

ESSEX REGIONAL RETIREMENT BOARD
APRIL 25, 2016

At a regular meeting of the Essex Regional Retirement System (ERRS) held on Monday, April 25, 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, 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
Anne Speicher, ERRS Director of Administration and Finance
Michael Sacco, ERRS General Counsel
Brad Hill, State Representative
Tracy Blais, Newbury Town Administrator
Timothy Leonard, former Newbury DPW Director
Attorney Dan Napolitano representing Mr. Leonard

ERRS Board Chairman H. Joseph Maney 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.

Approval of Board Minutes

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted: 5-0, to approve the minutes of the regular and executive session of the meeting of March 28, 2016, and the minutes of the executive session of the meeting of February 29, 2016.

Public Comment Period

None.

New Enrollments

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted: 5-0, that all of the required documentation has been received to enroll the following named employees in the Essex Regional Retirement System, a list of eighteen names beginning with Michael Bammes and ending with Laura Wallick.

<u>Name</u>	<u>Unit Name</u>	<u>Department</u>	<u>Hire Date</u>	<u>Group</u>
Bammes, Michael	Lynnfield	DPW	03/07/16	1
Barry, Justin	North Andover	Recreation	03/28/16	1
Berg, Todd	Lynnfield	DPW	03/05/16	1
Bushee, Jessica	Masconomet RSD	School	03/14/16	1
Carapellucci, Matthew	Georgetown	Police	03/14/16	4
Caulfield, Suzanne	Georgetown	School	02/08/16	1
Freitas, Ruth	Georgetown	School	01/29/16	1
Haqqi, Anita	North Andover	School	12/01/15	1
Heinold, Meagan	Nahant	School	10/11/16	1
Kennedy, Christina	Georgetown	School	02/29/16	1
Krafton, Ben	Salisbury	Fire	02/27/16	4
Limbek, Peter	Triton RSD	School	03/07/16	1
Mazzella, Karin	H/W RSD	School	09/01/14	1
McParland, Robert	Ipswich	DPW	03/07/16	1
Mitchell, Dexter	Masconomet RSD	School	03/14/16	1
Seal, Scott	Masconomet RSD	School	02/09/16	1
Simmons, Kelly	Manchester/Essex	School	03/09/16	1
Wallick, Laura	Hamilton/Wenham	School	09/01/14	1

New Retirements

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted: 5-0 that the retirement system staff has verified that the necessary documentation has been received and that the following six members of the Essex Regional Retirement System be awarded superannuation retirement benefits calculated as follows:

1. Richard C. Boettcher, North Andover, Director, Administrative Services Division, Group 1
Effective Retirement Date: March 7, 2016
Monthly Retirement Allowance: \$3,937.50
Annual Retirement Allowance: \$47,250.00
2. **ADJUSTED** Rosemary A. Decie, Town of Topsfield, Health Agent, Group 1
Effective Retirement Date: July 12, 2006
Monthly Retirement Allowance: \$930.66
Annual Retirement Allowance: \$11,167.92
3. Eva G. Foley, Lynnfield Housing Authority, Executive Director, Group 1
Effective Retirement Date: March 1, 2016
Monthly Retirement Allowance: \$1,761.33

Annual Retirement Allowance: \$21,135.96

4. Catherine M. Gerry, Topsfield, Administrative Assistant/Office Manager, Group 1

Effective Retirement Date: February 24, 2016

Monthly Retirement Allowance: \$2,500.02

Annual Retirement Allowance: \$30,000.24

5. Andrew V. Melnikas, Town of North Andover Fire Department, Fire Chief, Group 4

Effective Retirement Date: April 21, 2016

Monthly Retirement Allowance: \$7,928.09

Annual Retirement Allowance: \$95,137.08

6. Michael J. Murphy, Town of Boxford, Police Chief, Group 4

Effective Retirement Date: March 2, 2016

Monthly Retirement Allowance: \$7,985.22

Annual Retirement Allowance: \$95,822.64

Disability Awards

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted: 5-0 that the retirement system staff has verified that the necessary documentation has been received and that the following two members of the Essex Regional Retirement System be awarded ordinary disability retirement benefits calculated as follows:

