

ESSEX REGIONAL RETIREMENT BOARD
JUNE 27, 2016

At a regular meeting of the Essex Regional Retirement System (ERRS) held on Monday, June 27, 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, Kevin A. Merz, Vincent R. Malgeri, 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
Ralph Matthes, custodian, town of North Andover
Wife of Ralph Matthes

ERRS Board Acting 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 Susan J. Yaskell, the Board voted: 3-2, with Kevin A. Merz and Alan J. Benson abstaining since they were not in attendance for all or part of the meeting, to approve the minutes of the regular and executive session of the meeting of May 23, 2016.

Public Comment Period

None.

New Enrollments

Upon a motion by Vincent R. Malgeri, 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 27 names beginning with Michael Belisle and ending with Emily Thompson.

<u>Name</u>	<u>Unit Name</u>	<u>Department</u>	<u>Hire Date</u>	<u>Group</u>
Belisle, Michael	North Andover	School	04/11/16	1
Benecke, Lisa	Topsfield	Assessors & Staff	05/09/16	1
Bettencourt, Linda	Ipswich	School	04/04/16	1
Blair, Jonathan	Ipswich	Electric/Light	05/02/16	4
Brown, William	Triton RSD	School	04/28/16	1
Chalker, Bridget	Hamilton-Wenham	School	04/25/16	1
Chandler, Michael	Wenham	Police	04/24/16	4
Churchill, Sarah	Triton RSD	School	05/11/16	1
Dumas, Scott	Rowley	Police	04/18/16	4
Fiorillo, Deborah	North Andover	DPW	04/04/16	1
Fontaine, Therese	Middleton	Assessors & Staff	04/05/16	1
Fox, Jeffrey	Masconomet RSD	School	04/04/16	1
Hurley, Tara	North Andover	DPW	05/09/16	1
Knowlton-Binns, Greer	Manchester-Essex RSD	School	03/11/16	1
LaGrasse, Brian	North Andover	Board of Health	04/19/16	1
Lynch, Pamela	ERRS	ERRS	05/21/16	1
Mades, Alyssa	Merrimac	DPW	05/16/16	1
Marchand, Adriane	Salisbury	Planning	04/13/16	1
McCarthy, Julianne	Lynnfield	Accounting	06/01/16	1
McElhiney, Christine	North Andover	Computer/I.T.	05/09/16	1
Mejia, Lenie	Merrimac	Electric/Light	03/14/16	1
Nichols, Jonathan	Lynnfield	Library	04/18/16	1
Pierce, Robert	West Newbury	Police (Dispatch)	04/29/16	1
Pugliese, Jason	North Andover	Police (Dispatch)	05/31/16	1
Roebuck, Nicole	Wenham	Selectman & Staff	03/21/16	1
Rowe, James	Rockport	DPW	04/04/16	1
Thompson, Emily	Salisbury	Council on Aging	04/04/16	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 four members of the Essex Regional Retirement System be awarded superannuation retirement benefits calculated as follows:

1. Paul F. Bonnell, North Andover Public Schools, Maintenance Custodian, Group 1
Effective Retirement Date: May 19, 2016
Monthly Retirement Allowance: \$696.48
Annual Retirement Allowance: \$8,357.76
2. Joanne E. Howard, Town of Georgetown, Finance Clerk, Group 1
Effective Retirement Date: June 15, 2016
Monthly Retirement Allowance: \$701.67

Annual Retirement Allowance: \$8,420.04

3. Nancy D. Ryan, Town of Lynnfield, Library Director, Group 1

Effective Retirement Date: April 29, 2016

Monthly Retirement Allowance: \$3,112.75

Annual Retirement Allowance: \$37,353.00

4. Eugene P. Willis, Town of North Andover, Director of Engineering, Group 1

Effective Retirement Date: May 5, 2016

Monthly Retirement Allowance: \$1,599.99

Annual Retirement Allowance: \$19,199.88

Creditable Service Awards

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted: 5-0 that the retirement system staff has verified that the required payments having been received, that the following five members of the Essex Regional Retirement System be awarded creditable service as follows:

1. Camilla A. Ayers, a member from the Town of Rockport, shall be awarded two years and two months of creditable service for her purchase of prior non-membership service rendered from April 25, 1994 to May 20, 1998, with the Town of Rockport.
2. Jeffery K. Civitarese, a member from the Town of Ipswich, shall be awarded three years and three months of creditable service for his purchase of military service rendered from August 12, 1983 to July 22, 1993, service for which he was incorrectly billed in 2011.
3. Steven Ozahowski, a member from the Town of Wenham, shall be awarded five years and eight months of creditable service for his refunded service from September 21, 1974 to June 18, 1980 with the Massachusetts Teachers Retirement System, and shall be awarded five years and two months of creditable service for his service as an elected member of the Board of Assessors from August 1, 2000 to September 30, 2006 with the Town of Hamilton.
4. Susan Sordello, a member from the Town of Topsfield, shall be awarded four months of creditable service for her purchase of prior non-membership service rendered from April 2, 2008 to July 9, 2009, with the Town of Topsfield.
5. Laurie Swartz, a member from the Town of Topsfield, shall be awarded three months of creditable service for her purchase of prior non-membership service as a substitute teacher rendered from June 1, 2003 to October 10, 2006, with the Town of Andover, and for which the Andover Retirement Board has refused liability.

Acceptance of Liability

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted: 5-0 that the Board accepts the recommendation of the Executive Director to accept liability for past service rendered by the following individuals as described below:

1. Rosemary A. Decie, as requested by the member, for two months of prior membership service rendered but not calculated, and to adjust her total service from thirteen years and ten months to fourteen years, and, further, to recalculate her retirement benefit accordingly.
2. Pamela J. Romanowski, as requested by the Newburyport Retirement Board and upon payment to said Board by the member, for eleven years and eleven months of refunded service.

Refund Warrant RT2016.06

Upon a motion by Susan J. Yaskell, seconded by Kevin A. Merz, the Board voted: 5-0, to approve the warrant for June 2016 to refund, rollover or transfer the total accumulated deductions for 14 members beginning with Daniel H. Armstrong and ending with Lisa M. Ward as described below in the total net amount of \$272,323.05.

Name	Type	Board or Institution
Armstrong, Daniel H.	Transfer	Mass Teachers Retirement System
Barry, Michael D.	Withdrawal	
Bienvenue, Richard F.	Transfer	State Retirement Board
Elwell, Jennifer M.	Withdrawal	
Farinato, Steven T.	Transfer	Danvers Retirement Board
Frithsen, Marni	Transfer	Mass Teachers Retirement System
Giveley, Jodi L.	Withdrawal	
Howland, John F.	Rollover	Wells Fargo Bank, N.A.
McManus, Kara J.	Rollover	Charles Schwab & Co., Inc.
O'Leary, Mary Jo	Transfer	State Retirement Board
Pizzello, Kathleen M.	Transfer	Mass Teachers Retirement System
Sawchuk, Thomas M.	Transfer	Middlesex County Retirement Board
Sullivan, William C.	Transfer	Mass Teachers Retirement System
Ward, Lisa M.	Transfer	Mass Teachers Retirement System

May 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 May in the actual amount of \$3,406,012.89.

June 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 June in the approximate amount of \$3,400,000.00.

ERRS Payroll

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted: 5-0, to approve the payment of the ERRS employee payroll for May 27, 2016, in the amount of \$18,211.06, and the June 10, 2016 payroll in the amount of \$18,023.57, and the June 24, 2016, payroll in the amount of \$20,086.07.

Cash Disbursement Warrant CD2016.06

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted: 5-0, to approve the Cash Disbursement Warrant CD2016.06 for June 2016 as presented below in the total amount of \$104,652.78.

Vendor	Amount
ASI Flexible Spending Account - Administrative Fees - 2016.05	7.50
Benson, Alan - MACRS Conference	1,013.82
Comcast	344.09
Conlon Products, Inc.	381.00
Town of Danvers Electric - #201	88.20
Town of Danvers Electric - #202	150.04
Jane Dooley - June Board Meeting	275.00
H.C.O.P.T. - Condo Fee - 2016.07	1,482.00
Harper's Payroll Service - 2016.06.07	48.34
Harper's Payroll Service - 2016.05.24	84.14
Law Office of Michael Sacco - 2016.05	18,441.76
Malgeri, Vincent - MACRS Conference	866.50
Maney, H. Joseph - MACRS Conference	627.15
Matthews Cleaning & Painting - 2016.06	282.00
Merz, Kevin - GFOA Conference	380.00
Middleton Housing Authority - Repayment of FY2017 Appropriation Overpayment	208.00

