

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

At a regular meeting of the Essex Regional Retirement System (ERRS) held on Monday, November 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: 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 E. Kostro, ERRS Executive Director
Michael Sacco, ERRS General Counsel
Seth Lynn, Dahab Associates
Alan Brand, TA Realty
Nicole Dutra Grinnell, TA Realty
Devon Sullivan, Intercontinental

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

Upon a motion by Susan J. Yaskell, seconded by Kevin A. Merz, the Board voted: 4-0-1 with Alan J. Benson abstaining to approve the minutes of the regular and executive session of the meeting of October 26, 2015.

Public Comment

None.

New Enrollments

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, 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 32 names beginning with Katherine M. Acorn and ending with Sandy L. Williams:

<u>Name</u>	<u>Unit Name</u>	<u>Department</u>	<u>Hire Date</u>	<u>Group</u>
Acorn, Katherine M	Ipswich	School	09/14/15	1

Aldrich, Thomas J	Manchester	Fire	10/18/15	4
Barrows, Jaimie E	Masconomet RSD	School	10/13/15	1
Bleau, Loren E	Pentucket RSD	School	08/26/15	1
Boyle, Marette E	Hamilton	Recreation	10/27/15	1
Bresnahan, Jacqueline R	Wenham	Building	10/07/15	1
Brodie, Devin H	Pentucket RSD	School	08/26/15	1
Campo, Kimberly A	Nahant	Building	10/19/15	1
Conti, Debra R	North Andover	School	10/19/15	1
DePasquale, Katherine J	Triton RSD	School	09/08/15	1
Duzz, Jonathan W	Lynnfield	Police	11/04/15	4
Enright, William F	North Andover	Police	09/23/15	4
Farra, Salma	Georgetown	School	10/13/15	1
Fields, Penny G	Masconomet RSD	School	10/13/15	1
Gioioso, Jean M	Masconomet RSD	School	10/13/15	1
Grande, Joseph A	North Andover	Water	10/26/15	1
Kaltsas, George	Masconomet RSD	School	09/01/15	1
Kenyon, Allesha B	Triton RSD	School	11/01/15	1
Kiddy, Karlene E	Lynnfield	School	08/26/15	1
LeColst, Andrew J	Middleton	Fire	12/22/14	4
Lewis, Jillian A	Triton RSD	School	10/19/15	1
McClelland, Deborah A	Pentucket RSD	School	10/22/15	1
Mitchell Jr., Fred A	Georgetown	Fire	10/05/15	4
Moloney, John N	Pentucket RSD	School	08/26/15	1
Mumelter-D'Urso, Virginia	Triton RSD	School	10/13/15	1
Socci, Maria E	Georgetown	School	09/30/15	1
Story, Alison N	Triton RSD	School	09/21/15	1
Thibault, Andrea L	Wenham	Treasurer	10/19/15	1
Torelli, Justin L	North Andover	Public Works	11/09/15	1
Truppner, Jennifer A	Pentucket RSD	School	08/25/15	1
Walsh, Brienne R	Rowley	Aging	09/28/15	1
Williams, Sandy L	Hamilton-Wenham RSD	School	11/02/15	1

New Retirements

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 named members of the Essex Regional Retirement System be awarded superannuation retirement benefits calculated:

1. Dorothy R. Carr, Town of West Newbury, Library Assistant, Group 1
Effective Retirement Date: October 16, 2015
Monthly Retirement Allowance: \$723.84
Annual Retirement Allowance: \$8,686.08
2. **ADJUSTED** Thomas Colpitts, Town of Ipswich Police Department, Sergeant, Group 4
Effective Retirement Date: December 9, 2013
Monthly Retirement Allowance: \$4,767.69
Annual Retirement Allowance: \$57,212.28
3. Barbara T. Jensen, North Andover School Department, Administrative Aide, Group 1
Effective Retirement Date: October 16, 2015
Monthly Retirement Allowance: \$949.53
Annual Retirement Allowance: \$11,394.36
4. **ADJUSTED** Linda Kiley, Manchester School Department, Teaching Assistant, Group 1
Effective Retirement Date: August 7, 2013
Monthly Retirement Allowance: \$947.88
Annual Retirement Allowance: \$11,374.56
5. Michael J. Thomas, Town of Ipswich Police Department, Police Officer, Group 4
Effective Retirement Date: October 23, 2015
Monthly Retirement Allowance: \$2,627.31
Annual Retirement Allowance: \$31,527.72
6. Elaine M. Wozney, Town of Essex, Board of Health Agent, Group 1
Effective Retirement Date: September 30, 2015
Monthly Retirement Allowance: \$4,430.40
Annual Retirement Allowance: \$53,164.80