1. Peggy J. Brady, Pentucket Regional School District, Kitchen Staff, Group 1

Effective Retirement Date: August 29, 2015

Monthly Retirement Allowance: \$231.54

Annual Retirement Allowance: \$2,778.48

2. Scott A. Hunt, Triton Regional School District, Group 1

Effective Retirement Date: May 29, 2015

Monthly Retirement Allowance: \$263.52

Annual Retirement Allowance: \$3,162.24

Debt Waiver Request – Fernand Lavoie

Maney recused himself from this vote. Executive Director Kostro reviewed the Board's prior history with debt waiver requests. Kostro described that the error in Mr. Lavoie's retirement calculation was brought to the staff's attention as part of the PERAC audit. The retirement benefit was adjusted last month by ERRS. A practice adopted since 2012 is before a retirement benefit calculation is approved the staff member doing the calculation has to complete a checklist including that the Director of Finance and

Executive Director double check the calculation. Interest (3%) is compounded annually related to these matters.

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted: 4-0-1 with Maney abstaining that the request of Fernand Lavoie to waive the debt owed to the retirement system as a result of an error in the calculation of his retirement benefit made pursuant to the provisions of Massachusetts General Law c. 32 § 20(5)(c)(3), is hereby denied.

Board members stated that the current Board's policy in the past has been to deny requests to waive debt owed for equity across retiree benefits and for consistency in denials. Also, that errors are corrected, and DALA has supported the Board's jurisdiction to deny any debt waivers. ERRS members can appeal debt waiver denials.

Debt Waiver Request – Janis Pedersen-Jenkins

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted: 5-0 that the request of Janis Pedersen-Jenkins to waive the debt owed to the retirement system as a result of an error in the calculation of her retirement benefit made pursuant to the provisions of Massachusetts General Law c. 32 § 20(5)(c)(3), is hereby denied.

Creditable Service Awards

Upon a motion by Susan J. Yaskell, seconded by Kevin A. Merz, the Board voted: 5-0 that the retirement system staff has verified that the required payments having been received, that the following two members of the Essex Regional Retirement System be awarded creditable service as follows:

1. Daniel C. Morris, a member from the Town of Ipswich, shall be awarded one month of creditable service for his purchase of prior non-membership service for the period of April 24, 2006 to July 5, 2006 with the Town of Ipswich.
2. Ellen M. Sowick, a member from the Pentucket Regional School District, shall be awarded six years and ten months of creditable service for her purchase of prior refunded service for the period of August 28, 2000 to June 30, 2007 with the Pentucket Regional School District.

Approval of Installment Plans

Upon a motion by Kevin A. Merz, seconded by Alan J. Benson, the Board voted: 5-0 that the retirement system staff has verified that the proper documents having been received, that installment payment plan for following member of the Essex Regional Retirement System be approved as follows:

1. Irene R. Frontiero, for the purchase of prior non-membership service with the Manchester Housing Authority, in accordance with the terms and conditions as presented.

Refund Warrant RT2016.04

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted: 5-0 to approve the warrant for April 2016 to refund, rollover or transfer the total accumulated deductions for 15 members beginning with Eleanora G. Benas and ending with Michael J. Vangelist as described below in the total net amount of \$150,053.26.

Benas, Eleanora G.	Withdrawal	
Bridgwood, Terry A.	Withdrawal	
Brown, Robert J.	Withdrawal	
Cheney, Erin M.	Transfer	Mass Teachers Retirement System
Ellis, Jessica A.	Transfer	Mass Teachers Retirement System
Fay, Maureen Anne	Withdrawal	
Glennon, Nicole T.	Transfer	Mass Teachers Retirement System
Hall, Nancy C.	Transfer	Mass Teachers Retirement System
Lucido, Nicole M.	Transfer	Mass Teachers Retirement System
Manseau, Eileen C.	Withdrawal	
Moran, Donna E.	Withdrawal	
Murphy, Lisa	Withdrawal	
O'Leary, Kevin	Withdrawal	
Serino, Kristina J.	Transfer	Mass Teachers Retirement System
Vangelist, Michael J.	Transfer	Concord Retirement Board

March Retirees Payroll

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted: 5-0 to approve the retirement allowances for the month of March in the actual amount of \$3,370,658.17.

April Retirees Payroll

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted: 5-0 to approve the retirement allowances for the month of April in the approximate amount of \$3,396,000.00.

ERRS Payroll

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted: 5-0 to approve the payment of the ERRS employee payroll for April 1, 2016, in the amount of \$16,809.13, and the April 15, 2016 payroll in the amount of \$16,796.52.

