

**ESSEX REGIONAL RETIREMENT BOARD  
FEBRUARY 27, 2017**

At a regular meeting of the Essex Regional Retirement System (ERRS) held on Monday, February 27, 2017 at 491 Maple Street, Suite 201 at 8:30 a.m. the following Board members were present for all or some of the meeting: Alan J. Benson, Vincent R. Malgeri, H. Joseph Maney (via Skype), Kevin A. Merz, and Susan J. Yaskell.

Also in attendance for all or some of the meeting were:

Charles Kostro, ERRS Executive Director  
Pamela Lynch, ERRS Administrative Assistant  
Michael Sacco, ERRS General Counsel  
Seth Lynn, Dahab Associates  
Vance Voss, Principal Real Estate  
Nick Stein, Sentinel Real Estate (via phone)  
Wai Cheong Tang  
Evonne, Translator for Mr. Tang  
J. Eric Chisholm, Attorney for Mr. Tang  
Brian L. Faye  
Charles Gray, North Andover Chief of Police

ERRS Board Acting Chair Susan J. Yaskell called the meeting to order at 8:32 a.m. The Board said the pledge of allegiance.

**Opening Statement by the Acting Chair – Recording of the Meeting**

Susan J. Yaskell, acting as the Chair, read the following statement: 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 attending this meeting that Pamela Lynch is recording this meeting.

**Remote Participation Announcement**

Susan J. Yaskell, acting as the Chair, read the following announcement: Pursuant to 940 CMR 29.10, the Chair is advising the meeting that Joseph Maney will be participating in this meeting remotely as permitted under Section (5) as geographic distance makes his attendance unreasonably difficult. I would also note for the record that a quorum of the Board is present at the meeting as required and that Mr. Maney will be participating via Skype and that he is clearly audible to everyone present.

In Mr. Maney's absence, I will be chairing this meeting as required by the Remote Participation Regulation. Finally, I want to remind the Board and those in attendance that all votes at a meeting in which a member participates remotely shall be by roll call.

## Approval of Board Minutes

Mr. Maney noted that he had recused himself from the executive session held on January 23, 2017 and that he should not appear in these minutes as having attended or as having voted. Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, Yes; Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve the minutes of the regular session of January 23, 2017 and the executive session minutes as amended for January 23, 2017.

## Public Comment Period

There was no public comment.

## New Enrollments

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; That the following named employees be enrolled in the Essex Regional Retirement System, a list of forty names beginning with Nicholas J. Aiello and ending with Susan G. Winslow.

<u>Name</u>	<u>Unit Name</u>	<u>Department</u>	<u>Hire Date</u>	<u>Group</u>
Aiello, Nicholas J.	N. Andover	School	01/09/2017	1
Arahovites, Michael A.	Merrimac	Police Dept.	12/05/2016	4
Ball, Dennis A.	Nahant	DPW	11/04/2016	1
Balsley, Sarah A.	Ipswich	School	11/29/2016	1
Bell, Casie E.	Pentucket RSD	School	08/30/2016	1
Boches, Arielle E.	Lynnfield	School	08/31/2016	1
Bruker, Barbara P.	Middleton	School	01/09/2017	1
Cassidy, Stephanie A.	Rockport HA	HA Staff	01/04/2017	1
Cavalieri, Christopher A.	Lynnfield	Fire Dept.	01/04/2017	4
Cook, Lindsey P.	Masconomet RSD	School	01/03/2017	1
Corricelli, Anthony R.	Triton RSD	School	01/17/2017	1
Evans, James R.	Ipswich	School	01/19/2017	1
Fahey, Christine C.	Pentucket RSD	School	12/16/2016	1
Gibeau, Christiann M.	Rockport	Library	01/03/2017	1
Godfried, Tara M.	Topsfield	School	09/26/2016	1
Hall, Dorothy T.	Pentucket RSD	School	08/29/2016	1
Hamel, Robert A.	North Andover	School	08/31/2016	1
Healey, Bryan M.	Ipswich	School	10/12/2016	1
Holmes, Teresa L.	Pentucket RSD	School	09/30/2016	1
Howell, Kimberley K.	Pentucket RSD	School	08/29/2016	1
Jackson, Bradford L.	North Andover	School	10/26/2015	1
Jartman, Joy W.	North Andover	School	01/03/2017	1

