

October 10, 2023  
Minutes #612

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

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

**Present:** Trustees: Richard Molan, Richard Bunker, Michael Carpenter, Donald Pinard, Mathew Ciechon, and Sharon Wickens

MECRS Staff: Melanie Murray, Kimberly Barrett and Suzanne Wilson

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

**Absent:** 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 September 12, 2023.

Trustee Bunker moved to approve the minutes of September 12, 2023, seconded by Trustee Ciechon. The motion was approved by all trustees 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 Wickens and approved by all trustees present.

**Report of the Executive Director:**

City Employee Appreciation Event – Ms. Murray first reported and she and Executive Assistant Ms. Kim Barrett attended the City's Employee Appreciation cookout at McIntyre last month, for which most of the City's benefits providers were also in attendance. She stated that Plan information was distributed and they also answered various questions about the Plan. The most frequent questions were again about the additional contributions program. There were definitely a few members, she indicated, who had misinformation, therefore she was happy to be able to explain things correctly, and she and Ms. Barrett interacted with over 75 members. Also, she informed the trustees that a Health Department employee had expressed interest in inviting Ms. Murray to one of their monthly staff meetings. Ms. Murray stated that she did reach out to the department to make the offer, but she has yet to hear back from them.

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Death Audit Services – Referring to the August Board of Trustees meeting, Ms. Murray reiterated that she had opted not to continue utilizing the vendor that provided previous death audit services. That vendor she explained, experienced a data breach earlier this year, affecting hundreds of thousands of participants of numerous pension plans and insurance companies. She noted that a letter that was sent offering credit monitoring services to those affected.

Portfolio Rebalancing – Ms. Murray was pleased to report that all of the recommended action items as part of the rebalancing, voted by the Board at the September meeting, were completed.

Building Entrance – Moving on, Ms. Murray informed the trustees that the building management company will soon be locking the front door of the building at all times. She explained that they have implemented the DoorBird security system for entrance to the building, thus the large rectangular fixture to the right of the main entry door. Once the system is up and running, Ms. Murray stated that visitors will be required to contact the Retirement System office or use a code to unlock the main entry door to the building. The Retirement System is listed in the directory and visitors can essentially ring the doorbell, which will activate an app on the office phone, which we can utilize to view the visitor, unlock the door, and admit their entry. There is a code she explained, which regular visitors, such as the Board, can utilize during regular business hours. In addition, she explained, the Retirement System staff has the ability to trigger the door remotely on demand, but it only unlocks the door for 10 seconds. There is no option to schedule the door to unlock. Ms. Murray mentioned that the security measure is being put in place to address numerous issues the building has experienced over the past year or two. Ms. Murray stated that she will advise the Board of the start date once she is notified.

2024 Budget – In closing Ms. Murray informed the Board that she is starting to assemble details for the 2024 budget, and that she has received notification from MECRS' health insurance provider, of an anticipated 15.6% increase for 2024. Because our staffing is so small, she explained, we are pooled with other organizations of small size for rating. Ms. Murray also indicated that she attended the public hearing at the end of September to gain more insight into the increase. She further explained that in 2020 and 2021 premium rebates were made because claims were so much lower during COVID. In 2022 and 2023, they found that usage increased significantly, with many participants seeking care that they had put off, often leading to increased costs because the conditions had not been treated in a timely manner. This increase in claims caused the provider to dip into reserves. Subsequently in 2024, she stated, the increase accounts for the trends as well as begins to rebuild the reserves that have been depleted.

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**Report of the Monthly Cash Balance:**

Ms. Murray reported a cash balance amount at the beginning of September with slightly under \$5.5 million. During the month she explained that there were several capital calls and distributions in addition to NEPC's portfolio rebalancing recommendation, which resulted in a net gain of approximately \$3 million. The month ended with a healthy balance of little more than \$8.5 million.

**Report of the Investment Committee**

Committee Chairman Bunker reported that the Investment Committee met as scheduled on Tuesday, October 3, 2023 at 9:00 a.m. to conduct manager interviews of Searchlight Capital Partners, Nexus Capital Management, and HarbourVest Partners, as recommended by our advisors at NEPC.

Committee Chairman Bunker explained that all three fund managers provided an overview of their firms and presentations of their funds. 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 Pinard to make a recommendation to the Board of Trustees that MECRS commit \$6 million to Searchlight Capital Partners, Fund IV, subject to satisfactory review by legal counsel. This drew a second from Committee Member Ciechon. The vote was all in favor (Wickens, Pinard, Ciechon, and Bunker).

Chairman Molan then entertained a motion to approve the Investment Committee's recommendation as stated by Committee Chairman Bunker.

Trustee Pinard moved to commit \$6 million to Searchlight Capital Partners, Fund IV, subject to satisfactory review by legal counsel, seconded by Trustee Wickens and passed unanimously by all those trustees present. Motion carried.

Chairman Molan asked Committee Chairman Bunker if he had any further comment on the NEPC Flash report.

Committee Chairman Bunker responded that MECRS' portfolio is doing reasonably well compared to market averages. He did express his concern with current Investment Manager Kayne Anderson. After brief discussion, Committee Chairman Bunker indicated that he would like NEPC to request the audit report of Kayne Anderson, for which Chairman Molan concurred.

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**Consent Agenda:**

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

Trustee Pinard moved to accept the Consent Agenda, seconded by Trustee Wickens, 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 Pinard moved to adjourn the meeting at 8:41 a.m., seconded by Trustee Wickens and passed unanimously by all those trustees present.

Respectfully Submitted,

Melanie Murray  
Executive Director