Cash Disbursement Warrant CD2016.04

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted: 5-0 to approve the Cash Disbursement Warrant CD2016.04 for April 2016 as presented below in the total amount of \$20,263.01.

Vendor	Amount
ASI Flexible Spending Account - Administrative Fees - 2016.03	7.50
Carleton, Katherine - Mileage and Parking Reimbursement	40.44
Comcast	332.57
Dahab Associates, Inc. - Q1 2016	7,500.00
Town of Danvers Electric - #201	107.28
Town of Danvers Electric - #202	200.65
Jane Dooley - April Board and Advisory Council Meetings	550.00
Group Insurance Commission - Dental/Vision Q2 FY2016	1,011.78
H.C.O.P.T. - Condo Fee - 2016.05	1,482.00
HIQ Computers - Invoice #110916 - Set up of laptops and miscellaneous service	1,347.50
HIQ Computers - Invoice #110936 - Purchase of new SonicWall Security	975.00
HIQ Computers - Invoice #110937 - Purchase of automatic server back-up	490.00
HIQ Computers - Invoice #110935 - Symantec 3-Year Business Protection	75.00
Harper's Payroll Service - 2016.04.01	48.34
Harper's Payroll Service - 2016.03.29	73.34
Law Office of Michael Sacco - 2016.03	2,809.00
MACRS - 2016 Conference Registration	1,870.00
Masterson, Traci - Advisory Council Meeting Lunch and Travel Reimbursement	110.27
Matthews Cleaning & Painting - 2016.04	282.00

Provensal, Scott - Mileage and Parking Reimbursement	38.58
Rainmaker Spring LLC - 2016.03	12.75
Retrievevex - 2016.04	234.36
Verizon Wireless	159.96
W.B. Mason Company, Inc. - Office Supplies - 2016.03	504.69
Total	20,263.01

Cash Disbursement Warrant CD2016.04a – Annual 3(8)(c) Payments

There was a motion by Alan J. Benson, seconded by Vincent R. Malgeri, to approve the Cash Disbursement Warrant CD2016.04a for the annual 3(8)(c) payments to other retirement systems as presented below in the total amount of \$2,272,569.76.

Discussion ensued about how ERRS brings in \$740,000 resulting in a deficit. For the state total there is \$1.1 million that ERRS has been billed but the retirement system is not paying this yet since the state has not provided any documentation. There is also a similar situation with Lawrence for \$7,000. PERAC has to generate a distribution letter. The state has a November deadline to pay what it owes retirement systems. If the state does not provide ERRS with the correct documentation then the retirement system withholds payment until it receives the documentation. So \$300,000 remains in the ERRS account relative to this matter from past years. One instance was identified for two years of overpayment by ERRS for one former Essex County employee whose liability moved to the state when the county government system was abolished. Mass. Teachers is sometimes a few months late to pay retirement systems.

Upon a motion by Kevin A. Merz, seconded by Alan J. Benson, the Board voted 5-0 to amend the motion to exclude the \$1,006,783.64 payable to the state.

The Board voted 5-0 on the original motion.

Retirement Board	Amount Billed	Adjustments	Adjusted Bill	Paid
Amesbury	91,170.58		91,170.58	91,170.58
Andover	35,999.80		35,999.80	35,999.80
Arlington			10,585.15	10,585.15

	10,585.15			
Barnstable County	81,886.99		81,886.99	81,886.99
Beverly	24,559.17		24,559.17	24,559.17
Boston	10,306.14		10,306.14	10,306.14
Brookline	2,319.83		2,319.83	2,319.83
Cambridge	3,787.78		3,787.78	3,787.78
Chicopee	655.16		655.16	655.16
Danvers			-	
Everett	1,959.96		1,959.96	1,959.96
Gloucester	16,320.03		16,320.03	16,320.03
Hampshire County	4,309.75		4,309.75	4,309.75
Haverhill	54,659.92		54,659.92	54,659.92
Lawrence	28,709.08	(7,958.39)	20,750.69	20,750.69
Lowell	12,251.84		12,251.84	12,251.84
Lynn	20,574.10		20,574.10	20,574.10
Malden	3,658.22		3,658.22	3,658.22
Marblehead	12,056.70		12,056.70	12,056.70
Mass Housing	1,467.30		1,467.30	1,467.30
Mass Port	4,060.86	(0.02)	4,060.84	4,060.84
Mass Teachers	546,323.82		546,323.82	546,323.82
Mass Turnpike	2,509.78		2,509.78	2,509.78
Melrose	5,498.52		5,498.52	5,498.52
Methuen	33,432.99		33,432.99	33,432.99
Middlesex	91,961.84		91,961.84	91,961.84

