

April 13, 2021
Minutes #583

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 no later than noon on April 12, 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 8:35 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 Ntapolis, Trustee Bunker, Trustee Ciechon, Bozoian and Trustee Wickens. 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 and Suzanne Wilson, Attorney John Rich from McLane Middleton Professional Association, NEPC representative, Mr. Sebastian Grzejka, Retiree Mr. Gerry Fleury and Fund Map Representative Mr. Rowen Descaller

Not Participating: Mayor Craig

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Approval of the Minutes of the Previous Board Meeting:

Chairman Molan entertained a motion to approve the previous board meeting minutes of March 9, 2021.

Trustee Bunker moved to approve the previous board meeting minutes of March 9, 2021, which was followed by a second from Trustee Ntapalis.

Executive Director Shea conducted a roll call vote.

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

Nays: None

Motion Carried

Chairman Molan then entertained a motion to approve the previous, SPECIAL board meeting minutes of March 15, 2021.

Trustee Ntapalis moved to approve the SPECIAL board meeting minutes of March 15, 2021, which was seconded by Trustee Bunker.

Executive Director Shea conducted a roll call vote.

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

Nays: None

Motion Carried

Approval of the Immediate Meeting Agenda:

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

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

Executive Director Shea conducted a roll call vote.

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

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Nayes: None

Motion Carried

Report of the Executive Director:

Forward Planning: Executive Director Shea stated that three remaining important events are on track, the annual audit of 2020, the COLA consideration, which he noted is scheduled to be discussed later in the meeting, as well as the MECRS's 2020 Comprehensive Annual Financial Report.

Executive Assistant Replacement: Next, Executive Director Shea informed the trustees that during the second week of March, two finalists were interviewed to replace Sandi Aboshar as the Executive Assistant. Both were exceptional candidates he stated, with each having significant experience in accounting and financial analysis. He reported that the candidate chosen had a stronger background in customer service, which is a crucial component of the role as Executive Assistant, as this person will be meeting with members and their spouses. Mr. Shea was pleased to announce that Kim Barrett, from Litchfield, NH will be joining the MECRS's staff and will begin training under Ms. Aboshar, starting May 3, 2021.

Legislation for 2021: Executive Director Shea reported that "house cleaning bill" HB356, was passed by the Senate ED&A Committee on March 31, 2021. Mr. Shea indicated that when the chapter number is assigned, he will download that version and update MECRS's documentation accordingly.

On behalf of the MECRS's Board of Trustees, Trustee Ntapalis expressed his gratitude to Executive Director Shea and former Executive Director Mr. Fleury, for their due diligence regarding the passing of HB356.

Report of the Monthly Cash Balance:

Executive Director Shea stated that ending March 31, 2021 MECRS reported six distributions totaling \$491,000.00 in addition to three capital calls. He reported a cash balance of \$6,989,537.38 which was down \$600,000 from February, 2021

Chairman Molan asked Executive Director Shea if there were any immediate cash calls to report for which Mr. Shea responded that for the month of April MECRS has had a cash call from Carval Fund V in the amount of \$250K and a cash call from newly acquired DSF Group, in the amount of \$488,000. The trustees then briefly discussed the strategy in maintaining the cash balance moving forward.

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Report from the Administrative & Accounting Committee:

Committee Chairman Bunker stated that on April 8, 2021, the Administration & Accounting Committee met to formulate the annual recommendation for the issuance of a COLA in 2021.

He reported that the Executive Director provided copies of the statute and regulations pertaining to COLA and supplied the calculation called for in the rules. The calculation was based upon regulatory factors in the valuation and upon inflation factors determined by the US Labor Department for calendar year 2020.

After brief deliberation, Committee Chairman Bunker reported that a motion was offered by Committee Member Molan, which received a second from Committee Member Ntapolis, to recommend the 1% COLA assumed in the valuation. A poll vote was taken and it was unanimously in favor.

Therefore, as Chairman of the MECRS Administration and Accounting Committee, Trustee Bunker offered a motion that the full MECRS Board approve the A&A Committees' recommendation to award a 1% COLA to all members retired on or before July 1, 2020 with payment to commence with the July 2021 annuity payroll, which was seconded by Trustee Ntapolis.

Chairman Molan called for discussion.

Trustee Wickens stated that she cannot support the Committees' recommended 1% COLA. She indicated that it was fiscally responsible for the System to reduce the rate of return however the City employees will not be receiving a COLA in 2021 and that in light of the failed effort to pass legislation regarding the adjusted benefits for new hires, she cannot support the A&A Committees' recommendation.

Trustee Ntapolis cited the criteria in Administrative Rules, Part 7, which was met in determining the annual COLA recommendation by the A&A Committee. Trustee Ntapolis stated that he felt that it is not the responsibility for the Retirement System to be subsidizing the Plan Sponsor and that the 1% COLA recommendation, to be reasonable.

Chairman Molan concurred with Trustee Ntapolis and noted that the 1% COLA is built in to the actuarial valuation so that granting of the COLA does not impact the rate.

The board ensued in lengthy discussion regarding the criteria in granting a COLA and Executive Director Shea read emails received from retirees in support of granting the 1% COLA.

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Chairman Molan asked Mr. Shea to conduct a roll call vote on the motion made by Trustee Bunker.

Executive Director Shea conducted the roll call vote.

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

Nays: Trustee Wickens

Motion passed

Report of the Investment Committee:

Committee Chairman Ntapalis stated that on April 1st, the Investment Committee met to discuss rebalancing assets and a private markets strategic review and pacing plan. The discussion was presented and led by representative from NEPC, Sebastian Grzejka and Kevin Leonard. Committee Chairman Ntapalis reported that the presentation included a review of 2020 investment performance and an asset allocation overview. He stated that NEPC's considerations included recommendations to continue building out the private markets allocation, to simplify and reorganize the fixed income allocation, and to rebalance the proceeds from PIMCO across the portfolio. In addition, Committee Chairman Ntapalis stated that NEPC also recommended three fund managers to interview in early May – HarbourVest XII, Private Advisors II, and Newbury Equity V.

At the conclusion of the presentation, Trustee Wickens made a motion to recommend NEPC's strategies for the Board of Trustees at its meeting on April 13, 2021. The motion received a second from Committee Member Molan. The vote was all in favor.

Trustee Ntapalis then made a motion to move forward with NEPC's recommended strategy to rebalance the portfolio by continuing to build out the private markets allocation, to simplify and reorganize the fixed income allocation and to rebalance the proceeds from PIMCO across the portfolio. A second was then offered by Chairman Molan.

Executive Director Shea conducted a roll call vote.

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

Nays: None

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Motion Carried

Mr. Shea noted that the Investment Committee meeting whereby manager interviews will be conducted will be scheduled for May 5, 2021 at 10:00am.

Consent Agenda Items:

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

Trustee Bunker moved to approve the Consent Agenda, which was seconded by Trustee Ntapalis.

Executive Director Shea conducted a roll call vote.

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

Nays: None

Motion Carried

Mr. Fleury stated that he would like to offer his time and provide historic background to the Benefits Committee regarding House Bill 211.

Motion to Adjourn:

Trustee Wickens moved to adjourn the meeting at 9:00 a.m., which was seconded by Trustee Bozoian.

Executive Director Shea conducted a roll call vote.

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

Nays: None

Motion Carried

Respectfully Submitted,

William T. Shea
Executive Director

