

ESSEX REGIONAL RETIREMENT BOARD
FEBRUARY 29, 2016

At a regular meeting of the Essex Regional Retirement System (ERRS) held on Monday, February 29, 2016 at 491 Maple Street, Suite 201 at 8:30 a.m. the following Board members were present for all or some of the meeting: H. Joseph Maney (via telephone and Skype), Susan J. Yaskell, Vincent R. Malgeri, Kevin A. Merz, Alan J. Benson.

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

Jane Dooley, Board Secretary
Charles Kostro, ERRS Executive Director
Michael Sacco, ERRS General Counsel
Kelly Patterson, Court Reporter
Greg McNeillie, Dahab Associates
Seth Lynn, Dahab Associates
George Howe, Former Town manager in Ipswich
Nicholas Poser, Attorney for Paul Bedard
Vance Voss, Principal Global Advisors Fund
Bob Bartlett, Sentinel Real Estate Fund IV

ERRS Board Acting Chairman Susan J. Yaskell called the meeting to order at 8:30 a.m. The Board said the pledge of allegiance.

Opening Statement by the Chair – Recording of the Meeting

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 Jane Dooley, the Board Secretary, is recording this meeting.

Remote Participation Announcement

From the Acting Chair Susan J. Yaskell: 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 is participating via telephone and Skype and that he is clearly audible to everyone present.

Also, I would note as well that 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.

Cost of Living Adjustment Public Hearing

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, Susan J. Yaskell, yes, Vincent R. Malgeri, yes, H. Joseph Maney, yes, to open the public hearing to consider a Cost of Living Adjustment (COLA) of up to 3% to eligible retirees of the Essex Regional Retirement System to be effective as of July 1, 2016.

Malgeri and Maney both expressed support for the increase. Benson explained that ERRS is working toward full funding by 2035 and is at 50% now. He noted that 7% to 8% annual increase is what is occurring for assessments to the member communities. Benson suggested that expectations need to change including 3% COLA increase in annual funding plan which is costing millions of dollars in overall unfunded liability. He thought ERRS was not in a position to vote for the increase. Merz viewed the COLA base as the issue every year which is at \$13,000 and gave the example of a retiree receiving \$39,000 a year with the 3% annual COLA increase this gives the retiree a 1% increase on his/her pension and is not enough to keep up with inflation. He added that many retirees are not able to get Social Security and ERRS should do what it can to create a similar standard of living for retirees. Yaskell noted that some retirees are receiving \$17,000 a year for pension and she thought the retirees deserved the 3% increase.

Public Comment

George Howe, retiree and former Ipswich town manager, was in attendance and stated how the 3% was appreciated every year and expressed interest in Board support for the COLA increase.

COLA of 3% Effective July 1, 2016

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, no, Susan J. Yaskell, yes, Vincent R. Malgeri, yes, H. Joseph Maney, 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, 2016.

Approval of Board Minutes

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, abstained since she did not attend, to approve the minutes of the regular and executive session of the meeting of January 25, 2016.

New Enrollments

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, that all of the required documentation has been received to enroll the following named employees in the Essex Regional Retirement System, a list of 28 names beginning with Janice Ayala and ending with Sarah Yurenda.

