

August 11, 2015  
Minutes #516

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

**Call to Order:** Chairman Pinard called the meeting to order at 8:40 a.m.

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

**Absent:** Mayor Gatsas, William Sanders and Michael 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 previous board minutes of July 14, 2015.

Trustee Lynch moved to approve the board minutes of July 14, 2015, seconded by Trustee Molan and passed unanimously by all those trustees present.

**Approval of the Immediate Meeting Agenda:**

Trustee Molan motioned to approve the immediate meeting agenda, seconded by Trustee Lynch and passed unanimously by all those trustees present.

**Approval of the Public Hearing Minutes of July 14, 2015:**

Chairman Pinard entertained a motion to approve the Public Hearing minutes of July 14, 2015, regarding Administrative Rule, Part 7.3.

Trustee Molan moved to approve the Public Hearing minutes of July 14, 2015, seconded by Trustee Lynch and passed unanimously by all those trustees present.

**Report of the Executive Director:**

**Budget Estimate for COLA Study:** Mr. Fleury reported that in response to the Board's directive issued at the July meeting, he requested and received a value for the types of pre-paid services which can be obtained from the System's actuary, Gabriel, Roeder, Smith & Co., pursuant to the current contract. In addition, Mr. Fleury also requested that GRS consider mitigating the cost of the newly requested COLA Study by applying the value associated with one or more of MECRS's two annual pre-paid valuation calculations.

Mr. Fleury informed the trustees that the value of the two annual pre-paid actuarial calculations approximates \$2,000 each and that GRS has consented to applying the value of the two calculations to the cost of the requested COLA Study. Mr. Fleury then suggested that the board consider applying the cost of only one of the calculations at this time, and holding one back in reserve in the event that the need for a plan change should materialize. The actual decision of

**Minutes of the Board of Trustees' Meeting -2-**

whether to apply one or both can be deferred until such time as the A&A Committee reviews the first draft of the 2016 budget. Mr. Fleury assured the board that the value will be factored into appropriation requests for 2016 and into the cost of the COLA Study engagement.

Surge in July Retirees: Mr. Fleury addressed the record number of retirements in July of 2015, all of which were processed efficiently. Completing that task, he stated, was no small feat and involved more than 40 hours of cumulative one on one time with the new retirees. Also involved was the enrollment of the new retirees into the monthly payroll system at State Street Bank and processing their record before and after each counseling session in the pension administration system. In addition he stated, many of those retiring had service credit upgrades as well as service restoration transactions that they wanted to perform prior to their retirement. He also noted that the Board approved a COLA increase for existing retirees, which needed to be calculated and posted to individual retiree records, so that it could take effect at the end of the month. While this kept all of the staff busy, Mr. Fleury stated, he wanted to give special recognition to Sandi Aboshar for her role in working with the clients through their retirement process, and he asked that the Board to join him in thanking Ms. Aboshar for a job well done.

On behalf of the full board, Chairman Pinard concurred with Mr. Fleury's comments and thanked Ms. Aboshar for her expertise and dedication.

MECRS Website Problem Report: Next, Mr. Fleury stated that meetings have been held and site visits conducted with two local competitive web design companies. Initial talks with Silver Tech and Wedu had provided those companies with an understanding of website objectives while simultaneously providing an indication of each company's abilities and track record. Interaction will continue toward eventually obtaining competitive proposals from each company for budget purposes and an eventual contract with the most promising firm.

Trustee Mercier asked Mr. Fleury if the board will be given the opportunity to review the proposals and take a look at what enhancements are planned for the website, as well as the possible changes in functionality of the website.

Mr. Fleury replied that the trustees will be kept apprised of all developments regarding the submitted proposals and that he welcomed interest in the service procurement process.

Trustee Mercier stated that the goal of the web designer should be to develop a website whereby it is a recognized source of valuable information to the membership. She envisioned it as a robust system that attracts clients to the website.

Following up on Trustee Mercier's comments, Attorney Rich commented that either of these potential firms could review other Retirement System websites to identify and incorporate other ideas into the development of a new MECRS website.

**Minutes of the Board of Trustees' Meeting -3-**

**MECRS Security Review:** Mr. Fleury reported that since his last report on this subject, he has received a second and more detailed proposal for an Information Technology Risk Assessment. Dialogue has also continued on a business risk assessment but progress on that front has been slower and there has been difficulty obtaining a clear understanding of the deliverable. Absent a clear picture of the deliverable, Mr. Fleury stated that he is reluctant to recommend a commitment at this time, although he remains convinced that a well defined business risk assessment could be of value to the organization.

**Final Distribution – Benchmark Redemption:** Mr. Fleury went on to report that in early August, the MECRS Fund received the final distribution from Benchmark Plus, where a fund within the fund of funds had dropped a redemption gate when the MECRS attempted to redeem all of its shares. A final payment of \$39,478.41 now closes the Fund's investment with that manager as recommended to MECRS by advisors at NEPC.

**Opal Conference:** Mr. Fleury informed the board that on July 20<sup>th</sup> through the 22<sup>nd</sup>, he attended the Opal Public Funds Summit in Newport, Rhode Island. The three day conference provided an opportunity to meet with other public funds administrators and trustees and to hear presentations across a broad range of topics of interest to those in the public funds universe. He reported that presentations included investing, ethics, legal issues, and plan amendments. Investment related presentations explained the basis upon which investment vehicles are built. Public plan participants invested in various opportunities also shared their experiences with other public fund participants attending the conference. In general, Mr. Fleury noted, the conference either expanded or reinforced his knowledge on the myriad of topics related to public fund operations and he would not hesitate recommending that trustees consider attending this conference in the future.

**Consent Agenda:**

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

**New Business:**

**Acceptance of the 2014 Comprehensive Annual Financial Report (CAFR) -** Mr. Fleury explained that last month, the trustees saw essentially the same report. The only difference is that the 2014 CAFR now includes, on page twenty-one, the endorsed auditor's letter.

It was moved by Trustee Mercier to accept and place on file the 2014 MECRS CAFR, seconded by Trustee Lynch and passed by all those trustees present.

Mr. Fleury stated that the 2014 CAFR is scheduled for delivery within the week and will be subsequently distributed to the membership.

August 11, 2015  
Minutes #516

**Minutes of the Board of Trustees' Meeting -4-**

Gainful Occupation Report for 2014 - Mr. Fleury requested that the board accept and place on file the 2014 Gainful Occupation Summary Report in compliance with Chapter 218:15V. He explained that the System is obligated to conduct an annual survey of disability recipients until they reach normal retirement age and to determine if those individuals are receiving a salary in excess of a pre-determined cap.

Trustee Molan moved to accept and place on file the Gainful Occupation Report of 2014, seconded by Trustee Lynch and passed unanimously by all those trustees present.

**Other Business:**

The Executive Director and the board of trustees discussed at length, ongoing concerns about the Fund's investment performance and whether there needed to be a greater degree of interaction with advisors at NEPC to address these concerns.

The Executive Director disclosed that he would be meeting with NEPC representatives later in the day as a prelude to a meeting of the MECRS Investment Committee scheduled for the upcoming Thursday. In summary the board concluded that Mr. Fleury's concerns could be addressed with NEPC at the Investment Committee level, when that group convenes on Thursday, August 13, 2015.

**Motion to Adjourn:**

Having conducted all the business of the day, Trustee Molan moved to adjourn the meeting at 9:34 a.m. seconded by Chairman Pinard and passed unanimously by all those trustees present.

Respectfully Submitted,

Gerard E. Fleury  
Executive Director