

**Advisory Council Meeting**  
October 27, 2021  
Ipswich Town Hall, Meeting Room A

A meeting was held by the Advisory Council of the Essex Regional Retirement System on Wednesday, October 27, 2021 at the Ipswich Town Hall, 25 Green Street, Ipswich, MA. The following individuals were in attendance:

**Advisory Council Members:**

Ellen Guerin, Town of Boxford  
Chuck Kostro, Essex Regional Retirement System  
Kevin Merz, Town of Ipswich  
Jennifer Yaskell, Town of Manchester  
Diane Doyle, Town of Newbury  
Kimberly Mackie, Town of North Andover  
Karen Summit, Town of Rowley  
Kevin Mahoney, on behalf of the Triton Regional School District

**ERRS Staff:**

Cassandra Green, ERRS Executive Assistant

**Opening Statement by the Chair**

Kevin Merz called the meeting to order at 10:05 a.m. Mr. Merz stated that the Massachusetts Open Meeting Law permits meetings to be recorded and states that the Chair shall inform attendees at the beginning of the meeting of any such recording. Therefore, I am informing everyone that this meeting is being recorded. If anyone who has joined the meeting is recording the meeting, please identify yourself at this time. Mr. Merz reminded Advisory Council members who wish to speak that they should identify themselves and the unit they represent. This will assist the retirement system staff in accurately recording the minutes of the meeting.

**Public Comment Period**

There were no public comments.

**Approval of the Minutes of the Advisory Council Meeting of April 28, 2021**

Upon a motion by Karen Summit, Town of Rowley, seconded by Diane Doyle, Town of Newbury, the Advisory Council voted six in favor, none opposed and one abstention (Ellen Guerin, Town of Boxford, abstained); To approve the minutes of the Advisory Council meeting of April 28, 2021.

## **Retirement System Updates**

Mr. Merz noted that retirement system staff are back to working in the office at full staff, and that the Board and Advisory Council have resumed in-person meetings.

## **Certification of the Draft 2022 ERRS Administrative Budget**

Mr. Kostro introduced Cassandra Green, the new ERRS Executive Assistant. He noted that the staff has been back in the office full-time since June of this year, and that the office has been opened to the public on a limited basis since June of 2020. Mr. Kostro said that the retirement staff continues to conduct as much retirement business as possible remotely. This is both to limit the number of people visiting the office and because it is more convenient for members than requiring them to visit the Danvers office when it is not necessary to do so. Mr. Kostro stated that the system has seen a large increase in the number of retirees; there was a nearly 20% increase in the number of retirements in 2020 compared to the prior year, and the system is on pace to have the same number of retirements in 2021 as in 2020. He also said that the number of active members has increased by about 7%, while the number of inactive members has remained relatively stable. Mr. Kostro reviewed the 2021 budget and stated that the cost of services is going up due to inflation, including insurance and the condominium fees for the retirement system offices. However, legal fees have gone down in the last two years, due largely to the increase in virtual meetings, and the retirement system appropriation in 2021 was much less than budgeted, since the system was short-staffed for all of 2020. The savings in the legal budget and the retirement appropriation, along with the reserve fund, should sufficiently cover any unanticipated increases, and, in the final analysis, he estimates that ERRS will finish the current year once again under-budget. Mr. Kostro reviewed the 2022 administrative budget. He stated that the 8.1% increase in this year's budget is primarily due to a few areas where the retirement system is required by statute to fund various activities. He did note that the administrative budget has increased by 8.1% over the past five years. In fact, the administrative budget has effectively been level-funded for four years, and the entire increase over the past five years is all concentrated in 2022. The average annual increase over the past five years, Mr. Kostro said, is just 2.0%. Mr. Kostro said that 85-90% of the increase in the 2022 budget is driven by a few items. These are increased costs for health insurance, the estimated retirement appropriation for 2022, the system-wide election scheduled for 2022, and the valuation study, which is required every two years and must be conducted in 2022. Mr. Kostro noted that the system-wide election and the valuation study combined comprise nearly \$40,000 of the \$80,000 increase in the 2022 budget, and that these two items coincide in the same budget every six years. Mr. Kostro also noted a potential upgrade to PTG, which has added \$12,000 to the 2022 budget. This upgrade is for an insurance portal, which would process premium changes for retirees electronically. Mr. Merz spoke in support of the draft budget, stating that Mr. Kostro has done an excellent job of keeping budget increases to a minimum and that this increase is necessary and appropriate. Upon a motion by Ellen Guerin, Town of Boxford, seconded by Jennifer Yaskell, Town of Manchester, the Advisory Council voted unanimously; That the Advisory Council certifies that the Essex Regional Retirement Board has submitted a draft administrative budget for calendar year 2022 in the amount of \$1,162,733.

## **Second Member Election**

Upon a motion by Jennifer Yaskell, Town of Manchester, seconded by Karen Summit, Town of Rowley, the Advisory Council voted unanimously; That Kevin A. Merz has been elected as the Second Member of the Essex Regional Retirement Board.

## **Second Member Election – Certification of Results**

Upon a motion by Ellen Guerin, Town of Boxford, seconded by Diane Doyle, Town of Newbury, the Advisory Council voted unanimously; The Advisory Council hereby certifies that Kevin A. Merz has been elected as the Second Member of the Essex Regional Retirement Board and authorizes the Executive Director to notify PERAC of this result.

## **Retirement System Roundtable**

Ellen Guerin, Town of Boxford, reiterated what other members noted in the Spring meeting regarding the amount of unfunded liability, the aggressive amortization over the next five years, and the amount of the discount rate, as it relates to the town's credit rating. She stated that it ultimately did not impact Boxford's credit rating on a recent credit rating call, but asked that the Board continue to be mindful of this, particularly when it comes to COLA increases. Mr. Merz said that the Board will continue to strike a balance in gradually lowering the assumed rate of return to avoid a large increase in the unfunded liability and putting an outsized burden on the member units. He also noted that the system's unfunded liability is decreasing.

Jennifer Yaskell, Town of Manchester, asked if the increase in retirements over the last two years will impact the system's unfunded liability. Mr. Kostro stated that the valuation study analyzes the system as a whole, including new enrollments, which have increased overall as well. He also noted that members who are currently retiring tend to be retired longer and to be receiving higher benefits than those who were retired some time ago. Mr. Kostro noted that the Board has done a good job in keeping up-to-date the mortality tables used by the actuary in the valuation process. Karen Summit, Town of Rowley, asked if the pandemic had an effect on the actuarial mortality tables. Mr. Kostro stated that the effect of the pandemic will not fully be known until the valuation study is completed next year.

## **To Adjourn the Meeting**

Upon a motion by Karen Summit, Town of Rowley, seconded by Diane Doyle, Town of Newbury, the Advisory Council voted unanimously; To adjourn the meeting. The meeting was adjourned at 10:39 a.m.

  
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**Kevin A. Merz, Chair**  
**Advisory Council-ERRS Board Member**