a Weekly Market Update as of May 7, 2021, reporting that the S&P 500 up 13.3% year-to-date bringing the 1-year return to 49.1%. Mr. Leonard discussed

May 11, 2021  
Minutes #584

**Minutes of the Board of Trustees' Meeting -6-**

the prospects for value equities versus growth equities if greater inflation occurs, noting that the portfolio was positioned in either case.

In concluding his presentation, Mr. Leonard stated that NEPC believes that as the economy begins to open, with the COVID-19 vaccine rollout, the MECRS portfolio will continue to see positive results.

Chairman Molan welcomed Ms. Kim Barrett on her new assignment as Executive Assistant. He then thanked Ms. Sandi Aboshar for being a model employee and for her excellent service to the MECRS membership during her 29-years with the MECRS. Trustee Ntapalis echoed Chairman Molan's comments and the Board wished Ms. Aboshar well in her retirement.

**Motion to Adjourn:**

Trustee Bozoian moved to adjourn the meeting at 9:28 a.m., which was seconded by Trustee Bunker.

Executive Director Shea conducted a roll call vote.

Ayes: Chairman Molan, Trustee Bozoian, Trustee Bunker and Trustee Ntapalis.

Nayes: None

Motion Carried

Respectfully Submitted,

William T. Shea  
Executive Director