

ESSEX REGIONAL RETIREMENT BOARD
APRIL 27, 2015

At a regular monthly meeting of the Essex Regional Retirement System (ERRS) held on Monday, April 27, 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: Ira S. Singer, Kevin A. Merz, H. Joseph Maney, Susan J. Yaskell, Vincent R. Malgeri.

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

Jane Dooley, Board Secretary

Charles E. Kostro, ERRS Executive Director

Michael Sacco, ERRS General Counsel

Thomas Columb, ERRS General Counsel

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

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

Approval of Board Minutes – Regular/Executive Session of March 30, 2015

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted 4-0-1, with Ira S. Singer abstaining since he did not attend, to approve the minutes of the regular and executive session of the meeting of March 30, 2015.

Public Comment Period

None.

New Enrollments

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted 5-0 that the following named employees be enrolled in the Essex Regional Retirement System as follows:

<u>Name</u>	<u>Unit Name</u>	<u>Department</u>	<u>Hire Date</u>	<u>Group</u>
Baker, Jennifer	Ipswich	School	12/01/14	1
Campbell, Nathan J	Manchester	Fire	03/22/15	4
Chelgren, Jeffrey A	Nahant	Town Staff	03/30/15	1
Cunha, Michael O	Rockport	School	03/24/15	1
Curran, Patrick J	Lynnfield	Police	03/14/15	4
DeCologero, Philip A	North Andover	Selectmen	04/01/15	1

Hansen, Diane V	Ipswich	Town Staff	03/16/15	1
Harty, Nathalie A	North Andover	Library	03/24/15	1
Lasley, Michael A	Ipswich	Public Works	03/23/15	1
Logan, Michael A	North Andover	Police	02/02/15	4
Murphy, Joseph D	Ipswich	School	03/16/15	1
Palmer, Eva P	Manchester	Aging/Conservation	12/23/14	1
Payne, John T	Ipswich	School	03/23/15	1
Shaw, Mark L	Hamilton	Public Works	03/30/15	1
Solazzo, Matthew J	Ipswich	Water	03/30/15	1
Taylor, Todd W	Georgetown	School	03/16/15	1
Ziering, Carolyn N	Nahant	Library	04/01/15	1

New Retirements

Upon a motion by Susan J. Yaskell, seconded by Kevin A. Merz, the Board voted 5-0 that the following named members of the Essex Regional Retirement System receive the superannuation retirement benefits calculated as follows:

1. Diana Clark, North Andover Housing Authority, Property Manager, Group 1
Effective Retirement Date: January 30, 2015
Monthly Retirement Allowance: \$653.13
Annual Retirement Allowance: \$7,837.56
2. Paula Grillo, Ipswich Public Library, Reference/Adult & Young Adult Service Librarian, Group 1
Effective Retirement Date: February 26, 2015
Monthly Retirement Allowance: \$1,821.44
Annual Retirement Allowance: \$21,857.28
3. Paul Humphries, Lynnfield Water District, Superintendent, Group 1
Effective Retirement Date: March 13, 2015
Monthly Retirement Allowance: \$4,436.52
Annual Retirement Allowance: \$53,238.24
4. Edward Hyde, Town of Nahant, Fire Chief, Group 4
Effective Retirement Date: March 8, 2015
Monthly Retirement Allowance: \$6,006.30
Annual Retirement Allowance: \$72,075.60
5. James Johnson, Lynnfield Center Water District, Treatment Plant Operator, Group 1
Effective Retirement Date: April 26, 2015
Monthly Retirement Allowance: \$4,353.78
Annual Retirement Allowance: \$52,245.36

6. Timothy Leonard, Town of Newbury, DPW Director, Group 1
Effective Retirement Date: April 12, 2015
Monthly Retirement Allowance: \$2,841.51
Annual Retirement Allowance: \$34,098.12

Disability Award – Anne Phelps

Upon a motion by Vincent R. Malgeri, seconded by Ira S. Singer, the Board voted 5-0 to approve the disability retirement allowance of Anne Phelps as follows, subject to the appropriate worker's compensation off-set:

Monthly Allowance: \$2,581.44
Annual Allowance: \$30,977.28

Creditable Service Awards

Upon a motion by Ira S. Singer, seconded by Vincent R. Malgeri, the Board voted 5-0 that the following members shall be awarded creditable service as follows:

