

ESSEX REGIONAL RETIREMENT BOARD
MAY 22, 2017

At a regular meeting of the Essex Regional Retirement System (ERRS) held on Monday, May 22, 2017 at 491 Maple Street, Suite 201 at 8:30 a.m. the following Board members were present for all or some of the meeting: Alan J. Benson, Vincent R. Malgeri, H. Joseph Maney and Susan J. Yaskell.

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

Charles Kostro, ERRS Executive Director

Pamela Lynch, ERRS Administrative Assistant

Michael Sacco, ERRS General Counsel

Renee' Davis, Powers & Sullivan

James Powers, Powers & Sullivan

Seth Lynn, Dahab Associates

Martin Hernon, Boston Millennia Partners

Adam Troupe, Troupe Law Office

John Perrone, John H. Perrone & Associates

Paul Bonnell

Board Chair Joseph Maney called the meeting to order at 8:30 a.m. The Board said the pledge of allegiance.

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 April 24, 2017.

Public Comment Period

There was no public comment.

Powers & Sullivan 2016 Audit Presentation

Renee' Davis and James Powers of the independent CPA firm Powers & Sullivan presented their findings from the 2016 annual financial audit. Ms. Davis reviewed the audit process and the testing that is done on the retirement system's records. Based on the audit report, the numbers are pretty clean and there are no material deficiencies. Ms. Davis reviewed three recommendations that they provided to the staff. The first recommendation relates to payroll verification by the member units. This pertains to the salary survey sent to units each year that requires their signature indicating that the salaries to be used to allocate the annual appropriation are accurate. Some units are not certifying the payroll and returning it to the retirement system. Ms. Davis also mentioned that some travel reimbursements were not as fully documented as they would like to see. The issues with travel reimbursement documentation were minor but they felt that it should be noted. Finally, and most importantly, she discussed the timing of the valuation

studies and the necessity to have the studies completed on an accelerated schedule in order to meet the reporting requirement for all units under the GASB 67 & 68 rules. Mr. Kostro indicated that the RFP for actuarial services will include a schedule for delivering this report timely and he will be sure to submit the draft RFP to Powers & Sullivan before it is advertised to get their comments. Mr. Powers reviewed in detail the valuation study process and the data required in order to comply with GASB 67 & 68 and made several suggestions regarding the requirements needed in the RFP. Discussion ensued regarding the process by which the funding schedule is approved. Mr. Powers recommended that this process be accelerated and asked if the retirement system can meet an accelerated schedule. Mr. Kostro felt that it could be done and noted that the current process for approving a funding schedule is worked around the fall Advisory Council meeting. This permits the Advisory Council to provide feedback to the Board and that is something that should continue. Mr. Kostro felt the schedule could be adjusted so that the proposed funding schedule is provided to the Advisory Council at the spring meeting rather than the fall meeting. Mr. Malgeri asked for additional details about the travel reimbursement issue. Ms. Davis indicated that two reimbursement requests did not have all of the necessary signatures and three did not have the maps showing the mileage that was travelled. Mr. Powers reminded the Board that these were minor issues and not material to the system's overall finances. Mr. Kostro updated the Board on the response to Channel 5, who filed a request for three years of Board travel records. He indicated that the Board has twice responded timely to Channel 5 and, as is the typical practice when the media files a request for public records with ERRS, no fees were charged. Mr. Kostro also noted that this Board travels very rarely and that the total annual travel budget for Board members and staff is only \$5,000. Mr. Powers mentioned that the staff at ERRS has done a great job and the Board should be very pleased with the work of the staff. The final audit report will be submitted to the Board for approval, possibly by the regular meeting on June 26th.

Dahab Associates – Q1 Investment Performance

Mr. Maney welcomed Seth Lynn of Dahab Associates who reviewed the investment performance for the retirement system for the first quarter of 2017. Mr. Lynn stated that the first quarter of 2017 was a very strong quarter for all asset classes. In response to a question from the Board, Mr. Lynn reviewed the STRIPS investments made by the PRIT Fund. Overall, the fund was up 4.7% in the first quarter, and over the five year period the funds return was very strong, in the top ten percent of public funds across the nation. The returns were particularly strong in private equity and as of the first quarter, the fund is now 96% invested in the PRIT Fund. Mr. Lynn reviewed the overall performance of the PRIT Fund, noting that hedge funds are now about 8% of the PRIT Core Fund. Mr. Benson asked about the asset allocation study and Mr. Kostro noted that Board member Kevin Merz had suggested last month that a meeting be set aside just to discuss this issue given its importance. The Board selected Monday, June 12, 2017 as the date on which a special meeting should be held to discuss just the allocation of fund assets and the Board's investment strategy. Mr. Kostro described for the Board the frustrating process by which the retirement system has been unable to transfer, cash or otherwise eliminate the STRIPS that were being held by State Street Bank. He described in detail the

