

December 11, 2012  
Minutes #487

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

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

**Present:** Trustees: Chairman Donald Pinard, Richard Molan, Paul Porter and Mike Woitkowski

MECRS Staff: Gerard Fleury, Sandi Aboshar and Suzanne Wilson

**Absent:** Mayor Gatsas, Dianne Mercier and Bill Sanders

**In Attendance:** Attorney John Rich of the McLane Law Firm

**Approval of the Minutes of the Previous Board Meeting:**

A motion was made by Trustee Molan to approve the board minutes of September 11, 2012, seconded by Trustee Woitkowski and passed by all those trustees present.

Trustee Molan then moved to approve the board minutes of October 10, 2012, seconded by Trustee Woitkowski and passed by all those trustees present.

**Approval of the Immediate Meeting Agenda:**

A motion was made by Trustee Molan to approve the immediate meeting agenda, seconded by Trustee Woitkowski, and passed unanimously by all those trustees present.

**Report of the Executive Director:**

Billing to State Street Bank for Extra Mailing Expenses Incurred - As instructed by the board at the October meeting, Mr. Fleury reported that costs associated with a special election notice mailing which was necessitated because of an omission error on the part of State Street were identified and an invoice in that amount was sent to State Street Bank accompanied by a demand letter. State Street acknowledged receipt, issued a credit and a subsequent bill for service was reduced by the amount of the mailing expense.

Annual Death Audit Completed – Mr. Fleury noted that at the end of October, MECRS conducted an annual death audit, where vital records are searched to determine whether the named beneficiaries of a pensioner, with a survivor option, has passed away without the System being notified. This year's search discovered one case which is being adjusted before the close of the tax year in order to avoid the need for corrections across multiple tax years.

Filing for Election – Citizen Trustee - Mr. Fleury stated that Trustee Porter has decided not to seek re-election to another term, as Citizen Member on the MECRS Board. Election notices were sent and one candidate filed for the office.

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Retiree, Robert Lynch, completed the filing requirements and will appear on the ballot for the December 13<sup>th</sup> election.

Milliman 2012 Public Pension Funding Study – Next, Mr. Fleury noted that the System was able to obtain a copy of the 2012 Milliman Public Pension Funding Study which had been included as an informational item in the monthly board packets. Mr. Fleury explained that he calculated and highlighted where MECRS would be on various charts and graphs in the report. In the wake of recent studies conducted by the MECRS's actuary and investment consultant, Mr. Fleury felt that the board would find the reports of interest.

Status of Funding – Commercial Estate – In closing his report, Mr. Fleury informed the board that as of December 1<sup>st</sup>, the System was informed that Prudential anticipates making a capital call on December 31<sup>st</sup>, which will complete the consolidation of the Morgan Stanley proceeds into the Prudential Real Estate portfolio. This will leave an outstanding commitment to TA Associates made midyear in 2012 which has yet to announce its first capital call affecting MECRS.

Attorney Rich asked Mr. Fleury to brief the board on the circumstances of the untimely death of a participant and his beneficiary election to which Mr. Fleury briefly explained the rather unusual circumstances associated with the case.

In the case in question, Mr. Fleury informed the board that a plan member passed away leaving his elderly parents as primary named beneficiaries. The wishes of the family however, are to have the elderly parents renounce their status as beneficiaries so that proceeds may flow directly to a minor child who is listed as a secondary beneficiary. I

In order to accommodate the wishes of the family, for a minor child to receive the benefit, the trustees will likely be receiving request for approval at the January board meeting.

**Report of the Investment Committee:**

Committee Chairman Molan reported that the Investment Committee met on Thursday, November 8, 2012 with representatives from NEPC and Portable Alpha Manager, Gottex. Another Gottex representative was linked via conference call from London.

Following a review of the fund's structure and performance, the implications of a redemption recommendation issued to NEPC clients, was discussed in some detail. After the Gottex presentation had ended and their representative had departed, Mr. Leonard of NEPC, stood by their firm's recommendation, that clients issue redemption notices to Gottex. After further discussion, a motion was offered, seconded and voted in the affirmative, to recommend to the full MECRS Board, to act in accordance with NEPC's recommendation.

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On behalf of the Investment Committee, Committee Chairman Molan moved to direct staff to issue a redemption notice for investments in the Gottex Fund, at the earliest opportunity. The motion was seconded by Trustee Porter and passed by all those trustees present. Mr. Fleury indicated that with a January redemption request, funds should be available from Gottex at the end of June.