1. Josephine Brouillette shall be permitted late entry into membership of the Essex Regional Retirement System for part-time service beginning on September 1, 2006 through August 15, 2013 with the Ipswich Public Schools.
2. Stacey Cupka shall be awarded three years and five months of creditable service for prior non-membership service with the North Andover Public Schools.
3. Linda Parady shall be confirmed as having paid for eight months of service previously credited at no charge for the period of October 5, 2000 to June 30, 2001 for service with the Manchester-Essex Regional School District.
4. Anthony Picanso shall be awarded three years and seven months of credible service for prior non-membership service with the Rowley Housing Authority.
5. Lisa Randle shall be confirmed as having paid for twelve months of service previously credited at no charge for the period of July 1, 2000 to June 30, 2001 for service with the Manchester-Essex Regional School District.
6. Barry Sullivan shall be awarded two years and seven months of credible service for prior call fire service with the Town of North Andover.
7. Brian Williams shall be awarded eleven months of creditable service for prior reserve police service with the Town of Boxford.

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 deny liability for past service rendered as described below:

1. Kalil S. Boghdan as requested by the Barnstable County Retirement System for the period of August 1988 to 1992 and from 1993 to 1995 as ERRS never received contributions during this period of time.
2. Sean P. Roach as requested by the Massachusetts Teachers Retirement System for the period of April 1, 2005 to April 28, 2005 as ERRS never received contributions during this period of time.

Refund Warrant RT2015.04

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted 5-0 to approve the Warrant RT2015.04 for April 2015 to refund, rollover or transfer the accumulated deductions as presented in the warrant for fourteen members beginning with Lisa A. Bongo and ending with Susan H. Bond as described below in the total net amount of \$155,107.84.

Name	Type	Board or Institution
Bongo, Lisa A	Transfer	Mass Teachers Retirement System
Bradley, Jane M.	Transfer	Mass Teachers Retirement System
Dulski, Alyssa J.	Transfer	Mass Teachers Retirement System
Good, Karen J.	Transfer	Mass Teachers Retirement System
Harrington, Susan A.	Withdrawal	
Hasselbacher, Jill A.	Transfer	Mass Teachers Retirement System
Lee, Daniel A.	Withdrawal	
Marshall, Christine	Transfer	Danvers Retirement Board
Mullen, Scott D.	Transfer	Reading Retirement Board
Parcellin, Joanne M.	Withdrawal	
Perrotta, Robert M.	Rollover	TD Bank NA
Riley, Matthew C.	Rollover	Merrill Edge
Wood, Keri L.	Withdrawal	
Bond, Susan H.	Death Refund	

April Retirees Payroll

Upon a motion by Kevin A. Merz, seconded by Susan J. Yaskell, the Board voted 5-0 to approve the retirement allowances for the month of April in the actual amount of \$3,166,848.02.

ERRS Payroll

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted 5-0 to approve the payment of the ERRS employee payroll for April 3, 2015, in the amount of \$18,169.56, and the employee payroll for April 17, 2015 in the amount of \$20,044.55.

Cash Disbursement Warrant CD2015.04

Upon a motion by Ira S. Singer, seconded by Vincent R. Malgeri, the Board voted 5-0 to approve the Cash Disbursement Warrant CD2015.04 for April 2015 as presented below in the total amount of \$24,494.09.

Vendor	Amount
ASiflex - Admin Fees - 2015.3	10.00
Comcast - 2015.05	328.19
Dahab Associates, Inc. - 2Q 2015	7,500.00
Town of Danvers Electric - #201	156.54
Town of Danvers Electric - #202	194.71
Jane Dooley - April Advisory Council/Board/Chief Executive Meetings	825.00
Group Insurance Commission - Dental/Vision 2Q FY2015	425.82
H.C.O.P.T. - Supplemental Fee - Snow	1,397.00
H.C.O.P.T. - Condo Fee - May 2015	1,397.00
Harper's Payroll Service - 2015.04.14	85.59
Harper's Payroll Service - 2015.03.31	73.14
Kostro, Charles - MACRS Reservations/Legal Services Ad Reimbursement	1,758.84
Law Office of Michael Sacco - 2015.03	5,349.75
MACRS - June Conference Registration	1,620.00
Pitney Bowes Global Financial Services - Lease Payment	1,084.95
Rainmaker Spring LLC - Office Water - 2015.03	17.00
Red Sun Press - Envelopes	760.00
Retrievex - April 2015	200.24
Ricoh Americas Corporation - April 2015	325.48
Stone Consulting, Inc., - Out of Scope Work with Auditors	345.00
Verizon Wireless - March 2015	279.93
W.B. Mason Company, Inc. - Office Supplies	359.91
Total	24,494.09

Cash Disbursement Warrant CD2015.04a

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted 5-0 to approve the Cash Disbursement Warrant CD2015.04a for the payment of 3(8)c charges as presented below in the total amount of 1,182,331.61.