numerous conversations, emails and efforts made by staff and by Dahab Associates to clear up these small, remaining holdings. He said he thought the account was cleared when he authorized State Street to sell the STRIPS, the sale went through and the \$1,799 in cash was actually transferred to Eastern Bank. Subsequently, State Street Bank unilaterally and retroactively canceled the trade and then held other funds accidentally paid to State Street from securities litigation settlements to off-set the \$1,799 transfer. Mr. Kostro then noted that State Street billed the retirement system for Q1 2017 based on \$400 million in assets. He notified State Street that ERRS had no intention of paying such an outrageous bill and he referred the matter to ERRS counsel. Mr. Lynn stated that he would check with one other source to see if these holdings could be liquidated.

Boston Millennia Partners

Martin Hernon from Boston Millennia Partners reviewed the two funds still active. He noted that both funds are winding down and Boston Millennia Partners I is essentially done.

Levine Leichtman

The phone conference with Levine Leichtman was rescheduled to the special meeting to be held on June 12th.

New Enrollments

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 4-0; That the following named employees be enrolled in the Essex Regional Retirement System, a list of twenty-one names beginning with Jamie L. Bossi and ending with Rafal Urban.

<u>Name</u>	<u>Unit Name</u>	<u>Department</u>	<u>Date</u>	<u>Group</u>
Bossi, Jamie L.	Lynnfield	School	01/04/2016	1
Carvalho, Brittany L.	Georgetown	School	04/01/2017	1
Charest, Krisha L.	Pentucket RSD	School	08/22/2016	1
Corricelli, Anthony R.	Essex	DPW	05/02/2017	1
Cullen, Patrick R.	Masconomet RSD	School	03/16/2017	1
DiGregorio, Keegan D.	Ipswich	Cemetery/Parks	05/08/2017	1
Finnegan, Katelyn E.	Merrimac	Treasurer/Collector	03/17/2017	1
Goolishian, Nicole E.	Lynnfield	Library	04/14/2017	1
Gould, Andrew	West Newbury	Finance	01/09/2017	1
Harris, John M.	Topsfield	Facilities	04/20/2017	1
Ibbitson, Caroline S.	North Andover	Board of Health	05/09/2017	1
Kelley, Brian J.	Middleton	Police	01/01/2014	4
McCormack, Angela M.	Pentucket RSD	School	10/03/2016	1
Miller, David G.	Triton RSD	School	04/27/2017	1
Oswald, Kimberly M.	North Andover H.A.	Housing Auth. Staff	04/03/2017	1
Richardson, Sarah A.	Triton RSD	School	02/27/2017	1
Rosquete, David J.	Georgetown	Police	01/30/2017	4

Rowell, Daniel J.	Rockport	Water Dept.	03/31/2017	1
Shwom, Matthew J.	Merrimac	Electric/Light Dept.	04/26/2017	4
Smith, Abigail J.	Pentucket RSD	School	12/12/2016	1
Urban, Rafal	Masconomet RSD	School	04/24/2017	1

New Retirements

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted 4-0; That the following eight members of the Essex Regional Retirement System be awarded superannuation retirement benefits calculated as follows:

1. Daniel F. Collins, Triton Regional School District, Custodian, Group 1
Effective Retirement Date: March 31, 2017
Monthly Retirement Allowance: \$1,782.12
Annual Retirement Allowance: \$21,385.44
2. Kathryn F. Famulari, Town of Nahant, Treasurer/Collector, Group 1
Effective Retirement Date: April 29, 2017
Monthly Retirement Allowance: \$1,562.61
Annual Retirement Allowance: \$18,751.32
3. Michael P. Goddu, Town of Georgetown, Police Officer, Group 4
Effective Retirement Date: March 31, 2017
Monthly Retirement Allowance: \$5,484.42
Annual Retirement Allowance: \$65,813.04
4. George H. Hobbs, Town of Rockport, Assessor, Group 1
Effective Retirement Date: May 9, 2017
Monthly Retirement Allowance: \$107.73
Annual Retirement Allowance: \$1,292.76
5. Donald R. Levesque, Town of Salisbury, Director of Public Works, Group 1
Effective Retirement Date: April 7, 2017
Monthly Retirement Allowance: \$4,717.59
Annual Retirement Allowance: \$56,611.08
6. Judy L. Savasta, Tri-Town School Union, Kitchen Manager, Group 1
Effective Retirement Date: March 15, 2017
Monthly Retirement Allowance: \$381.16
Annual Retirement Allowance: \$4,573.92
7. Gregory A. Stevens, Town of Hamilton, D.P.W Laborer, Group 1
Effective Retirement Date: March 31, 2017
Monthly Retirement Allowance: \$2,114.91
Annual Retirement Allowance: \$25,378.92

