

December 10, 2013
Minutes #498

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Chairman Pinard called the meeting to order at 8:36 a.m.

Present: Trustees: Donald Pinard, Dianne Mercier, Bob Lynch, Richard Molan and Bill Sanders
MECRS Staff: Gerard Fleury, Sandi Aboshar and Suzanne Wilson

Absent: Mayor Gatsas, Mike Woitkowski

In Attendance: Attorney John Rich of the McLane Law Firm

Approval of the Minutes of the Previous Board Meeting:

Chairman Pinard entertained a motion to approve the minutes of the previous meeting. Trustee Molan moved to approve the board minutes of November 12, 2013, seconded by Trustee Lynch and passed unanimously by all those trustees present.

Approval of the Immediate Meeting Agenda:

It was then moved by Trustee Lynch to approve the immediate meeting agenda, seconded by Trustee Sanders, and passed unanimously by all those trustees present.

Report of the Executive Director:

Update on Recovery of Overpayment: Mr. Fleury began by updating the board on an issue which was first reported to the trustees at the November board meeting. He reported that recovery efforts are underway on payments made to a deceased member, where those funds were expended by a relative of the deceased, who has proven uncooperative in efforts to recover the payments. A final registered letter was sent on November 18th to the relative, who called in response to that letter, but provided no indication of any intention to return the funds. Mr. Fleury stated, that on November 27th MECRS had filed a claim in Manchester District Court and is awaiting dates from the court for mandatory mediation.

Trustee Sanders asked Mr. Fleury if the unreported death situation is something that the System has dealt with before and also asked what the System's current procedures are in confirming and verifying the deaths of pensioners or beneficiaries.

Mr. Fleury responded that this is the first occurrence of an unreported deceased member and that the System's custodial bank provides a bi-annual death audit of retirees and Pension Benefit Information provides an annual death audit of the retirees' beneficiaries.

Trustee Mercier suggested that Mr. Fleury research the cost of an ongoing service that would be able to provide immediate notification of a member or beneficiary's death. Mr. Fleury stated, that he would report back to the trustees with the results of his inquiry.

December 10, 2013
Minutes #498

Minutes of the Board of Trustees' Meeting -2-

Trustee Sanders also asked Mr. Fleury to inquire with the State of New Hampshire Retirement System as to their procedures with death notification, to which Mr. Fleury stated that he would contact the NHRS and report back to the trustees at the January BOT meeting.

Legislative Update: Next, Mr. Fleury informed the board that LSR 2014-S-2639-R, which will amend the minimum participation standard and the definition of spouse, has been designated SB 225, for the 2014 session of the New Hampshire Legislature and is posted on the legislative web site. He also noted the addition of Manchester Senators Boutin and Soucy as co-sponsors.

Status on Custodial Services RFI: Next, Mr. Fleury reported that last month, an RFI was issued for custodial services. The due date for responses was set for Monday, December 16th and a report of the analysis of responses should be completed in time for the January 14, 2014 MECRS Board meeting.

Report on Health Insurance Subsidy to BMA: Mr. Fleury informed the board that on October 29, 2013, the Manchester Board of Mayor and Aldermen voted to support legislative initiatives in the 2014 session of the N.H. Legislature. At that time, the BMA also requested information on the MECRS Health Insurance Subsidy Program. A report was subsequently compiled, consisting of a history on the plan, a section on the method of operation, statistics on utilization, financial information, actuarial information and a summary section. Mr. Fleury noted that that report was submitted to the BMA on November 19th and was accepted and placed on file without questions.

Information Session at Manchester Airport: Mr. Fleury stated that in response to a request received from plan participants at the Manchester Airport, a group session on retirement benefits was conducted on December 3rd and about 15 people attended. The session ran for slightly over an hour, which included a question and answer session. The presentation focused on service credit upgrades, the additional contribution program and seemed to be well received.

In closing his report, Mr. Fleury informed the board of a recent member's request for retirement, whose spouse has not yet signed the mandatory spousal acknowledgements.

