

August 8, 2023
Minutes #610

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Chairman Molan called the meeting to order at 8:27 a.m.

Present: Trustees: Richard Molan, Sharon Wickens, Richard Bunker, Michael Carpenter and Donald Pinard

MECRS Staff: Melanie Murray and Suzanne Wilson

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

Absent: Mathew Ciechon and Mayor Joyce Craig

Approval of the Minutes of the Previous Board Meeting:

Chairman Molan entertained a motion to approve the previous board meeting minutes of July 11, 2023.

Trustee Bunker moved to approve the minutes of July 11, 2023, seconded by Trustee Wickens. The motion was approved by all trustees present.

Approval of the Immediate Meeting Agenda:

Chairman Molan entertained a motion to approve the immediate meeting agenda.

Trustee Wickens moved to approve the immediate meeting agenda, seconded by Trustee Pinard and approved by all trustees present.

Report of the Executive Director:

School and City software upgrades: Ms. Murray first updated the Board that she had received a test version of the import from Pension Technology Group and all went well. She explained that the School Department did add another field to the export and PTG will be updating the import to accommodate the change, which will be tested again once it is received.

2022 Audit/Annual Report: Next, Ms. Murray informed the trustees that the MECRS Annual Report is completed and is being readied for print. Traditionally, Ms. Murray stated, the printer would ship the annual reports to another vendor for mailing. It was discovered during the process last year that the printer can actually accommodate the mailing function as well. She reported that this year the printer will also distribute the reports, for a more efficient process. As is the case each year, she stated, more copies are printed than the previous year, the impact of which will outweigh the negligible savings.

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Ms. Murray also added that she received the final 2022 audit invoice from Berry Dunn, for which she was pleased to report that Berry Dunn will not be charging the System the remaining contract balance, in the amount of \$5,000, as the audit process was completed more quickly than anticipated.

Pop-up/Death Audit Process: As mentioned in an earlier report, Ms. Murray stated that the vendor used for the annual beneficiary death audit process no longer offers the same service, which historically cost about \$200.

What they do offer, Ms. Murray explained, is a monitoring service, which runs in the thousands of dollars, for the small population. She informed the Board that she had contacted other vendors who offer similar services, to find that their pricing was comparable. Ms. Murray then stated that she inquired of her counterparts in other retirement systems, and found only those who utilized the service for their retiree population also included beneficiaries. MECRS currently receives the service for no additional cost through State Street Bank & Trust twice a year for the retiree population, to ensure that retirees payments are discontinued after their death. However, they cannot accommodate beneficiary monitoring. Most retirement systems seem to rely on the report from the retiree, as it is in the retiree's best interest to provide notification of a beneficiary's death in order to increase their benefit, which is not retroactive. Ms. Murray noted that she has confirmed with the System's auditors that there is no obligation for the System to verify beneficiaries.

Ms. Murray informed the trustees that she has updated the retirement option forms, advising retirees to notify MECRS in the event their beneficiary pre-deceases them. Additionally, she has reached out to State Street Bank, regarding the addition of a reminder on the retiree deposit notifications periodically to advise them of the same.

Attorney Rich asked if the retiree has a joint survivor would State Street Bank be able to see that beneficiary, for which Ms. Murray responded, State Street Bank does not keep track of retiree beneficiaries.

Ms. Murray further explained that if the beneficiary passes away and the retiree has chosen survivorship option, the pop-up provision would come into play. Therefore, it behooves the retiree to contact the System regarding the death of their chosen beneficiary. After discussion there was no objection to Ms. Murray's proposal to discontinue beneficiary monitoring.

Monthly Cash Balance:

Ms. Murray reported a cash balance beginning July 2023, of a little less than \$6 million and ended the month with just under \$5 million. After pension payments in August, Ms. Murray stated that the cash balance is lower than the target balance of \$3.5 million. If there are no

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capital calls for the remainder of the month, the balance should be sufficient. In the event of a shortfall, Ms. Murray indicated that a transfer from the S&P account would be required.

Report of the Investment Committee:

Committee Chairman Bunker had nothing to report however he stated the need to schedule a meeting in the coming months. After brief discussion regarding the committee's availability it was agreed to work together to schedule a meeting in the month of September.

Consent Agenda:

Chairman Molan entertained a motion to accept the Consent Agenda items.

Trustee Pinard moved to accept the Consent Agenda, seconded by Trustee Bunker, and passed unanimously by all those trustees present.

New Business:

NEPC Monthly Performance Flash Report - Included in the agenda packets was the monthly performance report for the period ending June 2023. An additional report, Quarterly Investment Performance Analysis, was also distributed during the meeting. The Board briefly reviewed both reports, and Committee Chairman Bunker reiterated his earlier statement regarding scheduling an Investment Committee meeting in the month of September when representatives from the System's investment consultant at NEPC will be in attendance.

Chairman Molan asked if there were any questions regarding the reports, to which there were none.

Chairman Molan entertained a motion to accept and place on file the NEPC reports.

Trustee Wickens moved to accept and place on file both NEPC reports, seconded by Trustee Pinard and passed by all those trustees present.

Other Business:

Trustee Carpenter referred to a recent inquiry from a member, regarding the process in which employees who are out on Workmen's Compensation, are informed on their option and process of buying back their service, once they return to work.

After brief discussion, Trustee Wickens offered to relay Trustee Carpenter's concerns to Human Resources suggesting they notifying affected members, in a timely manner, of their options to buy back their service.

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Motion to Adjourn:

With no other business to come before the Board, Chairman Molan entertained a motion to adjourn the meeting.

Trustee Pinard moved to adjourn the meeting at 8:54 a.m., seconded by Trustee Bunker and passed unanimously by all those trustees present.

Respectfully Submitted,

Melanie Murray
Executive Director