Vendor	Amount
Amesbury Retirement Board	73,714.90
Andover Retirement Board	29,485.36
Arlington Retirement Board	10,585.15
Barnstable County Retirement Board	81,886.99
Beverly Retirement Board	20,611.77
Brookline Retirement Board	2,319.83
Cambridge Retirement Board	3,787.78
Chicopee Retirement Board	655.16
Danvers Retirement Board	14,822.47
Everett Retirement Board	1,959.96
Gloucester Retirement Board	16,428.43
Hampshire County Retirement Board	4,309.75
Haverhill Retirement Board	53,367.02
Lowell Retirement Board	5,566.91
Lynn Retirement Board	23,624.84
Marblehead Retirement Board	11,760.21
Massachusetts Housing Retirement Board	1,467.30
Massachusetts Teachers Retirement System	585,067.25
MassPort Retirement System	1,219.70
Melrose Retirement Board	5,498.52
Methuen Retirement Board	33,432.99
Natick Retirement Board	8,554.49
Newburyport Retirement Board	27,769.87
Norfolk County Retirement Board	5,784.81
Peabody Retirement Board	43,131.25
Plymouth County Retirement Board	2,164.08
Reading Retirement Board	21,847.63
Salem Retirement Board	32,809.38
Saugus Retirement Board	813.01
Somerville Retirement Board	8,067.76
Springfield Retirement System	67.30
Stoneham Retirement Board	3,482.10
Swampscott Retirement System	3,821.10

Wakefield Retirement Board	591.04
Winchester Retirement Board	1,439.69
Winthrop Retirement Board	2,389.63
Woburn Retirement Board	8,570.07
Worcester Regional Retirement Board	29,456.11
Total	1,182,331.61

Cash Disbursement Warrant CD2015.04b

Upon a motion Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted 5-0 to approve the Cash Disbursement Warrant CD2015.04b for a wire transfer for April 2015 as presented below in the total amount of \$1.5 million.

Vendor	Amount
PRIM - Transfer to Eastern	1.5 million
Total	1.5 million

Annual Statement

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted 5-0 to approve the 2014 Annual Statement as presented.

Reserve Fund Transfer

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted 5-0 to approve the transfer of \$161.00 from the Reserve Fund to the line-item entitled Monthly Condominium Fees in the 2015 budget to cover the additional assessment for snow removal.

IT Consulting Services Agreement

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted 5-0 to authorize the Executive Director to extend from May 31, 2015 to September 30, 2015 the agreement for the provision of IT Consulting Services with NGC Office Systems.

Discussion ensued about how this agreement gives ERRS time to consider options and develop a sophisticated RFP for detailed consultant agreement to upgrade IT support to the state of the art that would be budgeted in this year's budget and carry over to next year's budget.

State Street Remote Access Agreement

Discussion ensued about motion that would allow State Street to electronically submit monthly reports on ERRS investments as custodian bank to PERAC that is matched with

ERRS reporting. Brian Fox at ERRS General Counsel Murphy, Hesse, Toomey and Lehane questioned how there could be liability if any of the information is misused, and he would like to communicate with State Street on the matter about what information would get to PERAC.

Upon a motion by Ira S. Singer, seconded by Vincent R. Malgeri, the Board voted 4-1 with Kevin A. Merz opposed to pass over this item until it is appropriate.

Letter on Membership Statements

Discussion ensued about annual membership statements where envelopes are mechanically stuffed and old ERRS machine can be unreliable stuffing double member statements into one envelope. With a recent mailing, this occurred with 19 membership statements in a pool of 2,600 going to the incorrect address. ERRS General Counsel Michael Sacco had opined that there is no legal obligation for ERRS to notify the members where their statements went to someone else and were destroyed. This letter would be mailed to the 19 people recently effected. ERRS does need a new machine but prior investigation has proved difficult to find a superior replacement. ERRS does manually stuff envelopes when 1099s are sent out.

