

February 12, 2019
Minutes #553

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Acting Chairman Sanders called the meeting to order at 8:30 a.m.

Present: Trustees: Harry Ntapalis, Jeffrey Plourde,
Bob Gagne, Bill Sanders, and Dianne Mercier
arrived at 8:36

Absent: Chairman Molan and Mayor Craig

MECRS Staff: Gerard Fleury, Sandi Aboshar and Suzanne Wilson

In Attendance: Attorney John Rich from McLane Middleton, Professional Association

Approval of the Minutes of the Previous Board Meeting:

Trustee Ntapalis moved to approve the minutes of the board meeting held January 8, 2019, seconded by Trustee Gagne and passed unanimously by all those trustees present.

Approval of the Immediate Meeting Agenda:

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

Report of the Executive Director:

Information Packets Regarding Succession Planning - Mr. Fleury informed the trustees that soft copy informational packets, have been sent to the Special Committee on Succession Planning. He noted that Committee Chairman Mercier is expected to schedule a committee meeting in the coming months.

Historical Package Prepared for Benefit Committee – Mr. Fleury stated that following the receipt of the valuation results of March, 2016 and in recognition of a less than desirable funded ratio, the MECRS Board expressed interest in exploring options, to improve the funded status of the Plan and help assure its continued viability. He informed the trustees, that due to the newly elected board members, as well as subsequent changes to the Benefits Committee, a package has been assembled and sent to current Benefits Committee members, inclusive of special reports generated by the System's Actuary over the last three years, and excerpts from past board meetings and Benefit Committee meetings, with respect to the Plan's funding status and possible amendments to retirement benefits for prospective hires.

February 12, 2019
Minutes #553

Minutes of the Board of Trustees' Meeting -2-

Audit of 2018 Scheduled – Mr. Fleury stated that the audit of 2018 has been scheduled to begin on Monday, April 15th. He indicated that confirmation letters to key service providers and investment managers have been printed, signed and provided to the auditors for mailing.

Website Upgrade Scheduled – Next, Mr. Fleury indicated that the MECRS website uses a particular application to update member data to the Word Press website software. In order to maintain maximum security for the site, Mr. Fleury announced that the MECRS will be upgrading a piece of the supporting software in early March. He noted that the change will not affect the site or interrupt its function but it is being reported so that the Board is aware of the upgrade.

Financial Briefing for Investment Committee Chairman - In closing his report, Mr. Fleury informed the Board that on January 30th he arranged a comprehensive briefing with newly appointed Investment Committee Chairman Harry Ntapalis and NEPC Representative Sebastian Grzejka. He noted that they reviewed NEPC reports, and Committee Chairman Ntapalis was provided with an explanation of the annual portfolio rebalancing process, the maintenance of a pacing plan, and the manager interview process. In addition, the group discussed the importance of achieving the return assumption adopted by the MECRS Board and how the return expectations are developed by NEPC. At the conclusion of the two-hour briefing, Mr. Fleury noted that Committee Chairman Ntapalis was prepared to schedule an Investment Committee meeting on Thursday, March 7th as a prelude to the meeting of the full Board on Tuesday, March 12, 2019.

Report of the Monthly Cash Balance:

Referring to the Cash Management Report included in the board packet, Mr. Fleury reported a stable cash balance for period ending January 31, 2019. He also reported that he recently exercised the authority given by the Board, and redeemed \$2.5 million from the S&P 500 Exchange Traded Funds, to meet a capital call from Kayne Anderson Real Estate and other routine cashflow needs. He noted that NEPC Consultants concurred with the need to redeem the funds.

Trustee Gagne questioned where the redemption request was reflected in the Cash Balance Report, to which Mr. Fleury responded that the redemption was performed in February, therefore it will be included in the next Cash Management Report for period ending February, 2019.

Report of the Investment Committee:

Committee Chairman Ntapalis reiterated Mr. Fleury's earlier comments regarding the briefing on

February 12, 2019
Minutes #553

Minutes of the Board of Trustees' Meeting -3-

January 30, 2019, with NEPC consultant Sebastian Grzejka. Mr. Ntapalis stated that he found the session to be very informative. As a result of the briefing he confirmed his decision to call an Investment Committee meeting for Thursday, March 7, 2019 at 9:00 a.m.

Report of the Benefits Committee:

Committee Chairman Gagne referred to the historical package distributed by Mr. Fleury regarding the chronology of activities associated with Plan Design Changes and stated that he will schedule a Benefits Committee in the coming month. After brief discussion by the board on the next steps needed, regarding the Plan design changes, it was agreed to schedule the next Benefits Committee Meeting on Tuesday March 12, 2019, time approximate following the adjournment of the MECRS Board of Trustees meeting.

Consent Agenda:

Trustee Mercier moved to approve the Consent Agenda, seconded by Trustee Gagne and passed by all Trustees present.

Acting Chairman Sanders entertained a motion to recess the meeting to consult with legal counsel.

Trustee Gagne moved to recess the meeting to consult with legal counsel at 8:45 a.m., seconded by Trustee Mercier and passed unanimously by all those trustees present.

Acting Chairman Sanders reconvened the meeting at 9:23 a.m.

Acting Chairman Sanders then entertained a motion to affirm the decision of the Retirement System Staff, to limit the adjustment of Ms. Folopoulos' retirement benefits to only those benefits payable after September 1, 2018. Counsel was directed to inform the attorney representing Ms. Folopoulos of the Board's decision and to advise him of her right to appeal the decision of the Board.

Trustee Gagne moved Acting Chairman Sanders' motion as stated, seconded by Trustee Ntapalis and passed unanimously by all those trustees present.

Acting Chairman Sanders, announced the next MECRS's board meeting for Tuesday, March 12, 2019 at 8:30 a.m.

February 12, 2019
Minutes #553

Minutes of the Board of Trustees' Meeting -4-

Motion to Adjourn:

Having conducted all the business of the day, Trustee Gagne moved to adjourn the meeting at 9:25 a.m., seconded by Trustee Ntapalis and passed unanimously by all those trustees present.

Respectfully Submitted,

Gerard E. Fleury
Executive Director