8. Robert J. Tibert, Town of Rockport, Detective Sergeant, Group 4
Effective Retirement Date: April 10, 2017
Monthly Retirement Allowance: \$4,709.64
Annual Retirement Allowance: \$56,515.68

Disability Retirement Award – Wai C. Tang

Upon a motion of Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 4-0; That Wai C. Tang shall be awarded an accidental disability retirement benefit calculated as follows:

1. Wai C. Tang, Town of North Andover, Custodian, Group 1
Effective Retirement Date: July 21, 2015
Monthly Retirement Allowance: \$2,972.74
Annual Retirement Allowance: \$35,672.88

Creditable Service Awards

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 4-0; That the retirement system staff has verified that the required payments having been received, that the following four members of the Essex Regional Retirement System be awarded creditable service as follows:

1. Richard Dellaria shall be awarded eight months of creditable service for the purchase of prior reserve police service from June 22, 2009 to March 14, 2010 with the City of Newburyport and for which the Newburyport Retirement Board has accepted liability.
2. Christine Diruzza shall be awarded four months of creditable service for the purchase of prior non-membership service from February 4, 2005 to July 30, 2006 with the Town of Salisbury.
3. Angelene Hopping shall be awarded nine months of creditable service for the purchase of prior non-membership service from September 1, 1990 to December 31, 1993 with the Ipswich Public Schools.
4. Suzanne Monier shall be awarded one year of creditable service for the purchase of prior non-membership service from June 1, 1993 to September 25, 1995 with the Town of Newbury.

Approval of Installment Plan

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 4-0; To approve an installment plan as described below for the following member:

1. Patricia Finnegan-Zaccardo, for the purchase of prior non-membership service which shall be paid in full on or before May 2019 in accordance with the terms and conditions as presented.

Acceptance of Liability

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted 4-0; That the Board accepts liability for past service rendered by the following individuals as described below:

1. Lisa Draper-Small for three months of prior refunded service from February 28, 2002 to June 5, 2002 as requested by the Massachusetts Teachers' Retirement System.
2. Patricia Quimby for six years and eight months for prior refunded service from October 7, 1988 to June 25, 1995 as requested by the Newburyport Retirement Board.

Refund Warrant

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 4-0; To approve the warrant for May 2017, to refund, rollover and transfer the total accumulated deductions for twenty-six members beginning with Diane M. Barrett and ending with Tracy M. Watson, in the total net amount of \$368,376.80.

Name	Type	Board or Institution
Barrett, Diane M.	Rollover	Fidelity Management Trust
Bruner, Robert J.	Transfer	Lawrence Retirement Board
Bushee, Jessica N.	Transfer	Mass Teachers Retirement System
Bushnell, Ann M.	Withdrawal	
Carey, Jonathan	Transfer	Middlesex County Retirement Board
Clemson, Kimberly K.	Transfer	Peabody Retirement Board
Conroy, Kimberly	Transfer	Mass Teachers Retirement System
Cordero, Marina T.	Transfer	Mass Teachers Retirement System
Crockett, Rebecca L.	Transfer	Danvers Retirement Board
Doherty, Jane E.	Withdrawal	
Dziama, Kara N.	Withdrawal	
Fitzgerald, Catherine	Withdrawal	
Gasbarro, Linda J.	Withdrawal	
Julien, Dean A.	Transfer	Beverly Retirement Board

Julien, Dean A.	Withdrawal	
LaGreca, Linda J.	Withdrawal	
Lockhart, Meredith A.	Transfer	Mass Teachers Retirement System
Maes, Heather J.	Transfer	Mass Teachers Retirement System
Malone, Sarah A.	Transfer	Mass Teachers Retirement System
Nalchajian, David B.	Transfer	Worcester Regional Retirement Board
Petrino, Kathleen A.	Transfer	Mass Teachers Retirement System
Stuart, Maria A.	Rollover	Commonwealth Financial
Tibert, Robert J.	Withdrawal	
Titus, Nancy R.	Withdrawal	
Titus, Nancy R.	Rollover	Salem Five Bank Trustee
Tobin, Marybeth	Withdrawal	
Vessey, Haley	Withdrawal	
Watson, Tracy M.	Transfer	Newburyport Retirement Board

April Retirees Payroll

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted 4-0; To approve the retirement allowances for the month of April in the actual amount of \$3,623,542.16.