<u>Name</u>	<u>Unit Name</u>	<u>Department</u>	<u>Hire Date</u>	<u>Group</u>
Ayala, Janice	Ipswich	School	01/19/16	1
Bahret, Ariana M	North Andover	School	01/04/16	1
Breton, Linda J	Manchester-Essex RSD	School	01/04/16	1
Brown, Roxanne S	Manchester-Essex RSD	School	01/04/16	1
Brown, Tracey J	Eastern Essex Veterans	Veterans	12/14/15	1
Carlson, Emily H	Ipswich	School	01/11/16	1
Chaimovich, Seymour	Triton RSD	School	01/04/16	1
Daniels, Anna	North Andover	School	02/12/16	1
Elman, Lindsay T	Lynnfield	School	01/04/16	1
Godin, Leslie P	Georgetown	Building	01/04/16	1
Graves, Stephanie	Manchester-Essex RSD	School	09/28/15	1
Grenham, Kelsey M	West Newbury	Police (Dispatch)	01/11/16	1
Hardiman, Laura A	North Andover	School	01/04/16	1
Ichton, Geoffrey L	North Andover	School	01/04/16	1
Kobierski, Kyle R	North Andover	Fire	01/19/16	4
Leccese, Corryn M	North Andover	School	01/04/16	1
Lynch, Krista	North Andover	School	11/24/14	1
Maguire, Gerard J	North Andover	Veterans	01/11/16	1
McCulloch, Jr., Scott A	Hamilton	Highway	01/11/16	1
Mscisz, Jeramie M	Middleton	Electric	01/12/16	4
Napolitana, Stephen C	Manchester-Essex RSD	School	12/20/15	1
Perkins, Christopher D	Merrimac	Sewer	01/19/16	1
Reed, Arthur A	West Newbury	Police	01/25/16	4
Rubchinuk, Robert J	Middleton	Electric	01/19/16	4
Rutherford, Shirley A	Pentucket RSD	School	08/26/15	1
Steinmetz, Paula T	Middleton	Police (Dispatch)	01/11/16	1
Wynn, Andrea M	North Andover	School	09/15/15	1
Yurenda, Sarah M	Pentucket RSD	School	01/20/16	1

New Retirements

It was noted that Barbara Sanborn had her pension adjusted due to pro-rated service from 1992 to 1996 before regulation in September 1996 so this was considered full time. Also, three members who are retiring were subject to anti-spiking so a certain amount of their salary has been excluded from their retirement calculation benefit. According to PERAC, if salary is excluded from benefit calculation the member is due a refund of any holdings portion of salary.

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, that the retirement system staff has verified that the necessary documentation has been received and that the following sixteen members of the Essex Regional Retirement System be awarded superannuation retirement benefits calculated as follows:

1. Kathleen J. Berggren, Town of Ipswich, Librarian, Group 1
Effective Retirement Date: January 1, 2016
Monthly Retirement Allowance: \$988.89
Annual Retirement Allowance: \$11,866.68
2. Holly R. Carney, Hamilton-Wenham Regional School District, Bus Driver, Group 1
Effective Retirement Date: February 6, 2016
Monthly Retirement Allowance: \$665.70
Annual Retirement Allowance: \$7,988.40
3. Pauline M. Evans, Town of Topsfield, Assessor, Group 1
Effective Retirement Date: January 4, 2016
Monthly Retirement Allowance: \$4,490.19
Annual Retirement Allowance: \$53,882.28
4. John E. Farley, Triton Regional School District, Instructional Asst., Group 1
Effective Retirement Date: January 8, 2016
Monthly Retirement Allowance: \$861.64
Annual Retirement Allowance: \$10,339.68
5. Lisa A. Holmes, Town of West Newbury, Police Chief, Group 4
Effective Retirement Date: December 31, 2015
Monthly Retirement Allowance: \$8,310.21
Annual Retirement Allowance: \$99,722.52
6. Kathleen A. James, Ipswich Public Schools, Teaching Assistant, Group 1
Effective Retirement Date: January 15, 2016
Monthly Retirement Allowance: \$501.76
Annual Retirement Allowance: \$6,021.12