Jordan, Kevin R.	Topsfield	School	01/09/2017	1
Leczynski, Raymond G.	Ipswich	Utilities Dept.	01/03/2017	1
Ludwig, Freddy R.	Hamilton-Wenham RSD	School	01/03/2017	1
Lull, Gail H.	North Andover	Facilities	01/01/2017	1
MacKenzie, Jarrod T.	Middleton	Fire Dept.	01/09/2017	4
McCarron, Elizabeth E.	Pentucket RSD	School	09/19/2016	1
McGoldrick, Matthew J.	Salisbury	Civil Public Safety	01/24/2017	1
Mical, James B.	Triton RSD	School	12/19/2016	1
Miller, Hannah J.	Topsfield	School	09/26/2016	1
Mol, Kay	Manchester	DPW	01/03/2017	1
Nichols, Matthew C.	Lynnfield	Fire Dept.	01/01/2017	4
Normandie, Ellen M.	Pentucket RSD	School	08/30/2016	1
O'Neill, Rhonda L.	Georgetown	School	10/03/2016	1
Palangi, Brian P.	Nahant	Police Dept.	01/23/2017	4
Pesaturo, Alexandra	Lynnfield	School	12/04/2016	1
Racobaldo, Laura D.	Topsfield	School	09/01/2016	1
Sorabella, Krista M.	Lynnfield	School	01/01/2017	1
Winslow, Susan G.	Topsfield	Selectmen & Staff	01/04/2017	1

#### **Rescinding Membership – Walter Lesiczka**

Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, Yes; Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; That the membership of Walter Lesiczka be rescinded as he never met the membership requirements in effect at the time of his enrollment and that his funds be returned to the Haverhill Retirement Board.

#### **Late Entry into Membership – Robert Veator**

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; That pursuant to Massachusetts General Law, Chapter 32, Section 3(3), Robert A. Veator, a member from the Masconomet Regional School District shall be granted late entry into membership as of August 29, 2015.

#### **New Retirements**

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; That the following ten members of the Essex Regional Retirement System be awarded superannuation retirement benefits calculated as follows:

1. Jean S. Frash, Town of Ipswich, I.T. Director, Group 1  
Effective Retirement Date: December 31, 2016

- Monthly Retirement Allowance: \$2,407.33  
Annual Retirement Allowance: \$28,887.96
2. Ronald A. Hale, Town of Rockport, Assistant Wastewater Treatment Plant Operator, Group 1  
Effective Retirement Date: January 16, 2017  
Monthly Retirement Allowance: \$2,535.18  
Annual Retirement Allowance: \$30,422.16
  3. Mark T. Kelly, Town of Middleton, Electric Light Department Manager, Group 4  
Effective Retirement Date: January 31, 2017  
Monthly Retirement Allowance: \$11,745.60  
Annual Retirement Allowance: \$140,947.20
  4. Allan M. Kirker, Town of Manchester, Mechanic Assistant, Group 1  
Effective Retirement Date: December 31, 2016  
Monthly Retirement Allowance: \$2,796.93  
Annual Retirement Allowance: \$33,563.16
  5. David L. Mayerson, Town of Lynnfield, Police Officer, Group 4  
Effective Retirement Date: January 21, 2017  
Monthly Retirement Allowance: \$5,504.61  
Annual Retirement Allowance: \$66,055.32
  6. Paul A. Pellicelli, Middleton Housing Authority, Facilities Maintenance and Town of Middleton, Cable TV Director, Group 1  
Effective Retirement Date: December 31, 2016  
Monthly Retirement Allowance: \$5,730.72  
Annual Retirement Allowance: \$68,768.64
  7. Lauren M. Segee, North Andover Public Schools, Teacher Assistant, Group 1  
Effective Retirement Date: December 23, 2016  
Monthly Retirement Allowance: \$596.94  
Annual Retirement Allowance: \$7,163.28
  8. Jeffrey W. Tobey, Town of Wenham, Police Captain, Group 4  
Effective Retirement Date: January 1, 2017  
Monthly Retirement Allowance: \$6,630.54  
Annual Retirement Allowance: \$79,566.48
  9. Robert A. Veator, Masconomet Regional School District, I.T. Technician, Group 1  
Effective Retirement Date: December 30, 2016  
Monthly Retirement Allowance: \$1,075.17  
Annual Retirement Allowance: \$12,902.04

