

Advisory Council Meeting

April 24, 2013

The meeting of the Essex Regional Retirement System's Advisory Council was held on Wednesday, April 24, 2013 at the Newbury Town Library, 0 Lunt Street, Byfield, MA.

The following Advisory Council members were in attendance:

Cheryl Booth, Town of Hamilton
Virginia Boutchie, Town of Essex
Donald Carter, Town of Middleton
Diane Doyle, Town of Newbury
Ellen Guerin, Town of Boxford
Terrance Hart, Director, Eastern Essex Veterans' Services
Greg Labrecque, Town of Groveland
Carol McLeod, Town of Merrimac
Karen Summit, Town of Rowley
Jennifer Yaskell, Town of Manchester
Charles E. Kostro, Essex Regional Retirement System

The follow members of the Board of the Essex Regional Retirement System were in attendance:

Kevin A. Merz
Susan J. Yaskell
Ira S. Singer

Also in attendance were:

Katherine Carleton
Jane Dooley

Call to Order – Kevin Merz, ERRS Board of Directors, Chair, Advisory Council

Kevin Merz called the meeting to order at 10:07 a.m.

Welcoming Remarks – Tracy Blais, Town Administrator, Town of Newbury

Treasurer/Collector Diane Doyle welcomed attendees to Town of Newbury since Tracy Blais, Town Administrator, was unable to attend Advisory Council meeting.

Approval of the Minutes of the Advisory Council Meeting of October 24, 2012

Ms. Karen Summit of Rowley moved that the minutes of the meeting of the Advisory Council on October 24, 2012 be approved with an amendment to add Terrance Hart to the

list of Advisory Council members present. Seconded by Ms. Carol McLeod of Merrimac.
VOTE: Unanimous.

ERRS Updates – Kevin Merz, Chair, Advisory Council

Kevin Merz mentioned that ERRS staff has been holding office hours in member communities. He suggested any member units interested in having ERRS office hours scheduled in their municipalities should contact him or ERRS Executive Director Charles Kostro. Karen Summit said the office hours held in Rowley were helpful. Merz also noted that the ERRS spring newsletter would be mailed to member units and retirees in the next week.

He also referred to how ERRS will be researching if member units have adopted local options for retirement systems at their Town Meetings and how ERRS would be sending information about this to Advisory Council members so they could assist their town clerks. Also, how ERRS has tried to hold the Advisory Council meetings at various locations within its member unit communities and he thanked Doyle for the use of the Newbury Town Library.

Executive Director – Charles E. Kostro

Charles E. Kostro spoke to procurements done last year by retirement system including audit by Powers & Sullivan which will be presented to ERRS Board at its meeting on Monday. In addition to this audit, simultaneously PERAC has been doing a tri-annual audit on ERRS up to 2012.

Kostro noted that neither he nor the Board have seen a copy of the Powers & Sullivan audit yet, but he was aware of some issues that he expects to be mentioned. He did indicate that once the audit report is complete, it will be distributed to Advisory Council members and posted on the ERRS website. Kostro reviewed some of the issues he believes will be mentioned in the Powers & Sullivan audit and the steps being taken by ERRS to address them. He summarized the issues and responses by ERRS, which included improved refund calculations and procedures, improved retirement benefit calculation procedures, journal entry practices and date and time stamping invoices.

Kostro also described the exit conference with PERAC held yesterday, which was attended by Board members Susan Yaskell and Joseph Maney. While PERAC's audit is still in draft form, he anticipates the final version will contain three findings related to payroll withholdings. He noted that this is a dramatic improvement from the 23 findings in the 2010 audit both in the number and nature of the findings. Kostro reviewed the three findings that deal with pay codes, 2% withholding issues and Social Security withholdings for public employees. He mentioned that the PERAC audit also will be distributed and posted on the ERRS website when complete.

Virginia Boutchie, Town of Essex, explained that the Board of Selectmen in her town had voted years ago to have that municipality's firefighters since they are all call receive

Social Security rather than OBRA. Kostro said this could potentially be an issue noting that when he worked in Newbury the community changed from Social Security to OBRA and he mentioned how it can be expensive for a community to provide the match to Social Security benefit for employees. ERRS' Board member Ira Singer noted the Chapter 44 limitations related to this matter and mentioned legal constraints relative to a municipality contributing to an employee's retirement.