Discussion was on how ERRS could analyze cost of postage for mailing compared to expected number of items mailed to ensure only 19 statements were stuffed incorrectly. Also mentioned is that a billing company could potentially be used to rectify this dilemma moving forward.

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted 5-0 to approve the following letter to nineteen members of the retirement system regarding the distribution of their annual membership statement, which shall read as follows:

The Essex Regional Retirement System (ERRS) is providing you a notice that your recent membership statement was inadvertently mailed to another member. This statement was either destroyed upon receipt by the other member or returned to ERRS. We regret that this error occurred and apologize for this mistake on our part.

This error occurred as a result of a malfunction in our mail processing machine. The machine folds and places the statements into the envelopes. ERRS mailed in excess of 2,600 member statements. Our records indicate that nineteen (19) members were affected by this malfunction.

As a part of our regular operating procedure, ERRS restricts access to any non-public personal information regarding our members. ERRS maintains physical, electronic and procedural safeguards to protect your non-public personal information. ERRS also processes any request for public information in accordance with the Massachusetts public records law and, as a matter of practice, all public records requests are reviewed by ERRS counsel.

The Board and staff at ERRS regret this error involving your member statement. To insure that this error does not occur again, any future mailing which contains non-public information of our members will be conducted by hand by ERRS staff.

If you have any question regarding your member statement or this notice, please feel free to contact us at (978) 739-9151 or via email at info@essexrrs.org. Our office hours are Monday through Friday, 8:30 a.m., to 4:30 p.m.

Thank you.

Executive Director Charles Kostro will review substance of letter with Sacco before it is mailed to 19 members.

Levine Leichtman IV – Qualified Replacement

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted 5-0 to authorize the Chair to sign the Form of Consent to appointment Aaron M. Perlmutter as the qualified replacement for Stephen E. Hartman for Levine Leichtman Capital Partners, Fund IV, LP.

Executive Director's Report

Legal Services RFP – Update

Discussion was on six firms having responded to legal services RFP and proposals are expected next week. The bids will be opened at the ERRS Board meeting on May 18 and interviews could occur at June 29 meeting with an agreement to start on July 1. The RFP allows for current situation with two law firms supporting the retirement system and specifies that legal firms have to be experienced with Chapter 32. Discussion was on an RFP addendum that would have minimum requirements (i.e., substantive service, and legal firm has served as many as five retirement systems in the last 10 years) to ensure legal firms bidding are qualified to support ERRS.

Upon a motion by Ira S. Singer, seconded by Vincent R. Malgeri, the Board voted 5-0 to amend RFP to minimal qualifications under Item #2 to read: the proposing law firm and attorney must have provided legal services in some capacity to at least four Massachusetts, Chapter 32 public pension systems in the last seven years.

2014 Powers and Sullivan Audit – Update

The audit is done and auditor does not believe there is a need for evaluation work in the field.

CDS Litigation – Data Gathering Update

All data was gathered and reviewed by Executive Director.

Actuarial Appropriation Method Update

Discussion ensued about information from PERAC Actuary Jim Lamenzo regarding actuarial appropriation method with as many as 20 systems using some form of this appropriation. None of these systems have been challenged legally for using actuarial appropriation. Discussion was on if a hybrid system where member units with higher costs would be responsible for those costs individually rather than spreading the costs across all of the member units or if smoothing would be used to share some of the costs amongst all units. If ERRS were going to implement actuarial appropriation this could begin for FY'17.

Discussion addressed having Lamenzo come to an ERRS Board meeting or Advisory Council meeting (where Chief Executive Officers of member units would be invited) to speak to actuarial appropriation. The greatest impact of such an appropriation would be on towns with many Group 4 employees and disability applications. The school systems would see the largest savings (they get the benefit of Group 4 public safety personnel at no cost).

Group 4 Members Communication

ERRS will communicate with Group 4 members on MacAloney issue and payment for Group 4 service based on regulation and this information will be included in the ERRS newsletter and put on retirement system website.

Office Space

Discussion ensued about whether or not ERRS would lease or purchase office space if it decided to move offices. ERRS currently owns the office condominiums it is using. A calculation will be done to understand if owning the space valued at \$500,000 has saved the retirement system money versus leasing in the last 15 years.

