

**ESSEX REGIONAL RETIREMENT BOARD
FEBRUARY 23, 2015**

At a regular monthly meeting of the Essex Regional Retirement System (ERRS) held on Monday, February 23, 2015 at 491 Maple Street, Suite 201 at 8:30 a.m. the following Board members were present for all or some of the meeting: Susan J. Yaskell, H. Joseph Maney (via Skype), Ira S. Singer (via telephone), Vincent R. Malgeri.

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

Jane Dooley, Board Secretary
Charles E. Kostro, ERRS Executive Director
Greg McNeillie, Dahab Associates
Seth Lynn, Dahab Associates
Michael Sacco, ERRS General Counsel
Vance Voss, Principal Global Advisors
Robert Bartlett Sentinel Real Estate
Rita Negri, Town of Ipswich

ERRS Board Vice 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

In accordance with the open meeting law, this is to notify attendees that this meeting is being recorded by the secretary to the Board.

Remote Participation Announcement

Pursuant to 940 CMR 29.10, the Chair is advising the meeting that Joseph Maney and Ira Singer will be participating in this meeting remotely as permitted under Section (5) as geographic distance makes their 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 Skype and Mr. Singer is participating via telephone and are 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.

Approval of Board Minutes – Regular/Executive Session of January 26, 2015

Upon a motion by Vincent R. Malgeri, seconded by Ira S. Singer, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J.

Yaskell, yes, to approve the minutes of the regular and executive session of the meeting of January 26, 2015.

New Enrollments

Upon a motion by Vincent R. Malgeri, seconded by Ira S. Singer, the Board voted 4-0 by roll call vote:, Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, that the following named employees be enrolled in the Essex Regional Retirement System as follows:

Burke, Pamela	Middleton	School	12/01/14	1
Carey, Jonathan	Rowley	Water	01/05/15	1
Conroy, Kimberly	Middleton	School	12/01/14	1
Cuevas, Adrian	North Andover	Police	02/02/15	4
Hagen, Patrick	Hamilton	Public Works	01/05/15	1
Hardenstine, Ashley	Lynnfield	School	01/05/15	1
James, Brandon	North Andover	Police	02/02/15	4
Kfoury, Eric	North Andover	Planning	01/20/15	1
LaFlower, Michel	Rowley	Water	01/12/15	1
Mainville, Andrea	Manchester	Finance	02/02/15	1
McGuire, Kate	Ipswich	Housing	12/29/14	1
Neubaum, Susan	Hamilton-Wenham RSD	School	01/05/15	1
Parsons, Ethan	Ipswich	Planning	01/26/15	1
Paul, Lisa	Boxford	School	01/26/15	1
Ramini, Jordana	Masconomet RSD	School	01/20/15	1
Sousa, Anthony	North Andover	Police	02/02/15	4
Stewart, Russell	Hamilton	Public Works	01/05/15	1
Wile, Tyler	Rockport	Public Works	02/05/15	1
Wolstromer, Virginia	North Andover	Planning	01/12/15	1

New Retirements

Upon a motion by Ira S. Singer, seconded by Vincent R. Malgeri, the Board voted 4-0 by roll call vote:, Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, that the following named members of the Essex Regional Retirement System received the superannuation retirement benefits calculated as follows:

1. Marie F. Amaral, Manchester-Essex Regional School District, Group 1
Effective Date: January 10, 2015
Monthly Retirement Allowance: \$140.49
Annual Retirement Allowance: \$1,685.88
2. Jill J. Chagnon, Food Services, Hamilton-Wenham Regional School District, Group 1

Effective Date: December 31, 2014

Monthly Retirement Allowance: \$301.67

Annual Retirement Allowance: \$3,620.04

3. Linda L. Curtin, North Andover Public Schools, Paraprofessional, Group 1

Effective Date: February 3, 2015

Monthly Retirement Allowance: \$411.55

Annual Retirement Allowance: \$4,938.60

4. William J. Gustus, Administrator, Town of Lynnfield, Group 1

Effective Date: January 10, 2015

Monthly Retirement Allowance: \$7,403.43

Annual Retirement Allowance: \$88,841.16

5. David Meister, Town of West Newbury, Custodian, Group 1

Effective Date: January 23, 2015

Monthly Retirement Allowance: \$1,585.98

Annual Retirement Allowance: \$19,031.76

6. Cleveland L. Parker, Ipswich Public Schools, Custodian, Group 1

Effective Date: January 1, 2015

Monthly Retirement Allowance: \$1,676.13

Annual Retirement Allowance: \$20,113.56

7. Charles Peabody, Lynnfield Police Department, Patrolman, Group 4

Effective Date: January 3, 2015

Monthly Retirement Allowance: \$4,495.44

Annual Retirement Allowance: \$53,945.28

8. Lillian C. Webster, Accounts Payable Clerk, Town of North Andover, Group 1

Effective Date: January 3, 2015

Monthly Retirement Allowance: \$1,175.19

Annual Retirement Allowance: \$14,102.28

Creditable Service Awards

Upon a motion by Vincent R. Malgeri, seconded by Ira S. Singer, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, that the following member shall be awarded creditable service as follows:

1. David Bond shall be awarded two years and two months of creditable service for prior reserve police officer service from October 1, 1985 to December 17, 1987 with the Town of Topsfield.

