

MECRS Advisory Committee
Minutes of the Meeting of October 15, 2009

Present were: Kim Desrosiers, Steve Quinn, Jennie Angell, Colleen Driscoll, David Cornell, Carlton Braley, Robert Beaurivage, Julie Allen, Gerry Fleury and by special invitation, City HR Director Jane Gile.

Absent due to schedule conflict was: Pat Kisselburg

Other absences: Ron Ludwig, Moe Nault, & Alderman Mike Lopez.

Call to Order:

The meeting was called to order at 8:35 a.m. by Ms. Desrosiers.

Approval of the Minutes:

The first order of business was the acceptance of the minutes of the meeting of April 16, 2009. Moved by Colleen Driscoll and seconded by Carl Braley, the motion passed without objection.

Status Report on the Plan:

Committee Chair Desrosiers called upon Mr. Fleury to deliver a report on the status of the Plan.

Mr. Fleury opened by stating that 2009 had thus far provided a wild ride from an investment point of view. The fund finished 2008 at approximately \$107 million and dropped to just over \$100 million at the market's low point in March. Since then, considerable recovery in a number of sectors succeeded in returning asset values above the \$120 million mark. While September and October are historically the two most volatile months for equities, 2009 thus far had been absent large swings in market value that could hurt returns for the year.

Mr. Fleury also reported that the MECRS Board had made changes to the pension funds asset allocation to take advantage of higher yields in less risky sectors. These changes were designed to reduce the chances that poor market performance would further burden the City's obligation for pension contributions.

In closing, Mr. Fleury reported that the trustees had commissioned a study of actuarial assumptions, generally done once every five years, to be certain that key demographics associated with the plan's population and the funding obligations connected to it were still valid. That report from the actuary was due before the end of the year and its results could influence assumptions used in the valuation for 2009 and the 2010 employer contribution rate.

Mr. Beaurivage asked whether MECRS would be conducting a year end estimate for a probable contribution rate for the ensuing year in advance of the official rate generally released in March. Mr. Fleury replied that no such estimate had been discussed. Last year the Board had conducted such a worse case calculation because of steep market declines in the fall. Since markets were up considerably for 2009, the low probability of a second poor investment year precluded the importance of such an estimate. He further noted that completion of the five year actuarial study could render rough estimates based on previous assumptions too vague to be of much value.

Moving on to other items on the agenda, Mr. Fleury noted that the election of a "Citizen Member" to the MECRS Board was scheduled for December of 2009 and that the filing period

for interested parties was now open. Interested candidates are prohibited from holding any elected offices within the City or being active employees of the City, but must be Manchester residents. He went on to report that Mr. Kevin Barry who has served consecutive terms as the Citizen Member, while not ruling out the thought of another term, had expressed some reservations about pursuing reelection because of difficulties he has encountered making all of the meetings. Mr. Fleury concluded his comments by noting that public notice of the election had been posted in the Manchester Union Leader and on bulletin boards across the City.

Finally, Mr. Fleury informed the Committee that MECRS had been awarded the Public Pension Coordinating Council's certificate of recognition for compliance with Administrative & Funding Standards for the sixth year in a row.

Goals & Objectives of the Committee:

The Committee was informed that for the first time in several years, MECRS would not be seeking any kind of corrective legislation to remedy oversights in any of the Plan's provisions or to address compliance concerns stemming from other regulatory or statutory changes. It was further noted that a bill to broaden the acceptable use of the 401(h) medical subsidy, which had been considered and then withdrawn in a previous year because of the political opposition it was encountering was still a technically viable concept but probably not a financially viable one, owing to the status of the economy. It was noted that the amendment which had been contemplated would have allowed subsidy entitlements to be applied to retiree dental insurance premiums, a purpose which is not presently allowable and which was not included in the original subsidy bill because dental coverage was not offered to retirees when the language on usage was crafted.

Committee Member Allen asked whether anything had been done to make other health coverage options available to retirees. It was noted that the City's traditional coverage had been viewed by some retirees as cost prohibitive and committee members had expressed interest in learning whether greater selection in coverage options might be a possibility.

City HR Director Gile noted that the City had amended retiree coverage in 2009 for Medicare eligible retirees and that the change had resulted in considerable premium savings to those members over 65. General discussion about coverage ensued and again, Director Gile made it clear that negotiating contract agreements inclusive of options which tend to serve very small populations tended to be difficult. One of the options which had been discussed in the past was an ability for the healthier and more risk tolerant retirees to opt out of prescription drug coverage as a cost saving measure. Director Gile cautioned about such notions because of the importance of drug coverage to those who needed it and because it might create the perception among some that such lesser coverage should be the norm.

There was no inclination on the part of Committee Members to suggest legislative initiatives for the coming year so discussion wrapped up.

Mr. Fleury reminded the group that there were still opportunities before the end of the year for retirement lunchtime seminars at the various agencies.

Committee Member Angell reported that such a session had been conducted at City Information Systems and had been very well received. Committee Member Driscoll also reported that a similar presentation at the Police Department had also been well accepted.

Committee Organization for 2010:

Mr. Fleury suggested that since the By Laws of the Committee called for an annual election of a Chair from within the group, given the fact that the group might not meet again in 2009, and given the good attendance at this meeting that it might be wise to act upon the election of a Chair for 2010.

Committee Chair Desrosiers opened the meeting for nominations.

Kim Desrosiers was nominated for a second term by Colleen Driscoll and seconded by Steve Quinn. There were no further nominations and so the Chair closed nominations and cast one vote for herself in acceptance of the nominations.

There being no further business to conduct, a motion to adjourn was offered at 9:40 AM and was accepted without objection.

Future Meeting Schedule:

Since meetings of the Advisory Committee are held on an as needed basis, no specific date for the next meeting was set. At such time that events affecting the Plan justify a meeting, Mr. Fleury will work with Committee Chair Desrosiers, to set an agenda and a meeting schedule.