Kostro mentioned that the other ERRS procurement was hiring Stone Consulting as the new actuary. The valuation study is well underway and Kostro anticipates the final report in late summer or early fall. He indicated that the valuation study will be distributed to all the units and noted the importance of the study as it will determine the system's unfunded liability which directly affects the annual appropriation for the units.

Kostro also summarized details about the FY15 Salary Survey Process noting that it would use PERAC's process/timeline for verifying deductions and salary relative to member units' share of appropriation. In response to an inquiry from Greg Labrecque, Town of Groveland, he said the FY15 process should be faster than the previous process used. This updated process is used by nearly all other retirement systems.

He also addressed Governor's bill regarding significant changes in retirees' eligibility for health insurance that is explained in the ERRS spring newsletter and on the retirement system's website. Kostro provided an overview summarizing legislation that requires public employees to have 20 plus years of service and be age 60 in Group 1, age 55 for Group 2 and age 50 in Group 4 in order to receive health insurance as a retiree with coverage pro-rated for employees with more than 20 years of service. Kostro reiterated that details on this legislation and related changes in healthcare coverage for retirees are included in the spring ERRS newsletter.

Vote to Increase to \$12,000 in the Allowance Payable to Survivors of Disabled Public Employees effective July 1, 2013 pursuant to MGL, Chapter 32, Section 101

Merz summarized how the benefit deals with widow or widower of a disabled public employee and that there are 10 such members in the retirement system. He described conversation with a widow whose COLA increase had put her benefit higher than the \$9,000 voted in the past few years so she did not receive any additional benefit from that increase. Merz noted that the ERRS Board had approved the increase to \$12,000 at its January 28, 2013 meeting and this needs Advisory Council approval to implement.

Ms. Ellen Guerin of Boxford moved to accept the provisions of Massachusetts General Law, Chapter 32, Section 101 to increase to \$12,000 the allowance payable to widows and widowers of disabled public employees effective July 1, 2013, as approved by the Board of ERRS at their meeting on January 28, 2013. Seconded by Don Carter of Middleton. VOTE: Unanimous.

Vote to Approve Election Schedule for Third and Fourth Members

Kostro described details about legislation passed in 2010 for the Board of ERRS relative to election for Third and Fourth Members. He noted that all Board members whose terms began in 2010 have three year terms that are expiring and added that Legislation was passed last year to stagger the Board member terms so there would only be one election annually.

Kostro mentioned that the First Member is elected by the chief executives of the ERRS member units and serves a one-year term with an election to be held in September. The Second Member is elected by the Advisory Council and will serve a two-year term and election would be scheduled during Advisory Council's October meeting date. He added that after the Board members serve their one and two year terms in these positions the term period will be for three years. Kostro explained that the other two elected positions, Third and Fourth Members, would serve three year terms.

He noted that the Advisory Council has to vote to approve the use of single ballot for the election of the Third and Fourth Board members and that the recipients of the highest vote totals would be declared winners.

Ms. Virginia Boutchie of Essex moved that the Advisory Council hereby approves the use of a single ballot for the election of the third and fourth board members and further, that the two candidates receiving the highest vote totals shall be declared the winners; and further, that the schedule of the election shall be as follows:

<i>August 21, 2013</i>	<i>Notice of Election and Nomination Deadline Sent to All Active or Retired ERRS Members</i>
<i>October 10, 2013</i>	<i>Deadline for Filing Nomination Papers</i>
<i>October 21, 2013</i>	<i>Nomination Papers Filed with Advisory Council</i>
<i>November 4, 2013</i>	<i>Deadline for Mailing the Ballots</i>
<i>November 25, 2013</i>	<i>Postmark Deadline for Ballots</i>
<i>December 2, 2013</i>	<i>Counting of the Ballots</i>

Seconded by Jennifer Yaskell of Manchester. Discussion ensued about how all ERRS members have to be notified of an election but notice will clarify that Third and Fourth Members have to be retirees of ERRS. VOTE: Unanimous.

Merz asked as many Advisory Council members as possible to consider assisting with the counting of the ballots on December 2, 2013 since it is an arduous manual process.

Public Comment Period

Merz mentioned the retirement system information for public employees contained on the ERRS website including Board of ERRS meeting minutes, audio recording of Board

meetings, and he said he was available to answer any Advisory Council member questions.

Motion to Adjourn

Upon a motion by Mr. Greg Labrecque, Town of Groveland, seconded by Ellen Guerin, Town of Boxford, the Advisory Council voted unanimously to adjourn the meeting at 10:47 a.m.



Kevin A. Merz, Chair