

**ESSEX REGIONAL RETIREMENT BOARD
SEPTEMBER 26, 2016**

At a regular meeting of the Essex Regional Retirement System (ERRS) held on Monday, September 26, 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.

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

Larry Stone, ERRS Actuary

Kim DiOrio-McGonnell, Firefighter, Town of Lynnfield

Nicholas Poser, Attorney for Ms. DiOrio-McGonnell

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 Susan J. Yaskell, the Board voted: 4-0, to approve the minutes of the regular and executive session of the meeting of August 22, 2016.

Public Comment Period

None.

New Enrollments

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted: 4-0, that all of the required documentation has been received to enroll the following named employees in the Essex Regional Retirement System, a list of seventy-five names beginning with Carla J. Adams and ending with Sarah L. Wood.

<u>Name</u>	<u>Unit Name</u>	<u>Department</u>	<u>Hire Date</u>	<u>Group</u>
Adams, Carla J.	Manchester-Essex RSD	School	08/29/2016	1
Almeida, Jenna M.	Lynnfield	School	08/31/2016	1

Aniello, Tara M.	Merrimac	Electric Light (Clerk)	08/22/2016	1
Arena, Lisa A.	Nahant	Town Acct. & Staff	08/22/2016	1
Arno, Sherri M.	Ipswich	School	08/31/2016	1
Arredondo, Charlotte M.	North Andover	Library	09/06/2016	1
Barrett, Gertrude T.	Boxford	School	09/01/2016	1
Bedard, Amy M.	Pentucket RSD	School	08/29/2016	1
Berry, Lisa A.	Masconomet RSD	School	09/06/2016	1
Berube, Thomas J.	Georgetown	Assessors & Staff	08/02/2016	1
Boyan, Joseph L.	Triton RSD	School	08/29/2016	1
Bradbury, Myles A.	Salisbury	DPW	08/15/2016	1
Brown, Tyler M.	Boxford	Fire	08/01/2016	4
Cammarata, John E.	West Newbury	Police (Dispatcher)	07/01/2016	1
Canarie-McGrath, Lori A.	Triton RSD	School	08/29/2016	1
Cann, Jennifer L.	Boxford	School	09/01/2016	1
Carroll, Hannah G.	Manchester-Essex RSD	School	08/29/2016	1
Chaney, Kathy J.	North Andover	Finance	08/22/2016	1
Christopher, Alissa K.	Tri-Town	School	07/11/2016	1
Clark, Meghan P.	Manchester-Essex RSD	School	08/29/2016	1
Cunha, Rhonda J.	North Andover	Library	08/22/2016	1
D'Agostino, Toni M.	Lynnfield	School	08/31/2016	1
Dalton, Angelique P.	Ipswich	School	08/31/2016	1
Dike, Herbert C.	Lynnfield HA	Housing Auth. Staff	06/06/2016	1
Doyle, Margaret E.	Lynnfield	Library	08/08/2016	1
Eagar, Brooke R.	Ipswich	School	08/31/2016	1
Elia, Alexander J.	Manchester-Essex RSD	School	08/29/2016	1
Falite, Michael F.	Salisbury	Police (Dispatcher)	09/06/2016	1
Fitzpatrick, Scott M.	Middleton	Inspection Services	08/15/2016	1
Galanis, Alyssa G.	Ipswich	School	08/31/2016	1
Graffeo, Lorelee G.	Boxford	School	09/01/2016	1
Gray, Jennifer L.	Pentucket RSD	School	08/29/2016	1
Hart, Derek T.	Lynnfield	Facilities	07/01/2016	1
Harty, Nathalie A.	Ipswich	Library	08/01/2016	1
Heffron, Renee A.	Lynnfield	School	08/22/2016	1
Hickox, Barbara K.	Boxford	Library	08/22/2016	1
Howell, Alycia N.	Middleton	School	09/01/2016	1
Jannergren, Kerry A.	Manchester-Essex RSD	School	08/29/2016	1
Janvrin, Melissa J.	Triton RSD	School	08/29/2016	1
Kiely, Danielle A.	Hamilton	Recreation	08/23/2016	1
Lancaster, Shawnette M.	Boxford	School	09/01/2016	1
LeBeau, Georgianna T.	Triton RSD	School	09/06/2016	1
Liston, Cassie A.	Middleton	School	08/29/2016	1
MacDonald, Jennifer L.	Triton RSD	School	08/29/2016	1
Maher, Ellen E.	Ipswich	School	08/31/2016	1
Manasian, Mathew E.	Newbury	DPW	07/18/2016	1
Maurer, Krista M.	Triton RSD	School	08/30/2016	1