Creditable Service Awards

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted: 4-0-1 with Alan J. Benson abstaining that the following members shall be awarded creditable service as follows:

1. Robert C. Dwyer, a member from the Town of Nahant, shall be awarded one year and six months of creditable service for his purchase of reserve police officer service from July 1, 1991 to December 31, 1992 with the Town of Nahant.
2. Patricia M. Heath, a member from the Manchester-Essex Regional School District, shall be awarded seven months of creditable service for her purchase of

prior non-membership service with the Manchester-Essex Regional School District.

3. David T. Leary, a member from the Town of Middleton, shall be awarded five years and two months of creditable service for his purchase of call firefighter service from April 30, 2001 to December 20, 2006 with the Town of Middleton.
4. Douglas C. Janvrin, Jr., a member from the Town of Newbury, shall be awarded five years of creditable service for his purchase of call firefighter service from October 18, 1994 to October 17, 1999 with the Town of Newbury.
5. Thomas J. Nentwig, a member from the Town of Boxford, shall be awarded six months of creditable service for his purchase of reserve police officer service from June 9, 1986 to December 24, 1986 with the Town of Boxford.
6. Jason R. Ouellette, a member from the Town of North Andover, shall be awarded one year and three months of creditable service for his purchase of reserve police officer and call firefighter service from August 31, 1995 to December 8, 1995 with the Town of North Andover.
7. Trudy L. Reid, a member from the Town of Lynnfield, shall be awarded nine months of creditable service for her purchase of prior non-membership service with the Town of Wenham.
8. Kenneth Trofatter, a member from the Town of Salisbury, shall be awarded five years of creditable service for his purchase of call firefighter service from June 1, 1993 to May 31, 1998 with the Town of Salisbury.

Approval of Installment Plan

Upon a motion by Kevin A. Merz, seconded by Susan J. Yaskell, the Board voted: 5-0, to approve an installment plan as described below for the following members:

1. Brett Emerson, for the purchase of call firefighter service which shall be paid in full on or before November 23, 2017 in accordance with the terms and conditions as presented.
2. Susan M. Lagorio, for the purchase of prior non-membership service which shall be paid in full on or before December 9, 2017 in accordance with the terms and conditions as presented.
3. Jay Staude, for the purchase of reserve police service which shall be paid in full on or before December 9, 2015 in accordance with the terms and conditions as presented.

Acceptance of Liability

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, 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 members as described below:

1. Kenneth E. Berkenbush, for six years and two months as requested by the Amesbury Retirement Board for prior refunded service for the period of June 1, 1986 to August 22, 1992.
2. Heather DeSimone, for three years and five months as requested by the Lowell Retirement Board for prior refunded service for the period of November 1, 2001 to April 22, 2005.

Refund Warrant RT2015.11

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted: 5-0, to approve the warrant for November 2015 to refund, rollover or transfer the total accumulated deductions for thirteen members beginning with Mindy L. Chapman and ending with Barry C. Theriault as described below in the total net amount of \$215,772.02.

Name	Type	Board or Institution
Chapman, Mindy L.	Transfer	Wellesley Retirement Board
Dipersio, Linda A.	Withdrawal	
Hagen, Patrick	Withdrawal	
Heath, Patricia M.	Withdrawal	
Jensen, Barbara T.	Withdrawal	
Metivier, N. Jon	Transfer	Middlesex County Retirement Board
Pappalardo, Alfred	Withdrawal	
Perez, Carol A.	Withdrawal	
Richards, Ryan C.	Transfer	Mass Teachers Retirement System
Twomey, Elaine F.	Transfer	Mass Teachers Retirement System
Vanamburgh, Gerald W.	Withdrawal	
Vanamburgh, Gerald W.	Rollover	The Provident Bank
Flynn, John J.	Survivor Rollover	Citizen Bank - Retirement Account
Theriault, Barry C.	Death Refund	

October Retirees Payroll

Upon a motion by Kevin A. Merz, seconded by Alan J. Benson, the Board voted: 5-0, to approve the retirement allowances for the month of October in the actual amount of \$3,317,332.85.