10. Larry C. Wonson, Town of Rockport, Wastewater Plant Operator, Group 1  
Effective Retirement Date: January 9, 2017  
Monthly Retirement Allowance: \$3,468.06  
Annual Retirement Allowance: \$41,616.72

### **Adjusted Retirements**

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, Yes; Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; That the following four retirees of the Essex Regional Retirement System have their superannuation retirement benefits adjusted as follows:

1. **ADJUSTED** Donna R. Delaney, Town of North Andover, Senior Center Assistant Director, Group 1  
Effective Retirement Date: June 30, 2016  
Monthly Retirement Allowance: \$1,716.36  
Annual Retirement Allowance: \$20,596.32
2. **ADJUSTED** Kristine Harrison, Town of Salisbury, Dispatcher, Group 1  
Effective Retirement Date: August 18, 2016  
Monthly Retirement Allowance: \$2,952.63  
Annual Retirement Allowance: \$35,431.56
3. **ADJUSTED** Donna M. Powierza, Town of Salisbury, Dispatcher, Group 1  
Effective Retirement Date: July 25, 2016  
Monthly Retirement Allowance: \$2,286.95  
Annual Retirement Allowance: \$27,443.40
4. **ADJUSTED** R. John Ryan, Town of Ipswich, Grants Manager, Group 1  
Effective Retirement Date: October 22, 2016  
Monthly Retirement Allowance: \$957.00  
Annual Retirement Allowance: \$11,484.00

It was noted that this item came up less than 48 hours prior to the meeting.

### **Disability Retirement Award – John A. Moretti**

Mr. Kostro noted that PERAC's approval letter for Mr. Moretti's benefit was received late last week. Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, Yes; Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; That in accordance with Policy Memo #16-29, John A. Moretti shall be awarded an accidental disability retirement benefit calculated as follows:

1. John A. Moretti, Pentucket Regional School District, Building Equipment Mechanic, Group I  
Effective Retirement Date: September 30, 2015  
Monthly Retirement Allowance: \$2,091.23  
Annual Retirement Allowance: \$25,094.76

### **Creditable Service Awards**

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; That the retirement system staff has verified that the required payments having been received, that the following members of the Essex Regional Retirement System be awarded creditable service as follows:

1. Daniel J. Crevier shall be awarded three years and six months of creditable service for the purchase of reserve police service from March 26, 1994 to October 19, 1997 with the Town of North Andover.
2. Kevin M. DeFeo shall be awarded two years and three months of creditable service for the purchase of reserve police service from September 28, 1997 to December 31, 1999 with the Town of Georgetown.
3. Henry G. Olshefsky shall be awarded five years and two months of creditable service for the purchase of reserve police service from December 2, 2008 to August 24, 2016 with the Town of Georgetown.
4. Carmela Pisano shall be awarded ten months of creditable service for the purchase of prior non-membership service from January 1, 1997 to October 12, 1999 with the Town of Lynnfield.