McCann, Lee D.	Boxford	School	09/01/2016	1
McCarthy, Cristen J.	Ipswich	School	08/31/2016	1
McDonough, Robert B.	Salisbury	Planning	08/29/2016	1
Morse, Lya F.	North Andover	Elderly Services	08/22/2016	1
Mueller, Maryann F.	Triton RSD	School	08/29/2016	1
Muzio, Mia F.	Manchester-Essex RSD	School	08/29/2016	1
Needham, Joanne F.	Manchester-Essex RSD	School	08/29/2016	1
O'Connell, Denise C.	Boxford	School	09/01/2016	1
Oliver, Manda K.	Merrimac	Treasurer & Staff	08/15/2016	1
Olshefsky, Henry G.	Georgetown	Police	08/29/2016	4
Olson, Elizabeth J.	Rockport	School	08/30/2016	1
Olson, Peter J.	Boxford	Police	07/01/2016	4
Peicott, Paul J.	Triton RSD	School	08/29/2016	1
Pennell-McLean, Erin R.	Boxford	School	09/01/2016	1
Reeve, Brooke E.	Boxford	School	09/01/2016	1
Repucci, Savannah L.	Manchester-Essex RSD	School	08/29/2016	1
Riccardi, Lauren R.	Tri-Town	School	09/01/2016	1
Santos, Jonathan D.	Lynnfield	Police (Dispatcher)	07/01/2016	1
Saunders, Molly K.	Manchester-Essex RSD	School	08/29/2016	1
Sordillo, Paula L.	Boxford	School	09/01/2016	1
Sykes, Joshua D.	Middleton	School	08/29/2016	1
Theberge, Lindsey B.	Masconomet RSD	School	08/31/2016	1
Varmahmoodi, Darius J.	Salisbury	Police (Dispatcher)	08/23/2016	1
Voogd, Janet L.	Groveland	Library	07/26/2016	1
Weagle, Catherine E.	Ipswich	School	08/31/2016	1
Webb, Samantha M.	Manchester-Essex RSD	School	08/29/2016	1
White, Katelyn A.	Newbury	Library	08/02/2016	1
Wood, Sarah L.	Middleton	Town Acct. & Staff	08/22/2016	1

New Retirements

Upon a motion by Susan J. Yaskell, seconded by Kevin A. Merz, the Board voted: 4-0 that the retirement system staff has verified that the necessary documentation has been received and that the following seven members of the Essex Regional Retirement System be awarded superannuation retirement benefits calculated as follows:

1. Mary E. Graffeo, Paraprofessional, North Andover Public Schools, Group 1
Effective Retirement Date: June 22, 2016
Estimated Monthly Retirement Allowance: \$400.83
Estimated Annual Retirement Allowance: \$4,809.96
2. Christine A. Gunn, Licensed Physical Therapist Assistant, Tri-Town School Union, Group 1
Effective Retirement Date: September 6, 2016
Monthly Retirement Allowance: \$995.76

- Annual Retirement Allowance: \$11,949.12
3. Patricia M. Heath, Kindergarten Assistant Teacher, Manchester-Essex Regional School District, Group 1
Effective Retirement Date: July 31, 2016
Monthly Retirement Allowance: \$1,074.78
Annual Retirement Allowance: \$12,897.36
 4. Donna L. Hilton, Administrative Assistant, Hamilton-Wenham Regional School District, Group 1
Effective Retirement Date: August 5, 2016
Monthly Retirement Allowance: \$2,097.10
Annual Retirement Allowance: \$25,165.20
 5. Anne M. Pearson, I.T. Technician, Hamilton-Wenham Regional School District, Group 1
Effective Retirement Date: August 1, 2016
Monthly Retirement Allowance: \$1,381.92
Annual Retirement Allowance: \$16,583.04
 6. Donna M. Powierza, Dispatcher, Town of Salisbury, Group 1
Effective Retirement Date: July 25, 2016
Monthly Retirement Allowance: \$2,286.40
Annual Retirement Allowance: \$27,436.80
 7. Ellen M. Sowick, Foodservice Manager, Pentucket Regional School District, Group 1
Effective Retirement Date: August 22, 2016
Monthly Retirement Allowance: \$519.35
Annual Retirement Allowance: \$6,232.20

Creditable Service Awards

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted: 4-0 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. Jean Ackerly shall be awarded six years and eleven months of creditable service for the purchase of prior non-membership service from November of 1996 to October 5, 2008 with the Town of Newbury.
2. Michael Broderick shall be awarded four years and seven months of creditable service for the purchase of prior reserve police service with the Town of Georgetown from January 8, 2010 to August 31, 2014.