7. Roberta M. Knight, Town of Topsfield, CDC/Purchasing Agent, Group 1
Effective Retirement Date: January 4, 2016
Monthly Retirement Allowance: \$4,247.67
Annual Retirement Allowance: \$50,972.04
8. William J. Krajewski, Town of West Newbury, Assessor, Group 1
Effective Retirement Date: February 1, 2016
Monthly Retirement Allowance: \$3,557.61
Annual Retirement Allowance: \$42,691.32
9. Frederick J. McCarthy, Town of North Andover Fire Department, Lieutenant, Group 4
Effective Retirement Date: January 16, 2016
Monthly Retirement Allowance: \$5,461.80
Annual Retirement Allowance: \$65,541.60
10. James R. Morton, Town of Groveland Police Department, Police Officer, Group 4
Effective Retirement Date: December 28, 2015
Monthly Retirement Allowance: \$3,609.60
Annual Retirement Allowance: \$43,315.20
11. Rita M. Negri, Town of Ipswich, Finance Director, Group 1
Effective Retirement Date: February 1, 2016
Monthly Retirement Allowance: \$4,069.33
Annual Retirement Allowance: \$48,831.96
12. Charlotte M. Peterson, Town of Lynnfield, Dispatcher, Group 1
Effective Retirement Date: January 2, 2016
Monthly Retirement Allowance: \$2,452.26
Annual Retirement Allowance: \$29,427.12
13. **ADJUSTED** - Barbara Sanborn, Masconomet Regional School District, Payroll/Benefits Coordinator, Group 1
Effective Retirement Date: June 30, 2015
Monthly Retirement Allowance: \$2,376.33
Annual Retirement Allowance: \$28,515.96
14. Louis R. Solomon, Town of North Andover, DPW Employee, Group 1
Effective Retirement Date: January 1, 2016
Monthly Retirement Allowance: \$1,364.63
Annual Retirement Allowance: \$16,375.56
15. Pamela J. Wood, Town of Topsfield, Town Accountant, Group 1
Effective Retirement Date: January 6, 2016
Monthly Retirement Allowance: \$2,783.13

Annual Retirement Allowance: \$33,397.56

16. Pamela L. Zengilowski, North Andover Public Schools, Transportation Coordinator, Group 1

Effective Retirement Date: January 4, 2016

Monthly Retirement Allowance: \$1,877.02

Annual Retirement Allowance: \$22,644.24

Creditable Service Awards

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

1. Robert A. Blanchard, a member from the Town of Wenham, shall be awarded nine years and six months of corrected creditable service previously purchased in part for call fire service rendered from 1979 to 2001, with the Town of Wenham.
2. William H. Budrow, a member from the Town of Rockport, shall be awarded four years and two months of reserve police service rendered from April 4, 1995 to June 21, 1999, with the Town of Rockport.
3. Catherine M. Gerry, a member from the Town of Topsfield, shall be awarded one year and three months of prior non-membership service rendered from November of 1981 to July 15, 1984, with the Town of Topsfield.
4. John T. Hanson, a member from the Town of North Andover, shall be awarded four months of military service rendered from May 21, 1970 to October 16, 1970.
5. Scot T. Harris, a member from the Town of North Andover, shall be awarded one year and eleven months of call fire service rendered from November 21, 2010 to November 11, 2012, with the Town of North Andover.
6. Traci L. Masterson, a member from the Essex Regional Retirement System, shall be awarded two years and seven months of refunded service rendered from November 4, 1994 to July 1, 1997, with the Town of Danvers. (She is being charged 8% interest because she did not buy the service within a year and Scott Provensal managed the creditable service award).
7. Jack L. Risacher, a member from the Town of North Andover, shall be awarded two years of call fire service rendered from August 31, 1995 to September 7, 1997, with the Town of North Andover.

8. Michael R. Szydlo, a member from the Town of Ipswich, shall be awarded two years of creditable service for the balance of his military time originally partially purchased in 1996.
9. Eugene P. Willis, a member from the Town of North Andover, shall be awarded three months of prior non-membership service rendered from June 9, 1970 to September 8, 1970, with the Town of North Andover.