Murphy, Hesse, Toomey & Lehane, LLP - 2016.04	112.50
Murphy, Hesse, Toomey & Lehane, LLP - 2016.05	150.00
Newbury, Town of - Retiree Health Insurance 2016.05	4,184.79
Newburyport Retirement Board 2015 - 3(8)(c) Payment	31,727.06
PTG - Pension Technology Group - Annual Support Fee - 07/01/2016 to 06/30/2017	26,595.00
Rainmaker Spring LLC - 2016.05	17.00
Red Sun Press - Spring Newsletter	4,451.13
RetrieveX - 2016.06	234.36
Stone Consulting, Inc. - 03/01/2016 - 05/31/2016	9,750.00
Verizon Wireless	159.96
W.B. Mason Company, Inc. - Office Supplies - 2016.05	1,913.05
Yaskell, Susan - MACRS Conference	678.39
Total	104,652.78

Paul Bedard – Forfeiture Refund

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted: 5-0, to include in the June retirees payroll, a refund to Paul Bedard as a result of the forfeiture of his retirement benefit, in the net amount of \$32,626.24, which shall reflect a return of his accumulated total deductions from the date of his conviction, less interest and federal tax.

Cash Disbursement Warrant CD2016.6a –Wire Transfer

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted: 5-0, to approve the Cash Disbursement Warrant CD2016.06a for wire transfers for June 2016 as presented below in the total amount of \$1,617.00.

Date	Vendor	Amount
6/27/16	Principal Real Estate Investors - Management Fees - 01/01/16-03/31/16	1,617.00
	Total	1,617.00

Special Meeting for July 25, 2016

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted: 5-0, to schedule a special meeting of the Board for Monday, July 25, 2016 at 8:30 a.m., for the purpose of approving retirement allowances and the annual appropriation transfer.

Designation of Members Authorized to Sign Checks in Excess of \$10,000 or More

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted: to authorize Board members H. Joseph Maney and Susan J. Yaskell to sign checks in excess of \$10,000 or more effective as of July 1, 2016.

Change of Address Form

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted: 5-0, to approve the Change of Address Form as presented.

PERAC Funding Schedule Approval and Revised FY2017 Appropriation

Discussion was on revised appropriation letter sent to ERRS member units and recommendation from PERAC that ERRS can bill Essex Tech. Also mentioned was that the ERRS Actuary will recalculate the assessment for Essex Tech for FY'18 and develop a new funding schedule. All ERRS member units will get back what they were overbilled in FY'16 related to Essex Tech retiree benefit costs. Discussion addressed state regulation related to how excess money won't be taxed to member units/communities relative to a regional school system but this process will not be allowed in the Essex Tech scenario.

Executive Director's 2016 Performance Review - Goals and Objectives

Clarification of 3% Budget Cut

Discussion ensued about how most of the ERRS Board members were satisfied with how the Executive Director was conservatively managing the ERRS administrative budget while another member thought a 3% reduction goal in the budget created a measurable ability to minimize administrative costs (i.e., RFP for bank custodial services) until the retirement system becomes fully funded.

Upon a motion by Susan J. Yaskell, seconded by Kevin A. Merz, the Board voted: 4-1 with Alan J. Benson opposed, to approve for the following revised Goals and Objectives for the Executive Director's 2016 Performance Review:

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.

Yaskell suggested the Board could take an active role looking at the bills associated with the warrant. She acknowledged that Kostro is keeping a handle on ERRS costs.

Copier Lease

Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted: 5-0, to authorize the Executive Director to sign a lease for a new copier at the monthly rate of \$288.69 pursuant to statewide contract OFF32.

PTG Agreement

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted: 5-0, pursuant to Section 11.A of the agreement between Pension Technology Group, Inc., and the Essex Regional Retirement Board dated July 1, 2012, the Board does hereby renew said agreement to June 30, 2017.

PBI Agreement

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted: 5-0, to authorize the Executive Director to sign the agreement between Pension Benefit Information, Inc., and the Essex Regional Retirement System, for the provision of certain notification services as described therein at the annual rate of \$1,800.

Discussion ensued about cost/benefit analysis associated with this agreement which will increase the retirement system's effectiveness in identifying when a member has passed away so ERRS will not continue to pay a benefit or have to collect any benefit paid after a member dies.

Principal Green Fund Extension

The asset management fees will end by the close of 2016. Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted: 5-0, to authorize the Chair to sign the amendment extending the term of the Principal Green Property Fund I, LP to August 26, 2017.