### **Denial of Liability**

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; that the Board accepts the recommendation of the Executive Director to deny liability for past service rendered by the following individuals as described below:

1. Carol L. Bender as the Gloucester Contributory Retirement System will not accept liability for her service from April 16, 2005 to January 11, 2007.
2. Margaret Smith Grimes, as requested by the Massachusetts Teachers Retirement System, for service rendered from September 2008 to June 2011, with the Triton Regional School District, as she was not a member of the retirement system, did not remit contributions, and was not wrongfully excluded during this period.

### **Refund Warrant**

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve the warrant for February 2017, to refund, rollover and transfer the total accumulated deductions for nineteen members beginning with Camilla A. Ayers and ending with Gilbert T. Winner in the total amount of \$196,654.15.

<b>Name</b>	<b>Type</b>	<b>Board or Institution</b>
Ayers, Camilla A.	Withdrawal	
Cass, Jeannie E.	Withdrawal	
Chaney, Kathy J.	Withdrawal	
Cirinna III, Frank G.	Withdrawal	
Costin, Kathleen A.	Withdrawal	
Doore, Christina M.	Rollover	Fidelity Management Trust
Falconer, Caitlin E.	Withdrawal	
Fichera, Alfred E.	Withdrawal	
French, Jeffrey C.	Withdrawal	
Hano, Michelle L.	Withdrawal	
Matthes, Jr., Ralph J.	Withdrawal	
Matthes, Jr., Ralph J.	Withdrawal	
McCoy, Cathy M.	Rollover	Bank of America N.A.
Picone, Jennifer	Rollover	John Hancock
Popielski, Robynne L.	Withdrawal	
Richards, Jill A.	Transfer	Mass Teachers Retirement System
Swaine, Richard E.	Withdrawal	
Tobey, Jeffrey W.	Withdrawal	
Tuxbury, Mary Ann	Withdrawal	
Winner, Gilbert T.	Withdrawal	

### **January Retirees Payroll**

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve the retirement allowances for the month of January in the actual amount of \$3,517,522.57.

## **February Retirees Payroll**

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve the retirement allowances for the month of February in the actual amount of \$3,563,710.08.

## **ERRS Payroll**

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve the payment of the ERRS employee payroll for February 3, 2017, in the amount of \$18,642.32, and for February 17, 2017 in the amount of \$20,517.32.

## **Cash Disbursement Warrant CD2017.02**

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve the Cash Disbursement Warrant CD2017.02 for February 2017 as presented in the total amount of \$67,123.21.

<b>Vendor</b>	<b>Amount</b>
Amity Insurance Agency, Inc., Fiduciary Insurance 17-18	28,312.00
Comcast	356.27
Town of Danvers Electric - #201	114.90
Town of Danvers Electric - #202	184.88
Eastern Mass. Treasurer & Collectors Luncheon	20.00
H.C.O.P.T. Monthly Condo Fee	1,482.00
HIQ Computers - Invoice #113875	55.00
Harpers Payroll Service	85.59
Harpers Payroll Service	73.34
Kingsbury Press - 2016 1099R	27.45
Kostro, Charles - Reimbursement for Messenger Service	48.46
Law Office of Michael Sacco - Monthly Fee	6,204.00
Lynch, Pamela - Board Meeting Supplies	16.47
Murphy, Hesse, Toomey & Lehane - December 2016	275.00
Murphy, Hesse, Toomey & Lehane - January 2017	67.50
Neopost - Postage	5,010.00
Rainmaker Spring LLC - Office Water	12.75
Red Sun Press - Folders	1,485.00
Retrievex Monthly Bill	275.44
Ricoh USA, Inc. - Monthly Copier Bill - January 2017	306.73



Ricoh USA, Inc. - Monthly Copier Bill - February 2017	306.73
S.J. Services, Inc. - Office Cleaning Bill - February 2017	225.00
S.J. Services, Inc. - Office Cleaning Bill - January 2017	225.00
Salisbury Housing Authority - FY2018 Appropriation Overpayment	194.00
State Street Bank & Trust - Final Bill	16,887.93
Stone Consulting, Inc. - Final 2016 Valuation Study	750.00
Stone Consulting, Inc. - 4th Quarter 2016	1,950.00
Techevolution - Hosting Fee - 2017	215.40
Verizon Wireless	159.96
W.B. Mason Company, Inc. - Office Supplies	495.91
Wayne Alarm Systems, Inc. - Installation Deposit	1,300.50
Total	67,123.21