Approval of Installment Plans

Upon a motion by Kevin A. Merz, seconded by Alan J. Benson, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, that the retirement system staff has verified that the proper documents having been received, that installment payment plans for following two members of the Essex Regional Retirement System be approved as follows:

1. David R. Bowling, for the purchase of military service, which shall be paid in full on or before March 10, 2019, in accordance with the terms and conditions as presented.
2. James Parisi, for the repayment of post-retirement over-earnings, which shall be restructured so that full payment shall now be made on or before November 30, 2017, in accordance with the terms and conditions as presented.

Acceptance of Liability

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

1. Joan Lundquist, as requested by the State Board of Retirement for ten years and nine months of refunded service for the period of February 3, 2003 to November 4, 2013.
2. John McDonnell, as requested by the Melrose Retirement Board for four years and ten months of refunded service for the period of April 23, 2001 to February 27, 2006.
3. Vicki Permatteo, as requested by the Boston Retirement Board for nine months of refunded service for the period of September 1, 1999 to June 16, 1999.

Denial of Liability

Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R.

Malgeri, yes, Susan J. Yaskell, yes, that the Board accepts the recommendation of the Executive Director to deny liability for past service rendered by the following members as described below:

1. Tora Huntington, as requested by the Massachusetts Teachers Retirement System for the period of August 25, 1977 to June 30, 1978, as this person was not eligible for membership during this period and ERRS did not receive contributions for this service.
2. Martha Verrington, as requested by the Massachusetts Teachers Retirement System for the period of September 1998 to December 1999, as this person was not eligible for member during this period and ERRS did not receive contributions for this service.

Refund Warrant RT2016.02

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the warrant for February 2016 to refund, rollover or transfer the total accumulated deductions for members beginning with and ending with as described below in the total net amount of \$134,231.83.

Name	Type	Board or Institution
Bergeron, Catharine R.	Transfer	Mass Teachers Retirement System
Boss, Angela Matthews	Withdrawal	
Brooks, Edward Allen	Withdrawal	
Carito, Karen A.	Rollover	National Financial Services
Chaput, Lynette M.	Transfer	State Retirement Board
Cieniewicz, Irene A.	Rollover	Fidelity Management Trust
Dawson, Colleen	Transfer	Mass Teachers Retirement System
Dichiara, Josephine N.	Rollover	Allianz Life Insurance Commission
Evans, Pauline	Withdrawal	
Frontiero, Irene R.	Withdrawal	
Giampietro, Lisa M.	Rollover	Dodge & Cox Funds
Heath, Patricia M.	Withdrawal	
Ingerson, Joyce C.	Withdrawal	
Lynch, Krista L.	Withdrawal	
Mansfield, Charles F.	Rollover	First Clearing Corporation
Melkonian, Jenna V.	Withdrawal	
Molloy, Patricia A.	Transfer	State Retirement Board

Paduchowski, Krista A.	Rollover	Merrill Lynch - Cash Management
Wood, Pamela J.	Withdrawal	
Zengilowski, Pamela L.	Withdrawal	

January Retirees Payroll

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the retirement allowances for the month of January in the actual amount of \$3,337,464.84.

Option B Refunds

Upon a motion by Vincent R. Malgeri, seconded by Alan J. Benson, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve Option B refunds in the February retirees payroll for the following two members in the amounts as calculated below:

1. On behalf of member Elizabeth Heckman, the amount of \$10,077.32, payable to Option B recipient Bonnie Girard.
2. On behalf of member Richard Lysiak, the amount of \$3,806.31, payable to Brianna Lysiak and the amount of \$3,806.31, payable to Bridget Lysiak.

According to the PERAC audit as part of internal controls, Option B refund votes need to be done separately by the Board.

February Retirees Payroll

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the retirement allowances for the month of February in the actual amount of \$3,413,050.44.

ERRS Payroll

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the payment of the ERRS employee payroll for February 4, 2016, in the amount of \$18,338.40, and the February 18, 2016 payroll in the amount of \$20,247.99.

Cash Disbursement Warrant CD2016.02

Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R.

Malgeri, yes, Susan J. Yaskell, yes, to approve the Cash Disbursement Warrant CD2016.02 for February 2016 as presented below in the total amount of \$73,248.21.