Natick	8,554.49		8,554.49	8,554.49
Newburyport			-	
Norfolk County	5,784.81		5,784.81	5,784.81
Peabody	59,815.83	(2.10)	59,813.73	59,813.73
Plymouth County	2,164.08		2,164.08	2,164.08
Reading	21,847.63		21,847.63	21,847.63
Salem	27,032.28		27,032.28	27,032.28
Saugus	813.01		813.01	813.01
Somerville	8,067.76		8,067.76	8,067.76
Springfield	123.74		123.74	123.74
State	2,183,453.91	(1,176,670.27)	1,006,783.64	1,006,783.64
Stoneham	3,482.11		3,482.11	3,482.11
Swampscott	22,026.27		22,026.27	22,026.27
Wakefield	609.92		609.92	609.92
Winchester	1,439.69		1,439.69	1,439.69
Winthrop	2,389.63		2,389.63	2,389.63
Woburn	8,570.07		8,570.07	8,570.07
Worcester Regional			-	
	3,457,200.54	(1,184,630.78)	2,272,569.76	2,272,569.76

Cash Disbursement Warrant CD2016.04b – Wire Transfers

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted 5-0 to approve the Cash Disbursement Warrant CD2016.04a for wire transfers for April 2016 as presented below in the total amount of \$2,750,000.00.

Date	Vendor	Amount
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4/25/2016	PRIM - Transfer to Eastern	2,750,000.00
	Total	2,750,000.00

Essex Tech – FY2017 Annual Appropriation

ERRS representatives had met with a legislative delegation relative to proposed legislation to require Essex Tech to pay the retirement system annual appropriation for the retiree liability. The state has offered to appropriate \$800,000 in its budget for the two years (FY'15 and FY'16) that Essex Tech did not pay its assessment. ERRS is seeking legislative authority to bill Essex Tech moving forward as the 48th member unit in the retirement system. ERRS Actuary Larry Stone calculated Essex Tech's share of the unfunded liability and funding schedule with same amount every year and this was approved by PERAC in the FY'17 appropriation. This did not include the \$800,000. PERAC has questioned if an appropriation letter should include the \$800,000 or not. If the state is going to budget the \$800,000 after July 1 then the PERAC letter would address the appropriation without the money in an appropriation letter. Once the money comes from the state then the amount would be adjusted going forward in the Essex Tech calculation.

State Representative Brad Hill spoke to state FY'17 budget being addressed now for July 1st and support letters from PERAC, ERRS, and Essex Tech for the legislation. The legislature is interested in giving ERRS the authority to assess Essex Tech as the successor agency to Essex Agricultural and Technical High School. The state has not moved forward with the \$800,000 in two supplementary budgets since no new funds have been available. This funding would take the financial burden off of the School that owes the \$800,000 to ERRS. If the state does not pay the \$800,000 this amount has been built into the School's funding schedule. If the state pays the \$800,000 the amount the school will owe over a 20 year period will be revised (i.e., \$4.1 million to \$3.3 million).

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted 5-0 that the Executive Director request PERAC to issue a revised Fiscal Year 2017 appropriation letter which includes the annual appropriation to be paid by the Essex Agricultural and Technical High School as calculated by the ERRS actuary and as submitted to PERAC on January 15, 2016.

Annual Statement

Discussion ensued about loss on Ascent Venture partners reported this year, and how ERRS has nearly 90% of its assets in PRIT fund.

Upon a motion by Kevin A. Merz, seconded by Susan J. Yaskell, the Board voted 5-0, to approve the Annual Statement of Financial Condition for calendar year 2015 as presented.

Clarifying the Purchase of Prior Non-Membership Elected Service

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted 4-0-1 with Alan J. Benson abstaining that the minutes of the meeting of August 31, 2016 are clarified to reflect that the Board directs that the purchase of prior non-membership service in an elected position be permitted if the member earned in excess of \$200 or more annually prior to July 1, 2009, and \$5,000 or more thereafter.

PERAC Audit Exit Conference

Upon a motion by Kevin A. Merz, seconded by Susan J. Yaskell, the Board voted 5-0 to appoint Board member H. Joseph Maney to attend the exit conference for the PERAC audit for the years 2012, 2013 and 2014, scheduled for Tuesday, May 3, 2016 at 1:30 p.m.