November 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 November in the actual amount of \$3,304,300.12.

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 October 30, 2015, in the amount of \$19,488.96, for November 13, 2015 in the amount of 17,988.96, and for November 27, 2015 in the amount of \$19,488.96.

Cash Disbursement Warrant CD2015.10a

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted: 5-0, to approve the Cash Disbursement Warrant CD2015.10a for October 2015 as presented below in the total amount of \$210.76.

Vendor	Amount
Masterson, Traci - Advisory Council Food Reimbursement	210.76
Total	210.76

Cash Disbursement Warrant CD2015.11

Upon a motion by Kevin A Merz, seconded by Susan J. Yaskell, the Board voted: 5-0, to approve the Cash Disbursement Warrant CD2015.11 for November 2015 as presented below in the total amount of \$40,598.30.

Vendor	Amount
ASI Flexible Spending Account - Administrative Fees - 2015.10	7.50
Comcast	332.40
Town of Danvers Electric - #201	

	144.28
Town of Danvers Electric - #202	151.25
Jane Dooley - November Meeting	275.00
H.C.O.P.T. - Condo Fee - 2015.12	1,397.00
Harper's Payroll Service - 2015.11.09	48.34
Harper's Payroll Service - 2015.11.16	84.14
Harper's Payroll Service - 2015.10.26	84.14
Kingsbury Press - 2015 1099's	654.54
Kostro, Charles - PRIM Board Meeting - Parking/Stamps	113.60
Law Office of Michael Sacco - 2015.10	10,255.91
Masterson, Traci - Name Plate/Training Supplies	36.12
Mathew's Cleaning & Painting - 2015.11	272.00
Pitney Bowes Global Financial Services LLC - Lease Payment	1,731.21
Rainmaker Spring LLC - 2015.10	12.75
Red Sun Press - Envelopes	1,405.00
Retrievex - 2015.11	200.24
Ricoh Americas Corporation - 2015.11	325.48
Spectra Associates, Inc., Meeting Minute Books & Paper	337.50
State Street Bank & Trust 3Q 2015 Fees	16,409.61
Stone Consulting, Inc. - GASB 67 & 68	500.00
Verizon Wireless - 2015.10	279.93
Virtual Town Hall Holdings, LLC - Annual Support - 12/01/2015 - 11/30/2016	2,700.00
W.B. Mason Company, Inc. - Office Supplies	503.20

Worcester Regional Retirement Board - Adjusted 3(8)(c) Billing	2,337.16
Total	40,598.30

Cash Disbursement Warrant CD2015.11a

Upon a motion by Vincent R. Malgeri, seconded by Alan J. Benson, the Board voted: 5-0, to approve the Cash Disbursement Warrant CD2015.11a for wire transfers for November 2015 as presented below in the total amount of \$2,274,980.

Vendor	Amount
PRIM - Transfer to Eastern	1,250,000.00
Principal Real Estate Investors - Management Fees 3Q 2015	24,980.00
State Street Bank & Trust - Transfer to Eastern	1,000,000.00
Total	2,274,980.00

Actuarial Appropriation Method

The Board discussed the following:

- How the actuarial appropriation method is fairer than payroll method,
- The significant impact implementation of the actuarial method by ERRS would have on three member units,
- That member units should be encouraged to use pre-employment physicals as part of employment practices to ensure employees are fit for positions, and to potentially cut down on the number of disability applications,
- That ERRS could develop an education/motivation training plan for member units to foster understanding of impact of voluntary and involuntary disability retirements,
- That authority, according to existing law, to use actuarial appropriation method is not supported by statute,
- There is no legislative back-up if a member unit sued ERRS for use of actuarial method (although none of the 19 retirement systems in the state using the actuarial method have experienced litigation),
- Clarification is needed from PERAC about if legislation should be filed to have use of actuarial method comply with law,
- Advisory Council attendees did not respond well to the prospect of the actuarial method being implemented,
- The actuarial method relative to Essex Tech.
- The Board asked the Executive Director to develop a plan for its review on the matter.