3. Andrew M. Lafferty shall be awarded four years of creditable service for the purchase of his eligible military service.
4. Mary S. Lowe shall be awarded one year and three months of creditable service for the purchase of prior non-membership service from February 3, 2006 to June 27, 2008 with the Town of Nahant.
5. David F. Schofield shall be awarded four years of creditable service for the purchase of his eligible military service.

Larry Stone, Stone Consulting, Inc.:

2016 Valuation Study

Actuary Larry Stone reviewed assumptions, methods and preliminary results associated with January 1, 2016 Actuarial Valuation for ERRS. He reported on investment returns, Essex Agricultural School scenario, asset smoothing, and market value of assets, generational mortality assumptions, and select/ultimate salary information.

The Board discussed and agreed to a funding schedule of 18 years with first five years of 7.5% increases followed by 4% increases to reach full funding by 2035, also including \$14,000 COLA base, generational mortality and 7.75% discount rate, to present at the upcoming Advisory Council meeting.

“Free” Creditable Service Allocations – Lawrence Retirement Board Decision

The Board discussed Lawrence court case where an employee can get free service when a member unit joins a retirement system. This was done with ERRS with Manchester-Essex (20 people) and Rowley Housing Authority (1 person). Part of the statute states that the employer can be billed to recoup cost of service rather than through the employees. Stone will determine allocation that would be added to the funding schedule for Manchester-Essex and Rowley.

Refund Warrant

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted: 4-0 to approve the warrant for September 2016, to refund, rollover and transfer the total accumulated deductions for thirty-one members beginning with Eric J. Beaulieu and ending with Yevgeniya Tyurikova as described below in the total net amount of \$405,186.

Name	Type	Board or Institution
Beaulieu, Eric J.	Transfer	Reading Retirement Board
Berek, Ashley L.	Transfer	Mass Teachers Retirement System

Berenson, Tracy L.	Transfer	Mass Teachers Retirement System
Brown, Kerry A.	Transfer	Mass Teachers Retirement System
Cattan, Catrina E.	Withdrawal	
Chan, Joan E.	Transfer	Mass Teachers Retirement System
Collard, Amy L.	Transfer	Mass Teachers Retirement System
Connolly, Brian J.	Transfer	Weymouth Retirement Board
Coombs, Kristin A.	Transfer	Mass Teachers Retirement System
DiCicco, Amy B.	Transfer	Mass Teachers Retirement System
Federico, Gabriel F.	Transfer	Newton Retirement Board
Fleming, Martha J.	Withdrawal	
Fleming, Martha J.	Transfer	Gloucester Retirement Board
Ho, Hung C.	Transfer	Salem Retirement Board
Hutchins, Dana	Withdrawal	
Keating, Caitlin E.	Transfer	Mass Teachers Retirement System
Langlais, Richard J.	Rollover	Fidelity Management Trust
Lanphear, Cynthia A.	Withdrawal	
Lebel, Elizabeth C.	Transfer	Salem Retirement Board
Lebel, Richard D.	Withdrawal	
Lovati, Joseph C.	Rollover	Wells Fargo Advisors, LLC
Lyons, Andrew D.	Transfer	Gloucester Retirement Board
Merrill, Pamela A.	Transfer	State Retirement Board
Norris, Katherine M.	Transfer	Mass Teachers Retirement System
Nunan, Mark A.	Transfer	Mass Teachers Retirement System
Parsons, Dale H.	Transfer	Melrose Retirement Board
Pearson, Anne M.	Withdrawal	
Piantigini, Christina M.	Transfer	Mass Teachers Retirement System
Poor, Richard J.	Transfer	Mass Teachers Retirement System
Rogato, Kaitlin M.	Transfer	Mass Teachers Retirement System
Tuneburg, Benjamin C.	Withdrawal	
Tyruikova, Yevgeniya	Transfer	Mass Teachers Retirement System

August Retirees Payroll

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted: 4-0 to approve the retirement allowances for the month of August in the actual amount of \$3,471,342.06.