Vendor	Amount
ASI Flexible Spending Account - Administrative Fees - 2016.01	10.00
Amity Insurance - Fiduciary and Crime Coverage Policy Renewal - 2016-2017	27,913.00
Carleton, Katherine - Mileage for PERAC Training	24.97
Comcast - 2016.03	336.57
Town of Danvers Electric - #201	110.87
Town of Danvers Electric - #202	219.73
Jane Dooley - February Meeting	275.00
Groveland Housing Authority - 2015 Overpayment Deductions	30.53
H.C.O.P.T. - Condo Fee - 2016.03	1,482.00
HIQ Computers - #110484	330.00
HIQ Computers - #110323	825.00
Harper's Payroll Service - 2016.02.16	85.79
Harper's Payroll Service - 2016.02.02	73.54
Law Office of Michael Sacco - 2016.01	13,354.40
Murphy, Hesse, Toomey & Lehane, LLP - 2015.12	1,088.20
Murphy, Hesse, Toomey & Lehane, LLP - 2016.01	360.00
Purchase Power - Postage	5,050.00
Rainmaker Spring LLC - 2016.01	12.75
Retrievex - 2016.02	228.80
Ricoh Americas Corporation - 2016.02	325.48

Salem News - 48 Week On-Line Subscription	168.15
Speicher, Anne - Mileage for PERAC Training	22.30
State Street Bank & Trust - Q4 2015 Fees	16,393.08
Stone Consulting - December and January 2016 - Out of Scope Work	2,900.00
Verizon Wireless - 2016.01	125.13
W.B. Mason Company, Inc. - Office Supplies - 2016.01	1,502.92
Total	73,248.21

Cash Disbursement Warrant CD2016.02a – Wire Transfers

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the Cash Disbursement Warrant CD2016.02a for wire transfers for February 2016 as presented below in the total amount of \$2,028.00.

Date	Vendor	Amount
12/28/2015	Principal Green Management Fees - Q4 2015	2,028.00
	Total	2,028.00

Financial Reports

Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, that the Board acknowledges receipt of the financial reports for the month as listed below:

- The Account Summary Report for December 2015
- The Account Adjustments Report for December 2015
- The Cash Disbursement Report for December 2015
- The General Ledger Report for December 2015
- The Cash Receipts Report for December 2015
- The Trial Balance for the Period of January 1, 2015 through December 31, 2015
- The Monthly Cash Reconciliation Report for December 2015
- The Fund Transfers for February 2016
- The Monthly Expenditure Report for December 2015
- The Monthly Expenditure Report for January 2016
- The PRIT Fund Performance Report for December 2015

- A Distribution Notification from BlackRock, Fund IV in the amount of \$460,000.00
- A Distribution Notification from TA Realty Associates, Fund IX in the amount of \$135,594.00.

The PERAC auditors want a record in the minutes that the Board had seen the financial reports. Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, that all documents in the Board's monthly meeting packet be listed and included in the monthly Board minutes.

TA Realty Proxy Vote

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to authorize the Chair to cast a proxy vote for to re-elect Noel G. Posternak to service as a Class B Director of the TA Realty Associates Fund IX Corporation.

Investment Policy

Executive Director Kostro presented the Board with a draft investment policy. Kostro noted that he had worked with Dahab Associates over the last several months to draft a policy that put in writing the investment policy followed by the Board over the last few years. Seth Lynn from Dahab Associates noted that the draft policy was one of the best he has seen. The policy includes investment objective and asset allocation relative to ERRS working toward moving all assets into the PRIT fund where PRIM has its own investment policy. The PERAC auditors have asked ERRS for its investment policy.

Upon a motion by Vincent R. Malgeri, seconded by Alan J. Benson, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve policy memo #16-26 Establishing Investment Policy for the retirement system as presented.