Upon a motion by Susan J. Yaskell, seconded by Kevin A. Merz, the Board voted: 5-0, to table further action relative to the implementation of the actuarial appropriation method until such time as PERAC clarifies its authority to approve said method of appropriation.

Dahab Associates

ERRS received bids in 2012 for investment consulting services and selected Dahab Associates and awarded a three-year contract.

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted: 5-0, to extend the existing agreement with Dahab Associates for investment consulting services to December 31, 2017.

Independent Audit Services RFP

Discussion ensued about ERRS subcommittee reviewing bids for auditing services and its recommendation for ERRS to continue with Powers & Sullivan due to the firm's professionalism, and value in how the firm handled the details about Essex Tech. The bid was \$24,000 higher than second highest ranked firm. The budget for auditing services will not have to be increased to accommodate the three year contract for Powers & Sullivan. Discussion addressed the importance of retirement system switching audit firms every so often.

Upon a motion by Susan J. Yaskell, seconded Vincent R. Malgeri, the Board voted: 5-0, to award a three year contract from January 1, 2016 to December 31, 2018 for audit services to Powers & Sullivan, LLC of Wakefield, MA.

Stone Consulting, Inc.

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted: 5-0, to exercise the Board's option to extend the agreement for actuarial services with Stone Consulting, Inc., to December 31, 2016.

Annual Investment Manager Meetings:

Dahab Associates

A summary was presented on Q3 performance review noting that PRIT core is well diversified/managed despite slow economy during the quarter especially for emerging markets. Private equity and real estate are still producing good returns. In regard to asset allocation, PRIT model is for a five to seven year investment horizon. Dahab Associates analyzed ERRS asset mix and recommendation is not to change since it is consider good for the retirement system's future investing. ERRS currently has 91% of its assets in PRIT. Also, that 10% investment in real estate could remain, possibly in a real estate investment sleeve at PRIT, once ERRS's real estate assets are liquidated. A decision will

have to be made once ERRS gets all distributions from its private equity investments about where to invest those funds. The retirement system has had success with its real estate and private equity investments in the last few years and it could either get new private equity and real estate managers or put assets in private equity and real estate sleeves at PRIT. Dahab Associates is working on a draft investment policy for ERRS which will be addressed at an upcoming Board meeting.

TA Realty Associates

Fund IX is a mature fund with two-thirds of invested equity returned, IRR of 15%, distributions have been quarterly, and debt is driven by real estate. There is \$2.5 billion left in the fund and distributions are expected to be up next year.

Intercontinental Real Estate Corporation

There are two assets remaining in the fund that has had 15% IRR and capital calls were stopped in 2006. ERRS has realized \$3.1 million from its \$2 million investment. Two distributions remaining will be done in January and March 2016.

The Board took a break at 10:20 a.m. and reconvened at 10:30 a.m.

Executive Session – Disability Application & Litigation Strategy

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted at 10:30 a.m. 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 to act on the disability application of Peggy Brady 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 that the Board will return to open session upon the conclusion of the executive session.

The Board returned to open session at 10:45 a.m.

Updated Membership Policy

Upon a motion by Vincent R. Malgeri, seconded by Alan J. Benson, the Board voted: 5-0, to replace the existing Membership Policy with the following:

Any individual who is permanently employed twenty (20) or more hours per week in a single position by any member unit of the Essex Regional Retirement System (“System”) and who receives at least \$5,000 in wages as defined in M.G.L. c. 32, § 1 and 840 CMR 15.03 shall become a member of the System. Upon becoming a member of the System, a member must maintain the status of being permanently employed 20 or more hours per week earn \$5,000 annually in wages to continue contributing to the System and accruing creditable service.

Any elected official who earns at least \$5,000 in wages may elect to become a member of the System within ninety days after the date of assuming office. Upon becoming a member of the System, an elected official must maintain the status of receiving \$5,000 in wages annually to continuing contributing to the System and accruing creditable service.

PERAC Response Re: ERRS Retirement Calculation Question

Discussion ensued on PERAC's agreement relative to ERRS's retirement calculation for Ira Singer which does not include earnings paid in lieu of automobile reimbursement and life insurance premiums. The Board has approved Mr. Singer's retirement based on this position and it will notify Mr. Singer of his right to appeal.