September Retirees Payroll

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted: 4-0 to approve the retirement allowances for the month of September in the approximate amount of \$3,450,000.00.

ERRS Payroll

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted: 4-0 to approve the payment of the ERRS employee payroll for September 2, 2016, in the amount of \$18,496.15, and for September 16, 2016, in the amount of \$18,496.16.

Cash Disbursement Warrant CD2016.09

Upon a motion by Kevin A. Merz, seconded by Susan J. Yaskell, the Board voted: 4-0 to approve the Cash Disbursement Warrant CD2016.09 for September 2016 as presented below in the total amount of \$65,001.34.

Vendor	Amount
ASI Flexible Spending Account - Administrative Fee	10.00
Carleton, Kathy - Mileage for PERAC Training	98.28
Comcast	342.91
Town of Danvers Electric - #201	137.04
Town of Danvers Electric - #202	180.81
Dooley, Jane - Board and Advisory Council Meeting	550.00
Group Insurance Commission - Health - 07/01/2016 - 9/30/2016 - Estimate	5,352.21
H.C.O.P.T. - Condo Fee	1,482.00
HIQ Computers - Invoice #112295	110.00
HIQ Computers - Invoice #112294	1,325.00
HIQ Computers - Invoice #112295	372.00
Harper's Payroll Service - 2016.08.30	73.34
Harper's Payroll Service - 2016.09.12	

	48.34
Law Office of Michael Sacco - 2016.08	9,849.35
MACRS Fall Conference Registration - Kevin Merz	300.00
Matthews Cleaning & Painting - 2016.09	282.00
Pension Benefit Information Services	50.00
Powers & Sullivan, LLC - 2015 Financial Audit	40,000.00
Rainmaker Spring LLC - Office Water	8.50
Red Sun Press - Election Notice	3,298.11
Red Sun Press - Envelopes	315.00
Retrievex - 2016.09	234.36
Ricoh USA, Inc. - Hard Drive Removal	350.00
Verizon Wireless	159.96
W.B. Mason Company, Inc. - Office Supplies	72.13
Total	65,001.34

Cash Disbursement Warrant CD2016.09a

Upon a motion by Kevin A. Merz, seconded by Susan J. Yaskell, the Board voted: 4-0 to approve the Cash Disbursement Warrant CD2016.09a for wire transfers for September 2016 as presented below in the total amount of \$3,000,000.00.

Date	Vendor	Amount
9/26/2016	State Street Bank and Trust Wire Transfer to Eastern Bank	3,000,000.00
	Total	3,000,000.00

Military Service Purchases

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted: 4-0 that the retirement system shall notify members who indicate that they are a veteran on their enrollment form that they may be eligible to purchase up to four years of military

service and that such notification be sent to the member as soon as practicable after their enrollment.

There is a 180 day window when veterans can send in an application to purchase military service after being enrolled in the retirement system. The ERRS personnel will contact members who indicate they are veterans on their enrollment form.

Election Update

ERRS received two nominations for the third and fourth member positions on the Board for the two Board incumbents. So ERRS will notify Advisory Council that the two incumbents have been elected to the Board. The election will not be held saving ERRS money and retirement system employee time. PERAC was informed about this decision which complies with the statute.

Revised 2017 Preliminary Budget

The preliminary 2017 budget is going to the Advisory Council with one change in employee salary added at the last meeting.

Policy Memo #16-27 – Regular Compensation Policy

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted: 3-0-1 with Kevin A. Merz abstaining, that Policy Memo #16-27 defining regular compensation for members who hold positions in addition to the position that qualifies them for membership is approved as described below:

“The purpose of this policy is to clarify what constitutes regular compensation as it relates to certain wages earned by members of the retirement system. This policy applies only to wages earned in a position that is in addition to the position which qualifies the individual for membership (hereinafter referred to as the “second position”).

Further, this policy defines whether wages earned by members who are also employed as reserve or intermittent police officers and call firefighters qualify as regular compensation.

This policy does not apply to wages earned by elected officials, which are governed by statute.

