

September 13, 2022
Minutes #599

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Chairman Molan called the meeting to order at 8:45 a.m.

Present: Trustees: Richard Molan, Richard Bunker, Thomas Bozoian and Mathew Ciechon,

MECRS Staff: Melanie Murray and Suzanne Wilson

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

Not Participating: Sharon Wickens, Donald Pinard and Mayor Joyce Craig

Approval of the Minutes of the Previous Board Meeting:

Chairman Molan entertained a motion to approve the previous board meeting minutes of August 9, 2022.

Trustee Bunker moved to approve the minutes of August 9, 2022, seconded by Trustee Ciechon approved by all present.

Approval of the Immediate Meeting Agenda:

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

Trustee Ciechon moved to approve the immediate meeting agenda, seconded by Trustee Bozoian and approved by all present.

Report of the Executive Director:

School Nurses: Ms. Murray referred to the recent transfer of school nurses, transferring from Health Department to the School Dept. She commented that the transition of 17 nurses returning for this school year is proceeding smoothly and the Retirement System has received new enrollment forms for each of them. Ms. Murray also noted that Michelle Evans from the School, Human Resources has been very helpful in providing the Retirement System with all the necessary employee documentation.

2021 Annual Report and Audit: Ms. Murray stated that the 2021 Annual Report and Audit has been finalized, electronic copies were shared with the Board of Trustees and the MECRS auditors presented their findings during the August Board of Trustees meeting. After reviewing the August board minutes, Ms. Murray reminded the board of the procedural step, whereby the BOT's vote to accept and place on the file, the Audit of 2021, as presented by Berry Dunn.

September 13, 2022
Minutes #599

Minutes of the Board of Trustees' Meeting -2-

Chairman Molan stated that the motion to accept and place on file is traditionally done upon receipt of the printed Annual Report, for which Ms. Murray indicated that she will include the request for motion on the MECRS October Agenda.

Disposals of Surplus: Ms. Murray referred to the list of items recommended for surplus, attached to her Executive Director's Report. She stated that she has been working with the MECRS's tech support, Jeff Houston from PC Plus and that he has confirmed that all of the listed items are obsolete and of no use to MECRS. Jeff Houston will work on marketing the surplus phone equipment, as he feels they are the only items with possible value to others and the remaining items will be scrapped. Ms. Murray requested Board approval for the disposal of the surplus items, from the MECRS inventory.

Trustee Bunker moved to approve the disposal of surplus items as requested by Ms. Murray, seconded by Trustee Ciechon and approved by all present.

Retiree Fraud Victim: Lastly, Ms. Murray reported an unfortunate incident, where a retiree's direct deposit was intercepted. She explained that MECRS received the required form from a retiree, requesting the direct deposit be diverted to a different bank account. The form included the member's social security number, address, and a voided check. Ms. Murray noted that, in this particular incident, the amount in question was not substantial; however, the impact could have been significantly worse.

Ms. Murray stated that the retiree's direct deposit was subsequently cancelled for the following month and will be corrected going forward. MECRS' staff, contacted the custodial bank, State Street Bank & Trust, attempting to recoup the funds, and a report has been filed. However, State Street was unsuccessful in retrieving the funds. The retiree was also advised to file a police report and to be sure that all their other accounts remain secure and have not been compromised.

Ms. Murray also reported that she notified MECRS' legal counsel of the incident and Attorney Rich advised that MECRS is not liable to reimburse the member, as procedures were followed.

After board discussion, Chairman Molan suggested that moving forward, as a preventative measure, upon receipt of requested change of direct deposit by a retiree, that MECRS staff follow-up with the retiree to confirm their request. The trustees were in full agreement with Chairman Molan's recommended administrative change.

Trustee Bozoian move to adopt the administrative change of adding the procedural step, upon receiving Direct Deposit changes from retirees, MECRS' staff shall follow-up with the retiree, confirming their request, seconded by Trustee Bunker and passed by all those trustees present.

Minutes of the Board of Trustees' Meeting -3-

Ms. Murray stated that she will implement the recommended procedural step going forward.

Report of the Monthly Cash Balance:

Ms. Murray reported that August began with a cash balance of \$7 million and ended the month with a healthy balance of \$8 million. Ms. Murray attributed the gain to a few recent distributions from investments.

Report of the Investment Committee:

Committee Chairman Bunker reported that the committee met on August 30, 2022 to conduct investment manager interviews with 50 South Capital, Top Tier Capital, and HarbourVest Partners, as recommended by the MECRS Investment Consultant at NEPC.

Committee Chairman Bunker stated that all three fund managers provided an overview of their firms and presentations of their funds and that the interviews were conducted 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 Board of Trustees that MECRS commit to an investment of \$5 million to Top Tier Capital (Fund X), contingent on the review of the investment documents by legal counsel. This drew a second from Committee Member Ciechon, for which the committee members voted in favor.

Committee Chairman Bunker also reported that the committee received an update from NEPC representatives on the performance by Kabouter Management. NEPC recommended that MECRS liquidate the investment in the fund. After a brief discussion by the committee, Committee Member Molan moved to make a recommendation to the Board of Trustees that MECRS liquidate their investment with Kabouter, with the proceeds being placed in the index fund until a replacement manager is selected. The Motion was seconded by Committee Member Ciechon. The vote was all in favor (Bunker, Molan, and Ciechon).

The Investment Committee will meet on October 6th at 9:00 a.m. to interview Real Estate Managers, for the re-investment from the liquidation of the PRISA Fund approved in an earlier meeting.

Committee Chairman Bunker moved the Investment Committee's recommendation, to commit \$5 million to Top Tier Capital (Fund X) after satisfactory review of the subscription documents, seconded by Trustee Ciechon, and passed unanimously by all those trustees present.

Committee Chairman Bunker then moved the Investment Committee's second recommendation, to liquidate the investment in Kabouter and place the proceeds in the index fund until a suitable

September 13, 2022
Minutes #599

Minutes of the Board of Trustees' Meeting -4-

replacement is determined. The motion drew a second from Trustee Ciechon, which was passed unanimously by all those present.

Consent Agenda:

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

Trustee Bozoian moved to accept the Consent Agenda, seconded by Trustee Ciechon, and passed unanimously by all those trustees present.

Other Business:

The trustees briefly discussed the upcoming MECRS's Trustee election for Citizen Representative as well as the election calendar.

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 9:02 a.m., seconded by Trustee Ciechon and passed unanimously by all those trustees present.

Respectfully Submitted,

Melanie Murray
Executive Director