

July 12, 2022
Minutes #597

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Chairman Molan called the meeting to order at 8:35 a.m.

Present: Trustees: Richard Molan, Richard Bunker, Tom Bozoian,
Mathew Ciechon and Donald Pinard

MECRS Staff: Melanie Murray, Kim Barrett, and Suzanne Wilson

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

Linked Remotely: Sharon Wickens – Trustee Wickens indicated that she was alone.

Not Participating: Mayor Joyce Craig

Executive Director Murray first reminded Chairman Molan that Pursuant to RSA 91-A and Bylaws Article IX, Board Meetings, 9.08, all votes taken during a meeting in which any member participates remotely, shall be by roll call vote.

Approval of the Minutes of the Previous Board Meeting:

Chairman Molan entertained a motion to approve the previous board meeting minutes of June 14, 2022.

Trustee Bunker moved to approve the minutes of June 14, 2022, seconded by Trustee Pinard.

Executive Director Murray conducted a roll call vote.

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

Nays: None

Motion Carried

Approval of the Immediate Meeting Agenda:

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

Trustee Pinard moved to approve the immediate meeting agenda, seconded by Trustee Ciechon.

Executive Director Murray conducted a roll call vote.

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

Nays: None

Motion Carried

Report of the Executive Director:

Public Funds Summit: Ms. Murray began by informing the trustees that she will be attending the Public Funds Summit in Rhode Island, on July 18th through July 20th. She stated that the Public Funds Summit is an annual conference that came highly recommended by former Executive Director, Gerard Fleury. The scheduled topics she explained, are relevant, ranging from asset allocation, manager selection, choosing an advisor, as well as challenges facing public pension plans.

2021 Annual Audit & Report: Next, Ms. Murray reported that the 2021 Annual Audit & report process is proceeding smoothly. The report has been reviewed by the audit firm Berry Dunn and now awaits final review by Mark LaPrade, for which she is expecting to hear from next week with any other comments or concerns. She then noted that Berry Dunn representatives are planning to present the audit results formally, at the August Board of Trustees Meeting.

Ms. Murray further explained that the audit firm has alluded to advisory comments they would be addressing during their presentation, but have assured her that there is nothing that warranted mentioning to the Board in advance. Ms. Murray also mentioned that the few concerns they've brought to her attention have been addressed and modified in order to be prevented in the future.

School Nurses: In closing her report Ms. Murray informed the Board of an issue regarding a recent transfer of School Nurses, from being City Health Department employees to School District employees. She explained that School Nurses are covered as teachers in the NH Retirement System, rendering them no longer eligible for participation in the MECRS.

Ms. Murray noted that it is her understanding, that the reclassification issue has come up frequently over the years, but no action was ever taken. However, she explained, there was System legislation enacted about 15 years ago addressing this situation. Chapter 218:32 allows those affected members to elect to remain in MECRS, or join NH Retirement System, if they so choose, while new hires would be required to enroll with NH Retirement System.

Ms. Murray reported that she has reached out to the School District for more information and particulars and is currently awaiting a response. She informed the Board that she has been in contact with Mark Cavanaugh of NH Retirement System, regarding the situation and that she

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will keep him apprised of the ongoing status, regarding those participants affected. Ms. Murray also stated that she has consulted with MECRS's legal counsel, Attorney John Rich, to ensure that all the bases are covered in terms of the establishment of a form that can be utilized for the participants election.

Trustee Pinard asked Ms. Murray if she is aware of the effect the contribution loss would have to the Plan. She responded that at this time, she is waiting to hear back from the school district on the number of employees who will be affected, but believes the number to be small and not a significant impact to the plan.

Report of the Monthly Cash Balance:

Ms. Murray reported a healthy cash balance for the period ending June 30, 2022, noting that the ending balance was \$7.6 million dollars, roughly the same as the beginning of the month.

Report of the Investment Committee:

Committee Chairman Bunker reported that on June 23rd, the Investment Committee met, with the primary focus being an annual review of the Private Markets Pacing.

The discussion was led by Sebastian Grzejka, representative from NEPC. Mr. Grzejka reviewed the May Flash Report, pointing out that overall the performance lag is mainly attributable to a few underperforming managers. He advised that Kaboutier's rating has shifted to "watch", meaning NEPC will be monitoring them more closely.

Mr. Grzejka explained the Private Markets pacing and NEPC's recommendation that MECRS commit to each vintage year in order to maintain the cycle the portfolio has achieved. The proposal for 2022 is a \$5 million commitment to Private Equity, a \$3 million commitment to Real Estate with a focus on noncore funds, and, in addition, withdraw \$3 million from the PRISA core fund. The Committee voted unanimously to accept the suggestions and plans to review manager options at their next meeting, scheduled for August 30, 2022.

Committee Chairman Bunker made a motion that the full MECRS Board approve the recommendation of the Investment Committee, to accept the proposal of NEPC, which includes a commitment of \$5 million to Private Equity, \$3 million to Real Estate and a withdrawal of \$3 million from the investment in PRISA. The motion received a second from Trustee Bozoian.

Executive Director Murray conducted a roll call vote.

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

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Nays: None

Motion Carried

Consent Agenda:

Chairman Molan entertained a motion to accept the Consent Agenda items.

Trustee Ciechon moved to accept the Consent Agenda, seconded by Trustee Pinard.

Executive Director Murray conducted a roll call vote.

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

Nays: None

Motion Carried

New Business:

Accept and place on file the Gainful Occupation Report for 2021

Chairman Molan asked if there were any issues with regards to the members submitting their required reports.

Ms. Murray responded that all reports were submitted in a timely fashion.

Trustee Pinard asked for clarification, regarding the note on the report, Not Required to file, just retired last year.

Ms. Murray explained, that those individuals became disability recipients this past year and are not required to file the Gainful Occupation Report until 2023.

Trustee Pinard moved to accept the Gainful Occupation Report for 2021, seconded by Trustee Bozoian.

Executive Director Murray conducted a roll call vote.

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

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Nays: None

Motion Carried

Other Business

Trustee Pinard referred to the scheduled Board of Trustee meetings in September and October as well as the Investment Committee Meeting on August 30, 2022 and informed the Board that he will be traveling during that time period and is planning to participate remotely.

Regarding the earlier inquiry by Trustee Pinard, on the number School Nurses transitioning from the City to the School District, Trustee Ciechon informed the trustees that he received confirmation that there are currently no more than 10 nurses that are affected by the reclassification.

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 8:50 a.m., seconded by Trustee Pinard.

Executive Director Murray conducted a roll call vote.

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

Nays: None

Motion Carried

Respectfully Submitted,

Melanie Murray
Executive Director