#### **Cash Disbursement Warrant CD2017.02a**

Upon a motion by Kevin A. Merz, seconded by Alan J. Benson, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve the Cash Disbursement Warrant CD2017.02a for wire transfers for February 2017 as presented in the total amount of \$1,750,000.00.

<b>Date</b>	<b>Vendor</b>	<b>Amount</b>
2/24/2017	PRIM - Transfer to Eastern Bank	1,750,000.00
	Total	1,750,000.00

#### **COLA Hearing**

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To open the public hearing to consider a Cost of Living Adjustment (COLA) for eligible retirees of the Essex Regional Retirement System.

#### **COLA of 3% Effective July 1, 2017**

Acting Chair Yaskell noted that no one was in the audience to testify on the COLA increase. Mr. Kostro advised the Board that no comments pro or con had been received regarding the COLA. Mr. Benson stated his opposition to the COLA increase in light of the funded ratio of the retirement system and the challenge the retirement appropriation places on communities. Mr. Merz acknowledged the challenge faced by the communities but he also described his interaction with retirees and the importance to them of this annual increase. He pointed out that the 3% is on only part of the benefit and that our retirees actually fall behind those receiving Social Security over time. Mrs. Yaskell reiterated that this increase is only on the COLA base. Mr. Malgeri stated that this

increase is the least we can do for our retirees, who also face increases in medical costs and other items and that opposing this increase would join us with only one other retirement system in the state. Mrs. Yaskell asked Mr. Kostro what the average benefit is that is paid to retirees and he responded that it is \$20,000 annually. Mrs. Yaskell stated that she does not believe the unfunded liability should be balanced on the backs of the retirees. Mr. Maney said that he too understands the burden of the retirement appropriation on the communities but he noted the importance of the COLA to the retirees and he would be voting in favor of the increase. Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, No; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve a Cost of Living Adjustment (COLA) of 3% for eligible retirees of the Essex Regional Retirement System to be effective as of July 1, 2017.

The Board took a break at 9:06 a.m.

The Board returned to open session at 9:12 a.m.

#### **Quarterly Investment Performance Report – Dahab Associates**

Seth Lynn from Dahab Associates reviewed the fourth quarter 2016 investment performance. He also reviewed the residual holdings remaining with State Street Bank, the former custodial bank, and how to address those. Mr. Lynn reviewed PRIT's fourth quarter performance and the emphasis placed on STRIPS investment and how that has performed over time. While the fourth quarter performance was not as good as the performance over the last few years, the margin between the upper tier performers and the lower tier in the fourth quarter is very narrow. Discussion ensued about whether an investment consultant can provide value to a system like ERRS that is going fully into the PRIT Fund. Mr. Maney spoke in favor of Dahab conducting an updated asset mix study and reporting back to the Board at the March meeting. Mr. Benson questioned whether there is any real difference between an investment strategy for the \$62 billion PRIT Fund and a local retirement board. He noted that the rules are all the same and that actuarial studies tend to have the same conclusions. Mr. Benson stated that he doesn't see where any tweaking of investment strategy would make any significant differences. The Board discussed the \$5,500 in STRIPS held at State Street and the \$212 in stock remaining with the custodial bank. Mr. Kostro stated that Eastern Bank has no account that these holdings can be moved to. Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; to provide authority to the Executive Director to dispose of the residual holdings remaining with State Street Bank as he, in his sole opinion, deems appropriate.

### **Principal Real Estate**

Vance Voss described the performance of the fund and the remaining assets in the fund, which may be distributed within the next year.

