

May 12, 2015
Minutes #513

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Chairman Pinard called the meeting to order at 8:46 a.m.

Present: Trustees: Donald Pinard, Bill Sanders, Bob Lynch and Mike Woitkowski
MECRS Staff: Gerard Fleury, Sandi Aboshar and Suzanne Wilson

Absent: Mayor Gatsas, Richard Molan and Dianne Mercier

In Attendance: Attorney John Rich of the McLane Law Firm

Approval of the Amendments to Administrative Rule, Part 7 and By-Laws Article XVIII:
Chairman Pinard entertained a motion to approve the amendments to Administrative Rule 7 and By-Law XVIII, which was presented at the Public Hearing prior to the start of the regular board meeting.

Trustee Lynch moved to approve the amendments to Administrative Rule 7 and By-Law XVIII, seconded by Trustee Woitkowski. After brief discussion regarding Rule 7, motion carried with Trustee Sanders in opposition.

Approval of the Minutes of the Previous Board Meeting:

Chairman Pinard entertained a motion to approve the previous board minutes of April 14, 2015.

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

Approval of the Immediate Meeting Agenda:

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

Report of the Executive Director:

Status of Comprehensive Annual Financial Report Production & 2014 Audit: Mr. Fleury reported that the auditors concluded in office examinations on March 10th and a short list of recommended changes to the 2014 CAFR was identified and forwarded to the System's typesetter. At present he stated, work is being done to determine the full impact of first year Governmental Accounting Standards Board changes on the content of the report and it is possible that production of the CAFR may be delayed as a result.

Funding Completed on TA Realty: As of May 15th, Mr. Fleury stated that the final capital call for MECRS' investment commitment with TA Realty will have been completed. Beginning in

May 12, 2015
Minutes #513

Minutes of the Board of Trustees' Meeting -2-

June, TA Realty will no longer appear on the monthly cash flow statement, which itemizes outstanding capital commitments.

Participation in City Human Resource Retirement Meeting: Mr. Fleury informed the board that on Thursday, April 30th, the City HR Department conducted an information session in the Aldermanic Chambers for City workers contemplating retirement on or before June 30, 2015. MECRS was invited to participate along with representatives from the City's deferred compensation program and approximately 30 people attended. While the System anticipates a record number of new retirees in the next two months, Mr. Fleury stated, the staff, and in particular, Sandi Aboshar, has done a spectacular job, meeting the demand for services and processing the applicants.

Status of Redemptions with Benchmark: Mr. Fleury reminded the trustees that more than a year ago, the board made a decision to withdraw from investments in Portable Alpha managed by Benchmark which met with redemption gates by a manager with the Fund of Funds, in addition to the long term redemption restrictions. In late April, Mr. Fleury reported that the Fund received a distribution of approximately \$184,000, which leaves MECRS with about \$39,000 remaining in that asset allocation.

Progress on Actuarial Valuation and Governmental Accounting Standards Board (GASB) 67 & 68 Reporting: Moving on, Mr. Fleury stated that compliance with GASB 67 & 68 thus far has been an interesting challenge. Despite all of the helpful information made available by concerned and involved organizations, a large portion of the implementation decisions still need to be made internally. Levels of detail never before required and correlated data from different sources are being incorporated into the MECRS Comprehensive Annual Financial Report (CAFR) and so far the progress is encouraging. Berry, Dunn, the System's auditor, is being very helpful, allowing MECRS to retain ownership of the reports while providing guidance and feedback as the new formats unfold.

Status of Asset Liability Study: Mr. Fleury completed his report by stating that as of May 1st, the MECRS' Actuary, Gabriel, Roeder, Smith & Co. provided the Systems' Investment Consultant, NEPC, with information needed to continue work on the Asset/Liability Study requested by the Board at the March meeting. Delivery is tentatively scheduled for June or July.

Trustee Woitkowski questioned the impact on the pending Asset Liability Study, of the anticipated high number of City retirements before June 30, 2015.

Mr. Fleury responded that the Asset Liability Study looks at the present value of the Systems future obligations and the amount of assets to cover the Systems obligations. He elaborated further on the complex calculations, inclusive of the new GASB 67 & 68 which will also impact the study results.

May 12, 2015
Minutes #513

Minutes of the Board of Trustees' Meeting -3-

Attorney Rich concurred with Mr. Fleury, noting that the study will look at future liabilities as well as the total number of active employees and retirees.

Trustee Sanders provided the trustees with the demographics of City's workforce and stated that with the \$13,000 retirement incentive expiring at the end of June, 2015 the Retirement System will see a surge of retirements which could impact the Asset Liability Study.

Report of the Administrative & Accounting Committee:

Committee Chairman Woitkowski reported that the A&A committee members met earlier in the morning to discuss the merits and affordability of a retiree COLA. After lengthy discussion by the committee members, Committee Chairman Woitkowski stated that the committee voted to recommend a .8% retiree COLA, for the full board's consideration.

Chairman Pinard expressed his concern on entertaining a motion regarding the pending retiree COLA decision, without the Mayoral Appointee, Trustee Mercier and the Aldermanic Appointee, Trustee Molan in attendance.

Trustee Sanders concurred with Chairman Pinard and motioned to table the A&A recommendation. The motion was seconded by Chairman Pinard and passed by all those trustees present.

Next, Chairman Woitkowski reported on the proposed amendment to correct the existing reference to Administrative Rule 7.3, Sufficient Funds Through Earnings, from the actuarially assumed rate of 1.50% to the 1.25% rate, so that it matches the rate used by the actuary in the annual valuation process.

It was moved by Committee Chairman Woitkowski, pursuant to By-Law Article XIV paragraph 14.06, to post the proposed amendment to Administrative Rules 7.3 for 30 days before their adoption in order to afford interested persons an opportunity to submit data and make their views known either orally or in writing, Trustee Lynch offered a second to the motion and the motion passed without objection.

Consent Agenda:

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

May 12, 2015
Minutes #513

Minutes of the Board of Trustees' Meeting -4-

New Business:

Ordinary Disability Request, Mr. Eric Isenburg - Mr. Fleury referred to his summary recommendation included in the trustees' agenda packets, that the board approve the application for Ordinary Disability for Mr. Eric Isenburg.

Trustee Sanders moved to accept the recommendation of Executive Director Fleury to approve the application for Ordinary Disability of Mr. Eric Isenburg, seconded by Trustee Lynch and passed by all those trustees present.

Review of GASB 67 & 68 to be Accepted and Placed on File – Trustee Woitkowski offered a motion to accept and place on file the reports produced by System actuary, Gabriel, Roeder, Smith & Company relating to GASB 67 & 68, seconded by Trustee Sanders and passed by all those trustees present.

Prior to adjourning the meeting the trustees engaged in speculative discussion on the long range implications with recent early retirement trends. No action items resulted from the discussion.

Next Meeting Schedule:

The next MECRS Board of Trustees Meeting is scheduled for June 9, 2015 at 8:30 a.m.

Motion to Adjourn:

Having conducted all the business of the day, Trustee Lynch moved to adjourn the meeting at 9:14 a.m. seconded by Trustee Woitkowski and passed unanimously by all those trustees present.

Respectfully Submitted,

Gerard E. Fleury
Executive Director