Options for Inactive Members

Discussion was on 1992 provision in state budget that permits a dual member who terminates service in the lesser of the two systems where there is less service and contributions to request a refund of contributions which do not have to be transferred to the remaining retirement system. A letter describing this provision was sent to Robert Joyce and he has requested a refund of his contributions from the system where he

terminated service. This will be vouched for by the employer of that service. Discussion addressed how a policy related to this matter and statute could be drafted by ERRS.

Discussion ensued on complaint ERRS has received from town of Salisbury about retirement calculations that a couple of public safety officials have received. This was related to the fire chief and requirement to pay for five years of service related to MacAloney issue, and retirement estimates that it did not account for part time pro-rated firefighter service. He got full time credit for part time service from 1989 until 1996. Although from 1996 until the fire chief went full time in 2003 the prior ERRS board had a regulation in effect about 80% of credit, pro-rated service. ERRS worked for a year to get payroll records from the town of Salisbury. So some ERRS retirement calculation meetings had to be rescheduled as a result. Current practice by ERRS with retirement calculations is to ensure member files are analyzed thoroughly before a retirement benefit estimate is provided. The fire chief was given his appeal rights by ERRS. There was suggestion that the Executive Director could do one of his office visits in Salisbury.

Michael Sacco Client Memo – Investment Performance/GASB 67 & 68/Procurement

Discussion was on how ERRS pays for GASB68 audit and does not bill the units for this cost. Also, the Executive Director is the chief procurement officer relative to Chapter 30B.

Executive Session

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 move to executive session at 9:44 a.m. to act on the disability applications of Timothy Leonard, Ralph Matthes and Stephen Meola, 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 and to conduct strategy sessions in preparation for negotiations with nonunion personnel.

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.

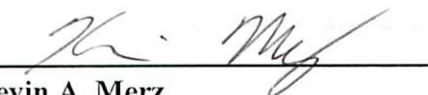
The Board took a break at 10:25 a.m. and reconvened at 10:30 a.m.

Motion to Adjourn

Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted: 5-0 to adjourn the meeting at 10:59 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. May Bank Reconciliation Report
3. Monthly Fund Transfer Reports for the months June 2016.
4. PRIT Fund Monthly Performance Report for May 2016.
5. PRIT Fund FY2017 Maintenance Balance Election Form.
6. March 2016 Account Summary.
7. April 2016 Account Summary.
8. March 2016 Accounting Adjustments.
9. April 2016 Account Adjustments.
10. March 2016 Receipts.
11. April 2016 Receipts.
12. March 2016 Disbursements.
13. April 2016 Disbursements.

14. March 2016 General Ledger.
15. April 2016 General Ledger.
16. March 2016 Trial Balance.
17. April 2016 Trial Balance.
18. State Street Recap – April 2016.
19. State Street Recap – May 2016.
20. March Monthly Expenditure Report.
21. April Monthly Expenditure Report.
22. Eastern Bank – Veribanc Report.
23. PERAC 2015 Investment Report.
24. AVP IV – Agreement Amendment.
25. LP Communication – SBA Secondary Transaction.
26. AVP IV Capital Statement through March 31, 2016.
27. AVP V Capital Statement through March 31, 2016.
28. BlackRock Distribution Notice dated June 3, 2016.
29. Boston Millennia Fund III Distribution Notice dated June 9, 2016.
30. Levine Leichtman Fund III Distribution Letter dated June 21, 2016.
31. Levine Leichtman Fund III Distribution Letter dated May 31, 2016.
32. Levine Leichtman Fund III Q1 2016 Report.
33. Levine Leichtman Fund IV – Distribution Letter dated May 31, 2016.
34. Levine Leichtman Fund IV – Q1 2016 Report.
35. Principal Green Fund – Change in Broker Dealer.
36. TA Realty Distribution Notice dated June 8, 2016.
37. Revised Unit Direct Deposit Change Form.
38. Town of Newbury – Error in Payment of Health Insurance.
39. Town of Middleton FY2017 Appropriation Over-payment.
40. Executive Director’s Schedule.
41. Anne Bushnell Lump Sum Settlement Letter.
42. DiMasi v. State Retirement Board Decision.
43. Paul Bedard Notice of Decision dated May 24, 2016.
44. Salem News – Bedard Decision dated June 14, 2016.
45. Salem News – Essex Tech Appropriation Story dated June 22, 2016.