### **Sentinel Real Estate**

Nick Stein reviewed the final amount remaining in the fund, which has been held back due to a tax issue. Upon resolution of the tax issue, the final distribution will take place. He expected the final distribution to take place in the first quarter of 2017.

### **Executive Director's Salary and Employment Agreement**

Mr. Malgeri reviewed the February 1<sup>st</sup> meeting with Mr. Maney and Mr. Kostro noting that the draft agreement was reviewed paragraph by paragraph and that he recommends that the Board approve the new agreement. Mr. Maney pointed out that the salary increases for the term of the contract were discussed and that Mr. Kostro volunteered to limit his salary increases to 1.5% annually. Mr. Maney said that they were prepared to go higher but that Mr. Kostro wanted to limit the effect of his salary on future budgets so that sufficient funds will always be available for increases for the other employees. Mr. Benson stated that did not understand why the length of the agreement was five years. Mr. Malgeri pointed to examples of other executive employment agreements that are five years in length. Mr. Malgeri also pointed out that many other employment agreements have set salaries as well, but at a higher rate, usually 2.5%. Mrs. Yaskell commented that she thought the salary increase rate set in the agreement was a bargain for the retirement system. Mr. Malgeri also noted that he and Mr. Maney believe ERRS has a very effective Executive Director and they want to retain him. Mr. Benson then asked if termination without cause was considered. Mr. Malgeri pointed out that clauses permitting termination without cause almost always include a severance payment and that there is no severance package in the proposed agreement for Mr. Kostro. Mr. Maney noted that Mr. Kostro has been with the Board for six years now and the Board knows the relationship it has with the Executive Director. He did not believe, therefore, that termination without cause was an issue. Discussion ensued that the Board has never provided a severance package in any of the Executive Director's employment agreements. Mr. Benson stated that he understands based on how things have gone with Mr. Kostro since he was hired that termination without cause is not really an issue. However, he reiterated his opposition to setting the salary for the term of the agreement and to a five year agreement. Mr. Merz indicated his support for the agreement as drafted. Mrs. Yaskell also stated her support for the agreement as drafted.

### **Executive Director's 2017 Salary**

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve an increase of 1.5% in the salary of the Executive Director and to set his salary at \$143,575 retroactive to January 1, 2017.

### **Executive Director's Employment Agreement**

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, No; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To retain Charles E. Kostro as Executive Director for the period of January 1, 2018 through December 31, 2022, and to approve the draft employment agreement as presented, subject to review by Counsel and a final vote of the Board.

### **Final 2016 Budget Transfers**

Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To transfer \$5,260 from the Reserve Fund to the following line-items in the 2016 budget:

- To the line-item entitled Health, Life and Dental Insurance the sum of \$1,786;
- To the line-item entitled Workers Compensation Insurance the sum of \$70;
- To the line-item entitled Michael Sacco, Attorney at Law the sum of \$3,084;
- To the line-item entitled Travel the sum of \$80;
- To the line-item entitled Storage Facility the sum of \$240.

### **Alarm System Agreement Options**

Mr. Kostro reviewed the history of the current alarm agreement and the two proposals before the Board. He described his efforts to terminate the agreement with the current vendor going back to 2011 as he felt the cost was excessive. However, before he arrived as Executive Director, another employee had committed the retirement system to this agreement for five years. This year, the staff secured a competing proposal and he noted the savings of \$17,000 over a five year period if the Board selects the recommended vendor, Wayne Alarm. Mr. Kostro pointed out that Wayne Alarm was the recommended company by the property management firm and he could find no documentation as to why the other vendor was selected many years ago by the prior Board. Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve the agreement for office security services submitted by Wayne Alarm Systems, Inc., for a period of five years.

### **Revised Banking Services RFP**

Mr. Kostro reviewed the changes he made concerning fees in the revised Banking Services RFP. Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve the revised Request for Proposals for Banking Services as presented.

