

## **Worcester Retirement Financial Board Meeting Minutes November 12<sup>th</sup> 2020**

The Worcester Retirement Board met at 8:30 A.M. on Thursday November 12<sup>th</sup>, 2020 for their financial meeting through teleconference. Board members S. Wentzell, B. Stearns, E. Early, and J. Mahan were present. S. Wentzell acted as Chair for the meeting. S. MacLellan and D. Dynan, Meketa representatives were present.

Octobers estimated aggregate performance is (0.8). Early November markets increased due to Covid-19 vaccine results resulting in an estimated portfolio performance gain of 3% to date.

Aggregate assets in comparison to PRIM; the portfolio is heavier in Emerging Markets which has helped the portfolio recently but overweight in Real Assets which has not done well and may be holding the portfolio back in comparison to PRIM, however will eventually recover.

In regards to performance through September 30<sup>th</sup>; the portfolio has been waiting for Private Equity returns from March to be reflected, this can now be seen. PE makes up 13-14% of portfolio allocation. Positive returns should be expected to continue into the 4<sup>th</sup> quarter.

A memo recently went out to Meketa clients regarding a lawsuit in which Meketa is a party of. A complaint was filed against the trustees, actuary, and Meketa claiming breach of fiduciary duty in relation to assumed rate of return and benefits. Meketa believes the complaint is without merit and plan to file a request to dismiss. Nothing more can be said at this point.

The Board is looking to do a \$15M commitment for Non-Core Real Estate due to loss of exposure resulting from older funds ending. The Board interviewed two finalists AEW and PCCP.

Emily Margolis and Tony Crooks presented AEW's Real Estate Fund IX. The firm's headquarters is local in Boston, founded in 1981. AEW focuses exclusively on real estate investment strategies with \$78.9B in assets. They currently have 8 funds, all of which are profitable. The AEW Partners Real Estate Fund IX was presented. It is a new 2020 limited partnership opportunistic real estate fund with a term of 8 years. Fund size is \$750M target with a preferred a return of 9%. Management fees are 1.25% of committed capital during commitment period and 1.25% of invested capital. The fund focuses on three themes: disruption and capital market dislocations, densification and urbanization, and demographics. The funds plans to create value through repositioning, refinancing, development, emerging location, and market recovery. The Fund has a target net IRR of 14%.

Bryan Thornton and K.C. Kriegel presented PCCP's Equity IX fund. The firm's headquarters is located in Los Angeles, founded in 1998. PCCP is 55% owned by 13 partners and employees and 45% owned by two strategic partners: CalSTRS (22%) and AMP Capital (23%). The fund is a new 2020 limited partnership opportunistic real estate fund with a term of 8 years. . Fund size is a \$1B target with a preferred a return of 9%. Management fees are 1.5% of committed capital during commitment period and 1. 5% of invested capital. Their strategy is to buy value-added real estate and renovate it and sell it to a core buyer with a focus on industrial, multifamily, and office. The Fund has a target net IRR of 14-16%.

After discussion of both funds the Board Voted: To acquire AEWs Real Estate Fund IX with a commitment of \$15M. (4-0)

The Board adjourned at approximately 9:50 A.M.

Respectfully Submitted,

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Lisa M. Poske, Executive Secretary

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Stephen F. Wentzell, Appointed Member, Acting Chair

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Elizabeth A. Early, Elected Member

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John F. Mahan, Elected Member

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Robert V. Stearns, Ex Officio Member

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Tamara Cullen, Fifth Member