

January 13, 2015
Minutes #510

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Chairman Pinard called the meeting to order at 8:37 a.m.

Present: Trustees: Donald Pinard, Robert Lynch, Mike Woitkowski and Richard Molan
MECRS Staff: Gerard Fleury, Sandi Aboshar and Suzanne Wilson

Absent: Dianne Mercier, William Sanders and 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 December 9, 2014.

Trustee Lynch moved to approve the board minutes of December 9, 2014, seconded by Trustee Woitkowski and passed unanimously by all those trustees present.

Approval of the Immediate Meeting Agenda:

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

New Business:

Board Organization – Chairman Pinard began the meeting by opening nominations for the MECRS Board Chairman pursuant to Article II, 2.01 of the MECRS By-Laws.

Trustee Molan nominated Donald Pinard to continue serving as MECRS's Board Chairman, seconded by Trustee Lynch and passed unanimously by all those trustees present. Chairman Pinard then asked if there were any other nominations. As there were no other nominations, Trustee Lynch moved to close nominations for Board Chairman, seconded by Trustee Molan and passed unanimously by all those trustees present. The trustees then unanimously voted to elect Donald Pinard Board Chairman.

Chairman Pinard thanked the trustees and agreed to continue to serve a two year term as Chairman of the Board.

The next item of board organization, pursuant to Article 5.01 of the MECRS By-Laws, was the appointment of committee chairs for the three sub-committees, Investment, Administration & Accounting, and Benefits.

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Mr. Fleury noted that presently, Trustee Woitkowski is chairing the Administrative & Accounting Committee, Trustee Molan is chairing the Investment Committee and Trustee Lynch is chairing the Benefits Committee.

Chairman Pinard asked the trustees if there were any requested changes to their individual assignments on any of the committees, to which there were none.

Chairman Pinard noted that Trustee Sanders, as the City Finance Director, is automatically on the Administrative & Accounting Committee, and he is also presently on the Investment Committee.

On behalf of the absent board members, Trustees Sanders and Mercier, Mr. Fleury recommended their re-appointments to continue serving on the MECRS Investment Committee. Trustee Molan concurred.

Trustee Woitkowski stated that he would like to volunteer to serve as an extra Investment Committee Member.

Investment Committee Chairman Molan thanked Trustee Woitkowski for volunteering his service on the Investment Committee.

Next, Chairman Pinard asked Benefits Committee Chairman Lynch to state his committee appointments. Committee Chairman Lynch noted his committee members as Trustee Woitkowski and Trustee Molan.

A&A Committee Chairman Woitkowski stated his committee appointments would continue to be Trustee Molan and Trustee Lynch with Trustee Sanders being ex-officio.

Report of the Executive Director:

New Tax-like Reporting to be Required: Mr. Fleury began by informing the board that beginning with 2015, all employer units, including MECRS will need to prepare and submit annual forms associated with the Affordable Care Act. Under the provisions of the act, the IRS will be responsible for the design of reporting forms to be used by employers and will require those employers to conform to various reporting requirements based upon the number of employees they have. For MECRS, Mr. Fleury explained, it is anticipated that a 1095-B Form will need to be prepared and issued to each employee. In order to generate that form, detailed information about covered individuals in each employee's family will need to be collected. In addition, forms issued to employees will need to be summarized and transmitted to the IRS early in 2016. MECRS is aware of this new requirement and does not anticipate any problems with

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compliance as long as the reporting forms are similar in format to other tax forms made available by the IRS.

Mr. Fleury stated that a week earlier he had attended a seminar hosted by Berry, Dunn, the System's Auditor, and one of the segments was on The Affordable Care Act, which he found to be very informative. He summarized other segments of the seminar on internal controls, record retention, and preparedness for IRS examinations on compliance audits.

Trustees Election Demographic Analysis: Next, Mr. Fleury stated that he had conducted an analysis on the most recent trustee election, with a vote total of 84, or less than 5% of those eligible to vote. Of those who did vote, he reported, 14% were employees of the Highway Department, 13% were employees of the Planning Department, and 30% were retirees. The board continued to discuss ideas on how to effectively inform eligible voters, in order to achieve a higher voter turnout.

Fiduciary & D&O Coverage Premium Savings Realized: Mr. Fleury reported that for 2015, premiums for Fiduciary & D&O coverage were kept at a very small increase as a result of aggressive shopping and emphasis on the affordability of coverage. Even after "not to exceed" quotes of \$65,480 were received for the 2015 budget, Mr. Fleury stated that he continued shopping for coverage and a competitive carrier issued a proposal which would have resulted in a savings of \$9,965.00 with coverage for one component being higher than the customary level carried.

Mr. Fleury stated that he had good news and was happy to report that the existing carrier was notified of this and challenged to meet or exceed the competitive bid. The carrier matched the proposed higher coverage and lowered their bid so that the total savings over the original bid came to \$10,747.00. The System carrier's bid was subsequently accepted and so premium expenses for Fiduciary and D&O coverage for 2015 will actually be \$10,664 lower than 2014 actual expenditures.

Report of the Administrative & Accounting Committee:

Committee Chairman Woitkowski stated that he had nothing to report, however he wanted to schedule the next A&A meeting to conduct a review of the MECRS Executive Director. After brief discussion regarding the committee member's availability, an A&A meeting was scheduled for Monday, February 9, 2015 at 9:00 a.m.

Committee Chairman Woitkowski also mentioned that past posting of the MECRS Board Meeting Minutes have not been posted at the Department of Public Works.

After brief discussion, Chairman Pinard stated, he will send the Retirement System two contacts, within the DPW, to add to the MECRS' distribution posting list.

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Report of the Investment Committee:

Committee Chairman Molan stated that he had nothing to report, however he reflected upon the wisdom of a recent, NEPC recommendation that MECRS stay the course regarding its investment in PIMCO. Committee Chairman Molan stated that despite the trustees' questions regarding continuing to hold the PIMCO fund owned by the System, the fund has held its position, whereas, the troubled PIMCO All Asset fund and the government bond funds, have experienced tremendous withdrawals.

Consent Agenda:

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

New Business:

Report of Unanticipated Statutory Inequity - Mr. Fleury explained that current statutory language does not allow a member who has retired, received COLA awards, returned to active service, and then retired again, to reclaim the value of previously awarded COLA's. He recommended that the Board meet with counsel to review the particulars.

Chairman Pinard then recessed the meeting at 9:03 a.m.

Chairman Pinard concluded recess at 9:24 a.m.

Trustee Lynch made a motion to move the statutory inequity discussion to the Administrative & Accounting Committee, for the purpose of contemplating a course of action, seconded by Chairman Pinard and passed unanimously by all those trustees present.

Mr. Fleury stated that he will submit a Draft Rule to counsel for review, which will provide the A&A committee with a working Draft Rule for discussion when the committee meets on February 9, 2015.

Motion to Adjourn:

Having conducted all the business of the day, Trustee Molan moved to adjourn the meeting at 9:27 a.m. seconded by Trustee Lynch and passed unanimously by all those trustees present.

Respectfully Submitted

Gerard E. Fleury
Executive Director