2. Marylou Tingle shall be awarded eight years and ten months of creditable service for prior non-membership service from 1997 through 2013 with the Town of Topsfield.
3. Frank Twiss shall be awarded five years of creditable service for prior call fire service from March 1, 1982 to February 28, 1987 with the Town of Middleton.

Rescinding Membership – Lynne Christopher

Upon a motion by Vincent R. Malgeri, seconded by Ira S. Singer, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to rescind the ERRS membership of Lynne Christopher as the result of her prior retirement.

Denials of Liability

Upon a motion by Ira S. Singer, seconded by Vincent R. Malgeri, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to accept the recommendation of the Executive Director to deny liability for past service rendered as described below:

1. Robert Steach as requested by the Newburyport Retirement System for the period of January 2001 to September 2014 and the years 2002 to 2007 as ERRS never received contributions during this period of time.
2. Susan Carp as requested by the Arlington Contributory Retirement Board for the period of May 2010 to January 2011 as ERRS never received contributions during this period.

Public Comment Period

None.

Refund Warrant RT2015.02

Upon a motion by Vincent R. Malgeri, seconded by Ira S. Singer, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the Warrant RT2015.02 for February 2015 to refund, rollover or transfer the following member's accounts as presented below in the total net amount of \$274,597.08.

Name	Type	Board or Institution
Bellavance, Curt T.	Transfer	Middlesex County Retirement Board
Coner, Debra L.	Withdrawal	

Griffin, Peter J.	Withdrawal	
Killen, Matthew J.	Transfer	Salem Retirement Board
Merrigan, Sean P.	Transfer	Melrose Retirement Board

February Retirees Payroll

Upon a motion by Ira S. Singer, seconded by Vincent R. Malgeri, the Board voted 4-0 by roll call vote: Ira S. Singer, 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 approximate amount of \$3,250,000.00.

ERRS Payroll

Upon a motion by Vincent R. Malgeri, seconded by Ira S. Singer, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the payment of the ERRS employee payroll for February 6, 2015 in the amount of \$17,015.72, and the employee payroll for February 20, 2015 in the amount of \$18,986.85.

Cash Disbursement Warrant CD2015.01b

Upon a motion by Ira S. Singer, seconded by Vincent R. Malgeri, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the Cash Disbursement Warrant CD2015.01b for a wire transfer in January 2015 as presented below in the total amount of \$2,500,000.00.

Vendor	Amount
State Street Bank & Trust Transfer to Eastern Bank	2,500,000.00
Total	2,500,000.00

Cost of Living Adjustment Public Hearing

Upon a motion by Vincent R. Malgeri, seconded by Ira S. Singer, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, 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, 2015.

ERRS had received PERAC's notice that COLA increase for Social Security was 1.7%. ERRS can raise the COLA up to 3% on the first \$13,000 COLA base and Advisory Council has been notified via letter. A comment letter has been received in support of the COLA. The 3% is built into the appropriation.

COLA of 3% Effective July 1, 2015

Upon a motion by Ira S. Singer, seconded by Vincent R. Malgeri, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve a Cost of Living Adjustment (COLA) of 3% for eligible retirees of the Essex Regional Retirement System to be effective as of July 1, 2015. Discussion ensued about how the 3% is not excessive due to the lower base compared to the 1.7% Social Security increase.

Cash Disbursement Warrant CD2015.02

Upon a motion by Ira S. Singer, seconded by Vincent R. Malgeri, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the Cash Disbursement Warrant CD2015.02 for February 2015 as presented below in the total amount of \$52,066.31.

Vendor	Amount
Amity Insurance Agency, Inc., Fiduciary Insurance 2015	27,086.00
Comcast - 2015.03	329.06
DNS Services, Inc. - 2015	65.00
Town of Danvers Electric - #202	190.42
Town of Danvers Electric - #201	132.84
Jane Dooley - February Board Meeting	275.00
H.C.O.P.T. - Condo Fee - February 2015	1,397.00
Harper's Payroll Service - 2015.02.17	88.49
Harper's Payroll Service - 2015.02.03	72.94
Law Office of Michael Sacco - 2015.01	2,063.00
Mathew's Cleaning & Painting - January 2015	272.00
Pitney Bowes Global Financial Services LLC	1,084.95
Quadrant Health Strategies - Pre-Employment Physical	170.00
Rainmaker Spring LLC - Office Water - 2015.01	12.75
Retrievex - February 2015	190.54
Ricoh Americas Corporation - February 2015	325.48
State Street Bank & Trust - Fees - 4Q 2014	16,165.23
Techevolution - Hosting Fee - 2015	215.40
Triton Regional School District - Refund of Non-Qualified Deductions	55.62
Verizon Wireless - January 2015	279.93
W.B. Mason - Office Supplies	1,594.66
Total	52,066.31

Discussion was on insurance increase that was more than last year but less than budgeted. Kostro notified the Board that \$1 million in crime coverage insurance is in place so ERRS is in compliance and Fidelity is part of this.