Committee Chairman Molan then reported that TA Associates has requested a change in their subscription agreement and he asked legal counsel if the request had been reviewed.

Attorney Rich replied that the request had been reviewed and further elaborated that the changes were made to accommodate additional investors, therefore increasing the size of the available investment. Attorney Rich briefly summarized the other changes to the subscription agreement, which were favorable to all of the investors.

Committee Chairman Molan moved to direct Chairman Pinard to execute the requested changes, seconded by Trustee Porter and passed by all the trustees present.

**Report of the Administrative & Accounting Committee:**

Committee Chairman Woitkowski reported that the A&A Committee had met just prior to the board meeting, to review the draft MECRS administrative budget for 2013. He explained that an increase of approximately \$7,000 was requested by Mr. Fleury for additional unforeseen expenses in 2012, such as legal fees.

Chairman Woitkowski moved to accept the 2013 draft administrative budget as presented, seconded by Trustee Porter.

For the record, Mr. Fleury reported the amount of the budget request is \$815, 526.26, which is a .98% increase over the previous year and is within the tax cap limits which he had been asked to observe.

Motion carried.

**Consent Agenda:**

Trustee Molan made a motion to approve the September Consent Agenda, seconded by Trustee Porter and passed unanimously by all those trustees present.

Trustee Molan then moved to approve the October Consent Agenda, seconded by Trustee Porter and passed unanimously by all those trustees present.

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**New Business:**

Acceptance of the By-Law – A motion was offered by Trustee Molan to accept the MECRS By-Law, Article XIX, Indemnification Policy, as presented during the public hearing, seconded by Trustee Porter and passed unanimously by all those trustees present.

Approval of the Application of Mr. Robert Roy to Join the MECRS Pursuant to Chapter 218:7, III - Mr. Fleury had prepared an executive review of Mr. Roy's application, noting that all of the requirements listed in the statute had been satisfied and recommending approval by the Board. Trustee Porter moved to approve the application submitted by Mr. Robert Roy, to join the MECRS, seconded by Trustee Molan and passed unanimously by all those trustees present.

Requested Approval for the Transfer of Appropriated Funds From Areas of Surplus to Areas Where Expenses Have Exceeded Expected Budgeted Amounts - Mr. Fleury reported that the transfer of appropriations, from budget lines with a surplus balance, to lines reflective a deficit, was being request in order to return all budget lines to a positive balance. Mr. Fleury noted that the primary need for the transfers was the board's decision to accelerate the five year experience study by the actuary, by two years, and the fact that an insufficient appropriation had existed for the study because it was done earlier than usual. Trustee Porter moved to approve the transfer request, seconded by Trustee Molan and passed unanimously by all those trustees present.

Summary Recommendation – Application for Disability Retirement from Ronald Gagnon  
The board reviewed an administrative recommendation from the Executive Director on the disability application for Ronald Gagnon. Mr. Fleury noted that the required medical evaluations had been conducted, all statutory requirements had been satisfied and that he was recommending approval. It was moved by Trustee Porter to approve the disability request from Ronald Gagnon, seconded by Trustee Molan and passed unanimously by all those trustees present.

**Previous Business:**

Non-Public Session Pursuant to RSA 91-A:3 II(d) For Discussion of Contract Negotiations -  
Chairman Pinard entertained a motion to go into Executive Session pursuant to RSA 91-A:3 II(d) at 8:53 a.m.(Consideration of the acquisition, sale, or lease of real or personal property which, if discussed in public, would likely benefit a party or parties whose interests are adverse to those of the general community.)

Roll Call Vote:

Ayes: Messrs. Pinard, Porter, Molan and Woitkowski

Nays: None

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Following the conclusion of the Non-Public Session, Chairman Pinard then entertained a motion to seal the minutes of executive session pursuant to RSA 91-A:3, III.

Trustee Porter moved to seal the minutes of executive session, seconded by Trustee Molan and passed unanimously by all those trustees present.

**Motion to Adjourn:**

Having completed all of the items of business for the day, Chairman Pinard entertained a motion to adjourn. Trustee Porter moved to adjourn at 9:13 a.m., seconded by Trustee Molan, and passed unanimously by all those trustees present.

**Chairman Comments:**

On behalf of the full board, Chairman Pinard thanked Mr. Porter for his years of service as trustee as well as his institutional knowledge during his tenure on the MECRS Board.

Trustee Porter expressed his gratitude to the trustees and thanked Chairman Pinard for his comments.

Respectfully Submitted,

Gerard E. Fleury  
Executive Director

