

December 8, 2015  
Minutes #518

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

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

**Present:** Trustees: Donald Pinard, William Sanders, Bob Lynch, Mike Woitkowski and Dick Molan. Dianne Mercier arrived at 8:36 a.m.  
MECRS Staff: Gerard Fleury, Sandi Aboshar and Suzanne Wilson

**Absent:** Mayor Gatsas

**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 November 10, 2015.

Trustee Molan moved to approve the board minutes of November 10, 2015, seconded by Trustee Woitkowski and passed unanimously by all those trustees present.

**Approval of the Immediate Meeting Agenda:**

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

**Report of the Executive Director –**

**Board Election in Two Days:** Mr. Fleury reminded the trustees of the upcoming Board Election on Thursday, December 10, 2015 for Citizen Representative and that there are two candidates seeking the post. He informed the Board that retiree's have been notified, a notice has been posted with all city departments and the event has also been posted on the MECRS website.

**Property Lien Released:** Mr. Fleury updated the board that a lien placed on the personal residence of a deceased member's next of kin, in order to recover funds misappropriated from the estate of the deceased member, has been released. The property in question was sold and the mortgage holder paid a lump settlement in exchange for a release on the property. Payment has been received and the funds were deposited, which brings the matter to a successful close.

**Annual Check for Deceased Beneficiaries Completed:** Mr. Fleury reported that each year, an audit of named beneficiaries is conducted to determine whether any have passed away without being reported to the Retirement System. This is an important task because retirees sometimes forget that their benefit pops-up to the straight life option, should they outlive their beneficiary in their chosen survivor option. If undetected and allowed to go uncorrected beyond the end of the tax reporting year, such cases will require corrected reporting. Mr. Fleury

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then reported that the 2015 audit detected one unknown death, for which the necessary adjustments have been made.

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

Committee Chairman Woitkowski stated that the MECRS Administrative & Accounting Committee met in a scheduled session on November 5, 2015, to review the draft 2016 MECRS Administrative Budget.

Committee Chairman Woitkowski reported that the committee members heard a presentation by the Executive Director and discussed various line items in the draft budget. Following deliberation, Committee Member Molan offered a motion to approve the draft budget with the exception of a \$6,000 line item for a COLA Study, contemplated by the Board last spring. Committee Member Sanders provided a second and the motion passed without objection.

Committee Chairman Woitkowski then moved that the MECRS Board approve the Administrative Budget for calendar year 2016 as recommended by the A&A Committee, in the amount of \$913,686.84, seconded by Trustee Molan.

Trustee Lynch asked what would happen if the board should reconsider conducting the COLA Study, to which the Executive Director responded that he would then attempt to negotiate the the cost of the COLA study with the actuary, followed by transferring funds within the budget from an area of surplus, to accommodate the cost of the study.

The board then voted unanimously to approve the 2016 MECRS Administrative Budget in the amount of \$913,686.84.

**Report of the Investment Committee:**

Meeting with NEPC: Committee Chairman Molan reported that the MECRS Investment Committee met at its scheduled time on Thursday, December 3, 2015. Present during the meeting were Committee Members Bill Sanders and Diane Mercer, NEPC Consultant Sebastian Grzejka, Attorney John Rich, Jr., Executive Director Fleury and Executive Assistant Aboshar. Committee Chairman Molan noted that the objectives of the meeting were to address future cash flow, to hear the reports and recommendations of NEPC, and to schedule future manager interviews.

Summary Regarding Cash Flow: After review of the facts and discussion on various options, Committee Chair Molan reported that it was the consensus of the Investment Committee that current cash balances plus anticipated receipts for the coming month, should be adequate to delay any action by the full Board. He noted, the cash flow will be revisited early in 2016, at which time, the Board will be presented with updated information.

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Reports & Recommendations of NEPC – Committee Chairman Molan indicated that the committee also heard reports which focused on GTAA, Emerging Market Debt, and potential Real Estate investments. NEPC presented justification to “stay the course” with GTAA, but recommended termination of Standish as the System’s Emerging Market Debt Manager. NEPC informed the committee that a couple of key assumptions needed for optimum performance by Standish “had not played out” and that other opportunities should be pursued in place of Standish.

In addition, Committee Chairman Molan reported that NEPC had reiterated an earlier recommendation for further investments in real estate and suggested that manager interviews be held after the first of the year with three vetted managers.

Committee Chairman Molan informed the board that a meeting of the Investment Committee Meeting has been scheduled for Thursday, January 7, 2015 to conduct interviews with three real estate managers which have been vetted by NEPC. The meeting will begin at 9:00 am and details will be forwarded to Investment Committee Members

Committee Chairman Molan then stated the Investment Committee’s recommendation, that the full MECRS Board vote to terminate the investment in Standish Emerging Market Debt and place the proceeds in the S&P 500 ETF.

Trustee Woitkowski moved to terminate the investment in Standish Emerging Market Debt and place the proceeds in the S&P 500 ETF, seconded by Trustee Lynch, and passed unanimously by all those trustees present.

**Consent Agenda:**

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

**Other Business:**

Trustee Molan made a request to revise future monthly MECRS minutes, by adding a notation of Excused, regarding the trustees attendance to the meetings. He stated that there are circumstances when the trustees may have a schedule conflict or when a trustee is ill and they are unable to attend the MECRS Board Meeting and have communicated this in advance to the Executive Director.

Executive Director Fleury responded that he would be happy to honor Trustees Molan’s request.

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**Motion to Adjourn:**

Having conducted all the business of the day, Trustee Lynch moved to adjourn the meeting at 8:42 a.m. seconded by Chairman Pinard and passed unanimously by all those trustees present.

Respectfully Submitted,

Gerard E. Fleury  
Executive Director