Tax counsel support

Sacco explained that he would work with tax counsel when expertise is needed for tax issues (i.e., refunds taken pre-tax) and this cost will be passed on to his clients. The Board concurred with the suggested practice.

2016 Cash Flow Plan

The PRIT cash balance is \$3 million and cash balance for State Street is \$1 million.

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted: 5-0, to approve the 2016 Cash Flow Plan as presented.

2016 Board Meeting Dates

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted: 5-0, to approve the following tentative schedule (as modified for July 18th) for the regular monthly meetings of the Board in 2016:

January 25, 2016
February 29, 2016
March 28, 2016
April 25, 2016
May 23, 2016
June 27, 2016
July 18, 2016
August 29, 2016
September 26, 2016
October 31, 2016
November 21, 2016
December 19, 2016

2016 Benefit Payroll Dates

Upon a motion Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted: 5-0, to the following schedule for the benefit payroll for 2016:

January 29, 2016
February 29, 2016
March 31, 2016
April 29, 2016
May 31, 2016
June 30, 2016
July 29, 2016
August 31, 2016
September 30, 2016
October 31, 2016
November 30, 2016
December 30, 2016

2015 & 2016 Holiday & Office Closing Schedule

Discussion ensued about consistency in how holiday and office closing schedule is administered, addressed how there is typically 12 to 13 holidays a year and if floating holidays would be used when holidays fall on a weekend, and how frequently early office closings would occur. The Board reviewed the following schedule for 11 ERRS holidays in 2016 and various early office closings for the remainder of 2015 and for 2016. It was noted that January 18, 2016 Martin Luther King Day would be added to the schedule:

Wednesday, November 25, 2015 – Offices Close at 2:30 p.m.
Wednesday, December 23, 2015 – Offices Close at 2:30 p.m.
Thursday, December 31, 2015 – Offices Close at 2:30 p.m.
Friday, January 1, 2016 – New Year's Day
Monday, February 15, 2016 – President's Day
Monday, April 18, 2016 – Patriot's Day
Friday, May 27, 2015 - Offices Close at 2:30 p.m.
Monday, May 30, 2016 – Memorial Day
Friday, July 1, 2016 – Offices Close at 2:30 p.m.
Monday, July 4, 2016 – Independence Day
Monday, September 5, 2016 – Labor Day
Monday, October 10, 2016 – Columbus Day
Friday, November 11, 2016 – Veteran's Day
Wednesday, November 23, 2016 – Offices Close at 2:30 p.m.
Thursday, November 24, 2016 – Thanksgiving Day
Friday, November 25, 2016 – Friday after Thanksgiving Day
Friday, December 23, 2016 – Offices Close at 2:30 p.m.
Monday, December 26, 2016 – Recognition of Christmas Day

The Board decided to address the entire schedule at its December meeting.

Upon a motion by Alan J. Benson, seconded by Kevin A. Merz, the Board voted: 5-0, to approve the following holidays for ERRS for the remainder of 2015 in addition to those holidays already approved: Wednesday, November 25, 2015 – Offices Close at 2:30 p.m. and Thursday, December 31, 2015 – Offices Close at 2:30 p.m.

Executive Director's Report:

Pitney Bowes Lease Proposal

Discussion was about leases that are up on postage and mail sorter machines and need for vendor to provide copies of contracts for ERRS review.

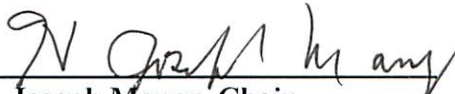
Executive Director 2015 Performance Review Comments

Discussion ensued on how no action has been taken on seeking new office space for ERRS and how it has been difficult for property owners to sell office space in the Maple Street complex.

H. Joseph Maney will compile comments from the Board on the Executive Director's 2015 Performance Review and present the result at the next meeting. Alan J. Benson noted that he would not weigh in on the review since he is new to the Board.

Motion to Adjourn

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


H. Joseph Maney, Chair


Alan J. Benson


Susan J. Yaskell, Vice Chair


Kevin A. Merz


Vincent R. Malgeri