

October 12, 2021
Minutes #589

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Chairman Molan called the meeting to order at 8:34 a.m.

Present: Trustees: Richard Molan, Matthew Ciechon, Tom Bozoian,
Sharon Wickens and Richard Bunker

MECRS Staff: Gerard Fleury, Kim Barrett and Suzanne Wilson

Absent: Harry Ntapalis and Mayor Craig

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

Approval of the Minutes of the Previous Board Meeting:

Chairman Molan entertained a motion to approve the previous board meeting minutes of September 14, 2021.

Trustee Bunker moved to approve the minutes of September 14, 2021, seconded by Trustee Bozoian. Motion carried with Trustee Wickens abstaining.

Approval of the Immediate Meeting Agenda:

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

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

Report of the Executive Director:

Security Breach Issue with Arrowstreet Capital: Mr. Fleury informed the trustees that soon after signing the subscription documents with newly hired manager, Arrowstreet Capital, the System received notice from Arrowstreet of a security breach He reported that due to the timing and nature of the breach, there is little likelihood that anything of concern to MECRS's organization was compromised.

Executive Director Transition: Mr. Fleury reported that steps have been taken to expedite transition of the newly hired Executive Director, Ms. Melanie Murray, into the MECRS's organization. While signatory authority needs to wait until her first official day of employment on November 9th, Mr. Fleury indicated that Ms. Murray's access to New England Pension Consultants, the MECRS network and to the MECRS's email system, have all been completed.

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Administrative Budget for 2022 Underway: Next, Mr. Fleury informed the trustees that work has begun on the MECRS administrative budget for 2022. He also indicated that he will have a draft budget ready for review by the Administrative & Accounting Committee in November and for a subsequent presentation to the full board at the December 14th meeting.

Manager Hiring's and Portfolio Rebalancing - Moving on, Mr. Fleury referred to the manager hiring and portfolio rebalancing schedule, approved at Board of Trustee's August meeting, noting components that still need to be finalized. Some redemptions he explained, which were part of the rebalancing recommendation, were completed within a few trading days, but others may take considerable time to complete. Mr. Fleury informed the Board that the net effect is, that the final redemption proceeds from Kabouter Investment Mgmt. won't be received until the end of October and the second installment of \$7.5 million with Loomis Sayles Global Equity will not happen until the first week of November.

Temporary Telephone Service Interruption - In closing Mr. Fleury reported that on the afternoon of September 27th, the Retirement System's voice over internet protocol phone system, was subjected to large scale regional service issues. Staff was able to work around the problem by using their personal cell phones and the trouble was corrected that evening. In the interest of full disclosure, Mr. Fleury simply wanted to make the MECRS's Board aware of the problem.

Report of the Monthly Cash Balance:

Mr. Fleury referred to the Cash Balance Report that was distributed at the start of the meeting and noted the high number of redemptions as well as the periodic distributions and capital calls. He reported \$25 million in cash inflows and \$27 million in cash outflows, resulting in a healthy cash balance of \$7,824,698.19. He stated that the Cash account is well postured until the end of the year and no immediate action is needed.

Consent Agenda Items:

Chairman Molan then entertained a motion to approve the Consent Agenda items.

Mr. Fleury referred to the Consent Item #6, Request for Motion and the requested last-minute addition to the meeting Agenda of Claire Lapointe to retire. He explained that working an additional day past the end of the month has caused a delay in receiving her first pension benefit from October 1st to November 1st. Ms. Lapointe has been notified of the delay and is scheduled to come into the MECRS's office later in the day, for clarification of the issue. After brief discussion, the trustees agreed that Ms. Lapointe's date of retirement must be November 1, 2021 so that pension payments would commence in November.

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Trustee Wickens moved to accept the Consent agenda and moved to accept Ms. Lapointe's request for pension to be effective November 1st, seconded by Trustee Bunker and passed by all those trustees present.

Chairman Molan called for a recess at 8:45 a.m.

Chairman Molan reconvened the meeting at 8:50 a.m.

New Business:

Non-Public Session – The Board entered into non-public session pursuant to RSA 91-A:3,II(b) (consideration of the acquisition of property where public discussion would likely benefit a party whose interests are adverse to the general community) to receive reports from the Executive Director and legal counsel regarding confidential financial matters.

Trustee Bozoian moved convene into non-public session at 8:53 a.m., seconded by Trustee Wickens and passed unanimously by all trustees present voting in favor by a roll call vote.

At 8:59 a.m. Trustee Wickens moved to conclude non-public session, seconded by Trustee Bozoian and passed by all the trustees present voting in favor by a roll call vote.

Chairman Molan entertained a motion to seal the minutes of non-public session on the grounds that to do otherwise would render the proposed action ineffective.

Trustee Wickens moved to seal the minutes of non-public session, seconded by Trustee Bozoian, and passed unanimously by all those trustees present.

Motion to Adjourn:

With no other business to come before the Board, Chairman Molan entertained a motion to adjourn the meeting.

Trustee Bunker moved to adjourn the meeting at 9:00 a.m., seconded by Trustee Bozoian and passed by all those trustees present.

Respectfully Submitted,

Gerard Fleury
Executive Director