Dahab Associates – Authorization for Custodial Bank Procurement Investment Policy

State Street Bank has been the custodial bank for ERRS. PERAC views that custodial bank contracts should be limited from five to seven years. The State Street Bank contract is up this year and these custodial services need to be procured. There is a recommendation for Dahab Associates to manage the procurement for provision of custodial bank services for \$12,000.

The expected response to this RFP is about six banks, and an asset base fee would be built in (i.e., 2 basis points on net asset value) so this is where increases would occur. ERRS does not have much active equity with so many assets in the PRIT fund so it is unlikely fees on PRIT assets would be incurred. ERRS has paid State Street Bank

\$60,000 in the last few years. Distributions from ERRS's private fund managers go to short term cash fund. The balance ERRS keeps at State Street Bank is \$1 million to pay its bills. Kostro and Finance Director Ann Speicher have met with State Street Bank. Discussion addressed if a bidding bank would present a fee schedule (i.e., flat fee for 5 years).

Discussion was on flat fee arrangement with Dahab Associates due to how much of ERRS's assets are in the PRIT fund, and work hours that the consultant expects will be required for the custodial bank procurement process for \$12,000 especially relative to due diligence for PERAC. The consultant will review and rank the bid proposals for the Board assessment. Kostro stated that he was comfortable bringing the authorization for custodial bank procurement forward for Dahab Associates.

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, no, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, that pursuant to Section III of the agreement between Dahab Associates and ERRS, the Board does hereby authorize and direct Dahab Associates to conduct a procurement for the provision of custodial bank services in accordance with the requirements of Chapter 176 of the Acts of 2011, and that the fee for this service shall not exceed \$12,000.

Annual Investment Manager Meetings:

Dahab Associates – Q4 2015 Investment Performance Report

Dahab Associates presented the Q4 2015 investment performance report with large cap growth stocks the strength in the market. Also, that PRIT global equity is up over 5%. Although the bond market and fixed income drew down returns. PRIT fund did well in public market not as well with hedge fund and private equity. ERRS did well with its private real estate and private equity investments. Dahab Associates will investigate information relative to PRIT's exposure to fossil fuel and report to Board.

Principal Global Advisors Fund

Vance Voss reported on assets sold, and 15.1% return on investment for fund. The end of fund life is projected for August 2016.

Sentinel Real Estate Fund IV

Bob Bartlett described how the fund is being wound down with all direct investments sold. One of two remaining investments will be sold. Next month ERRS will receive \$75,000. The final property will be sold and fund closed in May. The fund had an overall 11% return. ERRS invested \$1 million and reinvested \$2 million. Distributions have been \$3 million and \$1 million is left in the fund. Income from fund for life of fund was 6%.

The Board took a break at 10:11 a.m. and the meeting was reconvened at 10:24 a.m.

Release of Executive Session Minutes

ERRS General Counsel Michael Sacco summarized that Attorney Tom Fallon had requested exhibits from Peter Nikas case with appropriate redactions. Attorney Fallon is advancing an argument (alleged bias) in court about Sacco acting as ERRS counsel and hearing officer and would use the exhibits to prepare his case. ERRS usually releases any minutes on a quarterly basis.

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the release that portion of the executive session minutes recording and the associated exhibits regarding the Section 15 hearing of Peter Nikas on August 31, 2015 and September 28, 2015.

2015 Final Line-Item Transfers

Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to transfer \$15,542 from the Reserve Fund in the 2015 budget as described below:

To the line-item entitled Actuarial Consulting Fees the amount of \$500;
To the line-item entitled Alarm System the amount of \$479;
To the line-item entitled Michael Sacco, Attorney at Law the amount of \$12,917;
To the line-item entitled Murphy, Hesse, Toomey and Lehane the amount of \$1,101;
To the line-item entitled Stationary & Mailings - Annual Statements the amount of \$545.