### **Updated Tablets**

Mr. Kostro reviewed the options for purchasing new tablets to replace the current ones purchased in 2012. Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To authorize the Executive Director to purchase five new Apple iPad Air2 base model tablets at an estimated price of \$399.

### **Disposal of Surplus Property**

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To authorize the Executive Director to dispose of seven surplus desk chairs and ten surplus pieces of table top glass.

### **Release of Executive Session Minutes**

Mr. Kostro noted that the Salem News had made a request for the executive session minutes from January 26, 2015. While the Salem News appears to have written their story on the subject of the executive session, Mr. Kostro felt that under the Open Meeting Law the Board was obligated to act on the request. Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To authorize the release of the executive session minutes of January 26, 2015.

### **Termination of Labaton Sucharow**

Mr. Kostro noted that ERRS has 95.6% of its assets invested in the PRIT Fund and no other securities litigation cases are pending. He noted that the termination clause in the agreement seems clear, but if the Board should choose, Counsel can always review the termination letter. Discussion ensued that the termination language in the agreement was clear. Upon a motion by Vincent R. Malgeri, seconded by Alan J. Benson, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To terminate the Agreement with Labaton Sucharow LLP for securities litigation services pursuant to Section 9 of the Agreement.

### **Proxy Vote – TA Realty**

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To authorize the Acting Chair to vote FOR Michael A. Ruane per the proxy vote requested by TA Realty.

The Board took a break at 10:40 a.m.

The Board returned to open session at 10:47 a.m.

## Executive Session

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To move to executive session to act on the disability applications of Brian Faye, Wai Cheong Tang and Kenneth Trofatter.

Ms. Yaskell advised that the Board will return to open session upon the conclusion of the executive session only for the purpose of adjourning the meeting and that votes taken in the executive session will be recorded in the open session meeting minutes.

The Board moved into executive session at 10:47 a.m.

The Board returned to open session at 11:40 a.m.

While in executive session, the Board voted as follows:

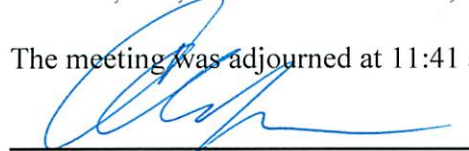
Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve the accidental disability application of Wai Cheong Tang.

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; That the Public Employee Retirement Administration Commission schedule a regional medical panel for Brian Faye and to authorize Counsel to submit such questions as he may deem relevant to this application.

## Motion to Adjourn

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To adjourn the meeting

The meeting was adjourned at 11:41 a.m.



Alan J. Benson



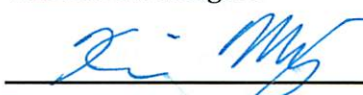
H. Joseph Maney



Susan J. Yaskell



Vincent R. Malgeri



Kevin A. Merz

In addition to the materials provided to the Board for items acted upon at the meeting, the following documents were also provided:

November and December Financial Reports  
Agenda Posting Checklist  
BlackRock Distribution Notice dated January 23, 2017  
Boston Globe Article – Pension Fund Securities Litigation  
Boston Globe Article – PRIM Board Response  
Executive Director’s Schedule  
February Payments Received Memo  
Levin Leichtman Fund III Distribution Letter dated January 31, 2017  
Levine Leichtman Fund IV Distribution Letter dated January 31, 2017  
Mass Ventures Distribution Letter dated January 25, 2017  
Monthly Fund Transfers  
Monthly Reconciliation Report for January 2017  
PERAC FY2018 Revised Appropriation Letter  
PERAC Memos 10 through 12 of 2017  
PERAC Pension News No. 45  
PERAC Revised Funding Schedule Letter  
Pioneer Institute Study on Public Pension Investments  
PRIT Fund Monthly Performance Reports for December and January  
Schedule of Investment Returns – Money-Weighted Rate of Return  
Securities Litigation Report for Q3 and Q4 of 2016  
TA Realty Distribution Notice Letter dated February 16, 2017