The board discussed the circumstances of the pending retirement and it was agreed to continue observing activities regarding the case before making any recommendations, therefore, allowing more time for administratively resolving the issue.

Consent Agenda:

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

Minutes of the Board of Trustees' Meeting -3-

Other Business:

Mr. Fleury called attention to the upcoming trustee election for an employee representative on the MECRS Board, scheduled for Thursday, December 12th, whereby incumbent, Mike Woitkowski, is running unopposed. Also, Mr. Fleury asked Trustee Mercier if she had been contacted by Mayor Gatsas, regarding her re-appointment as mayoral representative, which will expire January 1, 2014.

Trustee Mercier replied that she has not been in contact with Mayor Gatsas, however, she would be happy to continue serving on the MECRS board.

Mr. Fleury stated that he will remind Mayor Gatsas of the upcoming expiration and also that Trustee Mercier has expressed her willingness to continue serving as trustee.

Trustee Sanders stated that, as we are fast approaching the end of 2013 and the upcoming actuarial valuation, he would like to request that the System's actuary provide options for moving the current MECRS earnings assumption rate of return from 7.25% to 7%, so that the Board might see how the reduced rate would affect the valuation results.

Chairman Pinard asked if the reduced rate would increase the unfunded liability, to which Trustee Sanders replied that he believed it would, but felt that moving forward, the reduced rate would provide the System with better protection in difficult years.

Trustee Sanders also suggested, the actuary review the possibility of reducing the amortization period of the unfunded liability from 26 to 24 or 23 years to see how that would work in conjunction with the reduced earnings assumption rate of 7%.

Trustee Mercier referred to last year, where the actuary had submitted several scenarios of reduced earnings assumptions. Trustee Sanders responded that the actuary, however, had not looked at reducing the amortization period as well.

Chairman Pinard then stated that shortening the amortization period of the unfunded liability would increase the employer contribution rate, to which Trustee Sanders agreed that statement is correct.

As a trustee, Trustee Sanders stated that he would like the MECRS funded status to improve and remain at a conservative earnings assumption rate.

Chairman Pinard asked if the shortened unfunded liability term and the 7% earnings assumption would offset one another.

December 10, 2013
Minutes #498

Minutes of the Board of Trustees' Meeting -4-

Trustee Sanders stated that if the System amortizes more of the unfunded liability and the 7% makes the liability go up, then yes, Chairman Pinard is correct, but they would both serve to increase the employer contribution.

The trustees continued to discuss all the ramifications to the Plan and the City if the Plan were to approve the actuarial changes.

Trustee Sanders stated that as a trustee to the System, he would like the record to show continued due diligence in acting as a Fiduciary to the Plan.

In summary, Trustee Sanders expressed a desire to accomplish a specific goal with the valuation this year. He requested that valuation results include options for shortening the accrued liability period and to consider a further reduction in the earnings assumption.

Mr. Fleury stated that this is the ideal time to request the way in which the System would like the delivery of the actuarial valuation and that he would send a formal request to Gabriel Roeder Smith & Co so that the valuation would include those options.

Mr. Fleury then updated the board on the pending redemption request from Benchmark Plus International, LLC. He reported that due to redemption gates in an underlying fund, Benchmark will need to remit payment of the redemption partially in cash and partially with an in-kind distribution of one of the Fund's holdings.

Mr. Fleury noted a deadline of Friday, December 13, 2013, to submit the necessary form associated with the redemption. That form would authorize Benchmark to continue managing the in-kind distribution for approximately the next year or until the liquidation was complete.

After brief discussion, the board consented to allow Benchmark to manage the liquidation of the in-kind distribution of Brookdale International Partners LP Fund and directed Mr. Fleury to proceed with the redemption authorization.

Motion To Adjourn:

Having conducted all the business of the day, Trustee Lynch moved to adjourn the meeting at 9:16 a.m., seconded by Trustee Sanders and passed unanimously by all those trustees present.

Respectfully Submitted

Gerard E. Fleury
Executive Director