There have been an extraordinary number of DALA cases moving along quickly that Sacco has addressed as well as activity on Swallow case which put the legal budget over last year. There are 14 disability cases pending at ERRS. Also, there was a matter at the beginning of last year that was addressed by Murphy, Hesse, Toomey and Lehane so their legal budget was spent by April. The annual legal budget for Sacco has been \$75,000 and Murphy, Hesse, Toomey and Lehane is \$10,000 to \$15,000. A prior reserve fund transfer has already occurred to Murphy, Hesse, Toomey and Lehane. There is \$25,000 left in the reserve fund.

Third and Fourth Member Election – Amended Schedule

Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to amend the election schedule for the Third and Fourth Members, subject to the approval of the Advisory Council, by changing the date for the distribution of the notices of the election to July 25, 2016.

Third and Fourth Member Election Procedures

Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, that the procedures for the election of the Third and Fourth Members of the Board, as presented, be submitted to PERAC for review and to the Advisory Council for approval.

Donavin Bentley Interim Part-Time Position

Upon a motion by Vincent R. Malgeri, seconded Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to authorize the Executive Director to pay Donavin Bentley at his prior rate of \$31.54 per hour to assist in the posting of monthly deduction reports and processing new enrollments to be effective as of February 22, 2016 and ending on or before April 30, 2016 and not to exceed 10 hours per week.

Traci Masterson Appointment as the Membership Coordinator

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to appoint Traci Masterson as the Membership Coordinator at a starting wage of \$30.77 per hour effective as of March 1, 2016.

Post Administrative Assistant Position

Upon a motion by Alan J. Benson, seconded Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the job description for an Administrative Assistant as presented and that the Executive Director be authorized to post this position effective immediately.

ERRS Financial Control Policies

Discussion ensued about recommendation to use one specific computer exclusively for financial transfers that is not used for any other internet searches for security purposes.

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve Policy Memo #16/25 as presented establishing financial controls for the retirement system.

Voucher Form

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the voucher form for the payment of retirement system expenses as presented and further designate the Executive Director and Finance Director as the two individuals authorized to sign vouchers.

Expense Reimbursement Form

Upon a motion by Vincent R. Malgeri, seconded by Alan J. Benson, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the expense reimbursement forms for staff and the Executive Director as presented.

Travel Expense Reimbursement Form

Discussion was on Kevin A. Merz attending the GFOA at a cost of \$500 and if ERRS could fund half of this since he is getting PERAC training credits. This travel would have to be approved in advance.

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the travel expense reimbursement forms for staff and the Executive Director as presented, with a mileage reimbursement rate of 54 cents which is the current IRS reimbursement rate.

Executive Session – Section 15 Hearing for Paul Bedard

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, for the Board to move into executive session at 11:00 a.m. for the purpose of conducting a Section 15 hearing. Maney indicated that no one at his location could hear the closed hearing. The Board will return to open session upon the conclusion of the executive session to continue the open meeting.

The Board returned to open session at 11:37 a.m.

Executive Session – Disability Applications & Litigation Strategy

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to move to executive session at 11:40 a.m. to act on the disability applications of Peggy Brady, Donald George and Scott Hunt and to remain in executive session to discuss strategy with respect to litigation as an open meeting may have a detrimental effect on the litigating position of the retirement system.

The Board reconvened in open session at 12:46 p.m.

Executive Director's goals

Maney opined that he was not in favor of the Executive Director investigating how the election of third and fourth members is done in other retirement systems. He was not interested in changing the current procedure at ERRS for retirees to be elected to the third and fourth Board member positions. Maney stated that he was not in favor of this investigation by the Executive Director to be a goal for the Executive Director.

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to postpone the Executive Director's goals and objectives to the next meeting.

Motion to Adjourn

Upon a motion by H. Joseph Maney, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Alan J. Benson, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to adjourn the meeting at 12:50 p.m.

H. Joseph Maney, Chair


Susan J. Yaskell, Vice Chair


Kevin A. Merz


Vincent R. Malgeri

Alan J. Benson