Executive Director's 2016 Performance Review - Goals and Objectives

Discussion ensued about the four goals. H. Joseph Maney and Susan J. Yaskell reiterated their opposition to goal #4. Alan J. Benson who initiated prior Board discussion on goal #4 suggested that most of the other retirement systems in the state allow active employees to run for the Third and Fourth member positions and stated that active employees have a high vested interest in the retirement system and should have the opportunity to run along with retired members. Vincent R. Malgeri opined that goal #4 was an inappropriate goal for the Executive Director. He suggested that Board members could independently research a matter of interest. He requested that goal #4 be stricken. Kevin A. Merz concurred that it should be removed as a goal since it is known that the legislation for ERRS regarding Third and Fourth members is an anomaly in the state's retirement systems.

There was a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, to approve the following Goals and Objectives for the Executive Director's 2016 Performance Review only including the first three:

1. The Executive Director shall seek to improve the ERRS budget and expenditure reporting process for 2016 and 2017. The Executive Director will continue to develop strategies for minimizing administrative costs and will provide regular reports on expenses to the Board.
2. The Executive Director will work with the investment consultant to develop an investment policy which shall be approved by the Board. In conjunction with the investment policy, the Executive Director shall develop a financial management policy, which shall be approved by the Board.

3. The Executive Director shall visit ten (10) ERRS units in 2016 and provide each unit with data on their active and retired members, as well as information on enrollment, creditable service, disability and retirement procedures at the retirement system.
4. The Executive Director will research whether other retirement systems permit members and retirees to seek the elected positions on the Board, and make a recommendation to the Board regarding whether the current prohibition on members seeking the elected positions on the ERRS Board should continue.

Alan J. Benson requested that goal #1 be measurable moving forward and suggested a proposed budget be presented to the Board for review that contains a decrease in administrative costs by a set percentage (i.e., at least 3% or \$30,000). He stated that the retirement system is not fully funded, and its investments are not where they need to be. Kevin A. Merz suggested along with a proposed cut of 3% the services that would be eliminated should be identified. The baseline of 3% would be budget to budget.

Benson moved to amend the motion in the following section of the #1 goal: The Executive Director will continue to develop strategies for minimizing administrative costs, and provide a calendar year 2018 budget option, and will provide regular reports on expenses to the Board. The Board voted 4-1 with Vincent R. Malgeri opposed to this amended motion.

The Board took a break at 9:50 a.m. and reconvened at 10:00 a.m.

Statement of the Chair

The Board will return to open session upon the conclusion of the executive session only for the purpose of adjourning the meeting.

Executive Session – Litigation Strategy & Disability Application

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, 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 10:01 a.m. to discuss strategy with respect to litigation as an open meeting may have a detrimental effect on the litigating position of the retirement system, and to remain in executive session to act on the disability application of Timothy Leonard.

Motion to Adjourn

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 5-0 to adjourn the meeting at 11:30 a.m.


H. Joseph Maney


Susan J. Yaskell


Kevin A. Merz


Vincent R. Malgeri


Alan J. Benson

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

1. Agenda Posting Checklist
2. Monthly Reconciliation Report for the month of March 2016.
3. Monthly Fund Transfer Reports for the month of March/April 2016.
4. PERAC Board Member Education Report Update
5. PRIT Fund Performance Report for March 2016.
6. PRIT Fund Transfer and Confirmation – March 2016.
7. State Street Account Recap – February 2016.
8. Executive Director's Schedule for April and May of 2016.
9. PERAC Memos #12 - 14/2016.
10. Levine Leichtman Fund III – 2015 Annual Statement.
11. Levine Leichtman Fund IV – 2015 Annual Statement.
12. Levine Leichtman Fund III – Distribution Letter dated March 31, 2016.
13. Levine Leichtman Fund IV – Distribution Letter dated March 31, 2016.
14. BlackRock Vesey Street Fund IV – Distribution Notice dated April 4, 2016.
15. Dahab Associates Form ADV Part 2A.
16. PERAC Notice on Board Member Training Opportunity dated April 12, 2016.
17. State Street Fee Increase Notice dated April 13, 2016.
18. 2015 PERAC Annual Vendor Disclosures.
19. PERAC Newsflash dated April 15, 2016.
20. Quarterly Cash Flow Report.