Wages paid to a member who is performing duties for any employer within the retirement system in a second position may be considered as regular compensation, even if the second position, in and of itself, would not qualify the individual for membership.

In order to be considered regular compensation, however, the payments made to a member in a second position must be regular, recurring and predictable. For instance, the second position must have a set schedule.

Further, in order for payments made to the member to be considered regular compensation, the second position must be a permanent assignment, meaning that there is no predetermined end date, unless such end date shall be established by law.

Overtime wages, whether paid to a member for their primary position or for their second position, are never regular compensation. No wage paid as overtime, or any portion of such overtime wage, may be considered as regular compensation.

Wages paid to reserve or intermittent police officers and call firefighters who are paid on a per call basis and who do not have a permanent schedule of indefinite duration are not considered regular compensation.

The Board of the retirement system recognizes that the definition of regular compensation has been evolving since the passage of Chapter 21 of the Acts of 2009 ("Pension Reform") and that this policy may prohibit practices previously permitted. Therefore, any active or inactive member of the Essex Regional Retirement System whose wages are no longer considered regular compensation pursuant to this policy, will receive a refund of any deductions withheld from such wages dating from the July 1, 2009 effective date of the Pension Reform Act. Any such refund will be considered a return of erroneous deductions and will be refunded directly to the member subject to the required 20% withholding of federal tax."

Policy Memo #16-28 – Disability Applications Policy

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted: 4-0 that Policy Memo #16-28 relative to communications with members who have filed an application for disability retirement is approved as described below:

"Upon receipt of an application for a disability retirement, all communications from the retirement board pursuant to the application will be communicated directly to the member.

If the member has retained an attorney, the attorney should file with the retirement board a notice of appearance, a copy which shall be sent to the member. Upon receipt of the notice of appearance, the retirement board will copy the member's attorney on all correspondence sent to the member.

All medical records submitted in support of a member's application for a disability retirement shall be independently obtained by the retirement board. Any medical records submitted directly by the member or the member's representative, will be returned.

Any charge for the production of medical records provided in support of an application for disability retirement shall be borne by the member."

Determination Regarding the Prior Board's Acceptance of Liability

The prior Board did not deny liability. ERRS recognizes this and will not contest prior practice. It is contesting PERAC's calculation of liability being assessed in 3(8)(c) bills relative to the prior Board.

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

Executive Session

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to move to executive session at 10:10 a.m. to act on the disability applications of Ralph Matthes and Kim DiOrio-McGonnell 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.

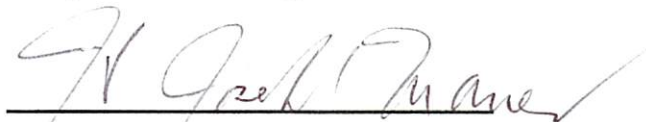
Statement of the Chair

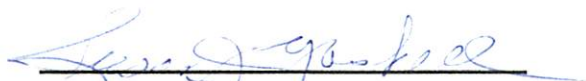
The Board will return to open session upon the conclusion of the executive session only for the purpose of adjourning the meeting.

The Board returned from executive session at 10:59 a.m.

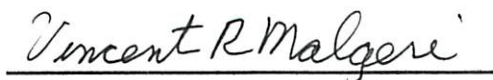
Motion to Adjourn

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted: 4-0 to adjourn the meeting at 11:00 a.m.


H. Joseph Maney


Susan J. Yaskell


Kevin A. Merz


Vincent R. Malgeri

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

- June Financial Reports
- Agenda Posting Checklist
- Clement v. ERRB Hearing Transcript
- Executive Director's Schedule
- Levine Leichtman Fund III Distribution Letter dated September 1, 2016
- Levine Leichtman Fund IV Distribution Letter dated August 31, 2016
- Levine Leichtman Fund IV Distribution Letter dated September 9, 2016
- Levine Leichtman Transaction Announcement
- Mass Ventures – Polatis Distribution
- Monthly Bank Reconciliation
- Monthly Fund Transfers
- Notice of Creditable Service Reduction to Member
- PRIT Fund Monthly Report
- Quarterly Cash Flow Report
- Report on Internal Control as of 12/31/2015
- TA Realty Distribution Letter dated September 14, 2016
- Veribanc Rating – Eastern Bank as of June 30, 2016