Cash Disbursement Warrant CD2015.02a

Upon a motion by Vincent R. Malgeri, seconded by Ira S. Singer, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve the Cash Disbursement Warrant CD2015.02a for in February 2015 as presented below in the total amount of \$5,050.00.

Vendor	Amount
Purchase Power - Postage	5,050.00
Total	5,050.00

Membership Coordinator

Upon a motion by Vincent R. Malgeri, seconded by Ira S. Singer, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to approve a vacation accrual rate of 9.375 hours per month (which when annualized represents three weeks of vacation per year) for Donavin K. Bentley, effective as of February 2, 2015.

Annual Investment Manager Meetings

Q4 2014 Investment Performance Report

Dahab Associates summarized how ERRS's investments in real estate and private equity did well exceeding PRIT fund performance by 120 basis points, and the success of BlackRock investment in fixed income. The retirement system's investments outside of the PRIT fund are winding down including Boston Millennia. BlackRock is still calling for money. Discussion addressed strengths and weaknesses of PRIT fund.

Principal Global Advisors Fund

Vance Voss presented performance overview of strong Q4 and year. Since inception return is close to 13% net. Projected equity multiple is 1.5 times. A few assets were sold in 2014 (Denver and Los Angeles) realizing good gains for investors. For the Green Fund II that ERRS has invested in all cash will be returned early 2016.

Sentinel Real Estate Fund IV

Robert Bartlett described how multi-family is continuing to perform in secondary and tertiary market with 21.6% return on the fund. This is the final year of the closed end, multi-family fund with all money to be returned prior to end of 2015 (i.e., \$2 million back to ERRS).

Executive Director's Report:

Expenditure Report – Trial Balance – Monthly Reconciliation Report

Work on this is being done to close out the year and there is no change in the administrative budget.

Website Update

Board member pages will be updated with recent information.

ERRS Checklists

Signatures of employees once tasks are completed will be used on these checklists.

The Board took a five minute break at 10:06 a.m. and reconvened at 10:15 a.m.

Michael Sacco – Essex Tech Appropriation Options

PERAC has deemed 3(8)(c) process as not appropriate for billing from ERRS to Salem Retirement System for Essex Tech. The options left for ERRS are action in court or legislation. State Representative Brad Hill's office would organize a legislative meeting.

Discussion ensued about how Essex Tech is the successor agency but it is unclear to PERAC to what degree the new Essex Tech bears responsibility for Essex Aggie retirees and unfunded liability. General Counsel Michael Sacco noted that PERAC does not want to get involved in this situation so it has taken the position that there is uncertainty. The letter from PERAC lays groundwork for court or legislative action.

Discussion addressed how ERRS has tried to work out the situation without going to court or legislatively. Also noted was that the legislation was poorly written in regard to successor agency. Essex Aggie was part of ERRS appropriation calculation for fiscal year 2015 with a \$375,000 appropriation share that they did not pay. In FY'16 Essex Aggie was not part of the appropriation calculation for ERRS that was based on one fewer units. ERRS Actuary Larry Stone is determining what the unfunded liability number would be. It has to be decided how a portion of that would be assessed to Essex Tech.

Discussion was on how ERRS would have to notify Legislature what legislation would entail and the associated dollar amount. The member units are looking for Legislation

that would offset the appropriation so they would not have to pay the extra amount resulting from one fewer units paying its cost (i.e., \$41,000 in Ipswich that was not anticipated). Sacco opined that legislation would make new entity (Essex Tech) fulfill the spirit of the legislation to bear the financial responsibility of the retirees of the former entity (Essex Aggie). Discussion will occur with Stone to understand his recommendation on the matter which could possibly be 47 units and Salem Retirement Board as another contributor to appropriation for Essex Tech and amortize the two missed years of payment. Also addressed was how ERRS staff would manage press coverage of the matter relative to court and/or legislative actions it plans to take to resolve situation.


Executive Session – Litigation

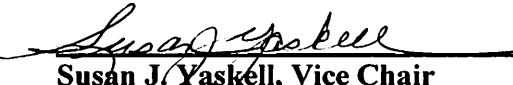
Upon a motion by Vincent R. Malgeri, seconded by Ira S. Singer, the Board voted 4-0 by roll call vote: Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to move to executive session at 10:36 a.m. to discuss strategy with respect to litigation as an open meeting may have a detrimental effect on the litigating position of the retirement system and to return to open session only for the purpose of adjourning the meeting.


H. Joseph Maney left the meeting at 11:00 a.m. The Board returned from executive session to open session at 11:20 a.m.

Motion to Adjourn

Upon a motion by Vincent R. Malgeri, seconded by, the Board voted 3-0 by roll call vote: Ira S. Singer, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to adjourn the meeting at 11:21 a.m.


H. Joseph Maney, Chair


Susan J. Yaskell, Vice Chair


Ira S. Singer


Vincent R. Malgeri