The Board took a break at 9:54 a.m. and reconvened at 10:01 a.m. ERRS General Counsel Michael Sacco joined the meeting.

Regular Compensation – PERAC Response to the Town of Hamilton

Discussion ensued about Town of Hamilton's review of payroll with some members in full time positions who were also call firefighters which brought their weekly work hours to more than 40 hours a week so these individuals were paid overtime. The town also had call firefighters employed by the HWRSD as a separate employer so they were not paid overtime but were paid straight time that was added to regular compensation with retirement withholdings taken. The town employees being paid overtime could not have withholdings taken from the overtime pay that is excluded from regular compensation.

Finance Director Deborah Nippes-Mena in Hamilton contacted ERRS on the matter which was discussed amongst Kostro and ERRS General Counsel Michael Sacco and

Chapter 32 specifies that overtime is not regular compensation so retirement withholdings cannot be taken. Nippes-Mena was notified of this and she wrote a letter to PERAC. The response from PERAC complicates matter beyond the call firefighter issue because of standard about second job being regular, predictable and recurring which is not always the case with second jobs such as call firefighters. ERRS has allowed call firefighters to add their regular wages to their regular compensation.

Sacco opined that he did not understand why PERAC involves itself with municipalities in rendering an opinion of which they have no jurisdiction or authority to provide advice. The counter intuitive and not binding PERAC advice is at odds with ERRS. He added that notion of overtime being bifurcated into straight time and overtime does not have basis in law, and disagreed with PERAC that any component of overtime is part of regular compensation. Also addressed was regular recurring is not usually the case with call firefighters and reserve police officers since they do not have set schedules.

Sacco opined that procedurally ERRS would tell Hamilton what to do, any individual specifically impacted by direction would formally ask Board to reconsider which would be denied by Board based on view of law. The person would have the right to appeal to DALA. PERAC having rendered a decision would be brought in as a party as part of a motion being filed. Discussion addressed how ERRS determines what is regular compensation not the Town of Hamilton, and it could reject deductions from the town. Also, that overtime compensation is not eligible for deductions under the retirement system according to law as ERRS interprets it and the municipality is entitled to an appeal through CRAB on overtime issue.

Upon a motion by Ira S. Singer, seconded by Kevin A. Merz, the Board voted 5-0 to advise the Town of Hamilton through Ms. Nippes-Mena not to withhold retirement deductions from any portion of an overtime payment for the reasons just stated. Sacco will draft a letter to the Town of Hamilton that will be reviewed with Kostro and a copy of the final letter will be sent to PERAC.

Purchase of Service Case & DALA Filing

Discussion ensued about member Leah Hill who wanted to buy service rendered at UMass where she was a temporary employee and eligible for service. Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted 5-0 that Leah Hill be permitted to reapply to purchase creditable service upon the presentation of proper documentation of her service that was previously denied.

Civilian Dispatcher – DALA Decision

Sandra Sanger, retired fire alarm signal operator, had appealed when she was moved from Group 2 to Group 1 and adjustment was made. Sacco had moved to dismiss and ERRS won the case which Sanger is not contesting. He plans to file a motion to dismiss relative to other similar pending cases.

Executive Session – Disability Application

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call: Kevin A. Merz, yes, Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to move to executive session to act on the disability application of Melinda Conrad and to return to open session upon the conclusion of this executive session.

At 10:31 a.m. the Board moved into executive session. At 10:49 a.m. the Board returned to open session. The Board waited for ERRS General Counsel Thomas Columb to arrive and returned to executive session at 10:55 a.m.


Executive Session – Personnel Matter

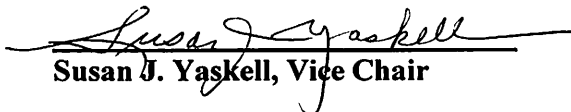
Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Kevin A. Merz, yes, Ira S. Singer, yes, H. Joseph Maney, yes, Vincent R. Malgeri, yes, Susan J. Yaskell, yes, to move to executive session to discuss the discipline or dismissal of, or complaints or charges brought against, a public officer, employee, staff member or individual and to return to open session only for the purpose of adjourning the meeting.

The Board returned to open session at 1:17 p.m.

Motion to Adjourn

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted 5-0 to adjourn the meeting at 1:17 p.m.



H. Joseph Maney, Chair


Susan J. Yaskell, Vice Chair

Kevin A. Merz



Vincent R. Malgeri



Ira S. Singer