

April 9, 2024  
Minutes #617

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

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

**Present:** Trustees: Chairman Molan, Richard Bunker, Mathew Ciechon, Donald Pinard, Michael Carpenter and Sharon Wickens

MECRS Staff: Melanie Murray, Kimberly Barrett and Suzanne Wilson

**In Attendance:** Attorney John Rich from McLane Middleton, Professional Association Retirees Gerard Fleury and Harry Ntapalis

**Absent:** Mayor Jay Ruais

**Approval of the Minutes of the Previous Board Meeting:**

Chairman Molan entertained a motion to approve the previous board meeting minutes of March 12, 2024.

Trustee Bunker moved to approve the minutes of March 12, 2024, seconded by Trustee Pinard and passed by all the 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 passed by all the trustees present.

**Citizens Comments:**

Chairman Molan asked the citizens present if they had any comments.

Retiree Gerard Fleury stated he was in attendance to advocate for a 1% retiree COLA. Mr. Fleury noted that he had participated in a meeting with the System's actuary, Gabriel, Roeder, Smith & Co., whereby the preliminary valuation was presented. He stated that he had an opportunity to read the preliminary valuation, review the assumptions, and it is his understanding that the 1% COLA may be granted, with very little fiscal impact to the Plan. Mr. Fleury referenced the previous year's COLA award of 1%, which he stated, was on the heels of double-digit inflation. Inflation, he added, has been running under 4% for this past year, therefore a 1% COLA would not make the retirees whole, however if the board would look favorably on awarding a 1% COLA, it would be greatly appreciated.

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**Minutes of the Board of Trustees' Meeting -2-**

Chairman Molan recessed the meeting at 8:32 a.m. to accommodate for committee meetings.

Chairman Molan reconvened the meeting at 8:51 a.m.

**Report of the Executive Director:**

2023 Year-end/Annual Report: Ms. Murray reported that she has received the draft Annual Report and will update it with the Final Valuation information assuming it is formally accepted by the Board, later in the meeting. She then informed the board that she and Executive Assistant Kim Barrett have submitted all requested information available to the System's auditors and the annual audit is scheduled to begin next week.

State Street Bank: Ms. Murray stated that there have been frequent issues with confirmations of transactions with the System's custodian, State Street Bank. Last year the bank advised that they would require transition to their online cash management system, which they suggested would also alleviate the issues. She informed the trustees that staff has been utilizing it successfully for incoming and outgoing wires and will be testing the cash management system for administrative expense checks, hopefully in the next month.

City Payroll Software Upgrade: Ms. Murray then informed the board that she has received a parallel file from the City's new software at the end of March, and she was able to import it successfully. She stated that she received another file at the beginning of April, which also went well, so we will be able to push that to production and be ready for when they go live with their new system.

Opal Public Funds Summit in July: Ms. Murray stated that the Opal Public Funds Summit East is scheduled for the end of July in Newport, RI, which she will be attending. At this point, she noted, for any trustees who are interested in attending, it may still be possible to obtain seats for the conference, and to please let her know as soon as possible.

NEPC Client Conference: The NEPC Conference in Boston has been scheduled for September 9<sup>th</sup> and 10<sup>th</sup>. She stated that she was unable to attend the conference last year because of the conflict with the Board of Trustees meeting, noting she later learned that in the past the board meeting has been re-scheduled to accommodate attendance at the conference. Anyone who wishes to attend may register directly with NEPC or MECRS staff will be happy to handle your registration.

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**Minutes of the Board of Trustees' Meeting -3-**

After discussion on the trustees' desire to attend the NEPC Conference, it was agreed to tentatively re-schedule the MECRS's Board of Trustees on September 10<sup>th</sup> to September 17, 2024, pending the trustees' availability.

Chairman Molan encouraged any of the trustees who are interested in attending the NEPC Conference to do so stating that it is very interesting and informative.

**Report of the Monthly Cash Balance:**

Ms. Murray reported that the cash balance for the beginning of March was slightly under \$7.6 million and ended the month with slightly under \$7.9 million. The System received favorable distributions, including an installment from the PRISA redemption, leaving \$500,000 remaining of the \$3 million requested. Additionally, Ms. Murray noted, all of last month's approved portfolio rebalancing has been completed.

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

Committee Chairman Pinard reported on the A&A Committee meeting held earlier in the day, stating after a review of the COLA Guidelines in the Administrative Rules, it is the committee's recommendation to grant a 1% COLA effective July 1, 2024 for all those retirees retired as of July 1, 2023.

Committee Chairman Pinard then thanked Mr. Fleury and Mr. Ntapalis for their input regarding the COLA.

Trustee Wickens moved to grant a 1% COLA effective July 1, 2024 for all those retirees retired as of July 1, 2023, seconded by Trustee Ciechon and passed by all those trustees present.

**Report of the Investment Committee:**

Committee Chairman Bunker stated that he had nothing to report however he did remind the trustees of the Investment Committee meeting scheduled for May 6, 2024.

**Report of the Benefits Committee:**

Committee Chairman Ciechon reported on the Benefits Committee Meeting held earlier in the day, stating that after the continued discussion and review on the proposed benefit changes it is the committee's recommendation for move forward with the proposed legislative changes, as listed below.

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**Minutes of the Board of Trustees' Meeting -4-**

**New Hires:**

Retirement age increase to 62, from 60

Vesting after 10 years, from 5 years

Early retirement reduction of 7/12 of 1% per month, from 1/6 of 1% per month

Retirement benefit based on 5 years of Final Average Earnings from 3 years

**All Participants:**

Contribution amount increased to 5.5% (4.25% pension and 1.25% Health) for all, from total of 5%.

Trustee Bunker moved to accept the Benefits Committee's recommendation to move forward with the proposed legislative changes as stated, seconded by Trustee Wickens and passed unanimously by all those trustees present.

Committee Chairman Ciechon also stated the committee's recommendation to bring these proposed legislative changes to a referendum vote.

Trustee Bunker moved to accept the Committee's recommendation to include a referendum vote with the proposed legislation, seconded by trustee Wickens and passed unanimously by all those trustees present. The Board then briefly discussed the legislative process.

**Previous Business:**

**2023 Actuarial Valuation – Acceptance of the 2023 Final Actuarial Valuation**

Chairman Molan entertained a motion to accept the 2023 Actuarial Valuation.

Ms. Murray stated that she has sent the Final Valuation to all trustees electronically and that she also has hard copies for anyone who wishes to receive one.

Attorney Rich stated that though there was no material change from the preliminary valuation, the final valuation added a section on Low Default Risk Obligation Risk Measure (LDRM).

Attorney Rich explained that Actuarial Standards Board has adopted a revision to the standards for measuring pension plans. According to the measure disclosed, the accrued liabilities for pension under the current valuation method is \$459 million. Under the new LDRM measure liabilities are \$621 million. The actuaries are thus disclosing that there is another method available and the Plan may have more liability than under the standard measurement used in the valuation.

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**Minutes of the Board of Trustees' Meeting -5-**

Trustee Wickens moved to accept the 2023 final valuation results, seconded by Trustee Ciechon and passed by all those trustees present.

**Consent Agenda:**

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

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

**Motion to Adjourn:**

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

Trustee Wickens moved to adjourn the meeting at 9:05 a.m., seconded by Trustee Pinard and passed by all the trustees present.

Respectfully Submitted,

Melanie Murray  
Executive Director