May Retirees Payroll

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 4-0; To approve the retirement allowances for the month of May in the estimated amount of \$3,625,000.

ERRS Payroll

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted 4-0; To approve the payment of the ERRS employee payroll for April 28, 2017, in the amount of \$20,599.04, and for May 12, 2017 in the amount of \$18,724.06.

Cash Disbursement Warrant CD2017.05

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 4-0; To approve the Cash Disbursement Warrant CD2017.05 for May 2017 as presented in the total amount of \$2,208,752.85.

Vendor	Amount
ASI Flex - Admin Fees - 2017.04	10.00
Comcast	358.27

Town of Danvers Electric - #201	130.08
Town of Danvers Electric - #202	186.56
Group Insurance Commission - Health - 4/1/17 - 6/30/17 Est	8,410.14
H.C.O.P.T. Monthly Condo Fee	1,482.00
HIQ Computers Invoice #114876	82.50
Harpers Payroll Service	42.89
Harpers Payroll Service	85.79
Haverhill Retirement Board (2016 3(8)c Payment	60,811.36
Law Office of Michael Sacco	5,958.00
Lynch, Pamela - Board Meeting Supplies	97.02
MACRS Spring Conference Registration	1,500.00
Massachusetts State Board of Retirement	1,061,039.49
Massachusetts Teachers' Retirement System	1,066,415.24
Rainmaker Spring LLC	8.50
Retrievex Monthly Bill	293.82
Ricoh USA, Inc.	288.69
Ricoh USA, Inc.	288.69
Ricoh USA, Inc. - Print Cartridge	148.85
S.J. Services, Inc. - Monthly Office Cleaning Bill	225.00
S.J. Services, Inc. - Supplies	95.07
Spectra Associates, Inc. - Minute Meeting Books	340.50
Verizon Wireless	159.96
W.B. Mason Company, Inc. - Office Supplies	294.43
Total	2,208,752.85

Cash Disbursement Warrant CD2017.05a

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted 4-0; To approve the Cash Disbursement Warrant CD2017.05a for wire transfers for May 2017 as presented in the total amount of \$1,500,000.00.

Date	Vendor	Amount
5/26/2017	PRIM - Transfer to Eastern Bank	1,500,000.00
	Total	1,500,000.00

Executive Director's Employment Agreement

Mr. Maney reviewed his conversations with Katherine Hesse from several months ago. He noted that she had no issues with the agreement but did have some questions. He stated that he has not had a response to his calls or emails. Mr. Maney suggested that the

Board is happy with the agreement and that he intended to email Ms. Hesse advising that the Board intended to proceed with voting on the agreement at its next meeting.

Banking Services Agreement

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted 4-0; To authorize the Executive Director to enter into an agreement with Eastern Bank for the provision of Banking Services for five years and at no cost to the retirement system.

Status of Membership/Creditable Service & Regular Compensation Issues

Mr. Kostro reviewed the new membership and creditable service regulations. He reviewed the regulations of the other regional systems. Mr. Kostro noted that the regulation proration service for members who fall below 20 hours per week would make ERRS one of five systems out of the twelve regional systems to have such a regulation. He also noted that in the Board's packet is PERAC's approval letter of both regulations. Mr. Benson asked if this topic will be discussed at the system-wide information session to be held on May 24th. Mr. Kostro indicated that it would be covered. Mr. Kostro then reviewed the "once a member, always a member" policy and explained how it will effect member's earning less than \$5,000. He also stated that this review indicates that all of ERRS' regulations are consistent with those approved by the other regional retirement systems. Mr. Benson indicated that the units and members should be asked if there is anything in their employment history that may affect their retirement benefit. Mr. Kostro indicated that is precisely the purpose of the information session on the 24th. Too often, he felt, the employer units assumed that changes in a member's status were picked up through the monthly deduction reports, which he noted was nearly impossible when posting contributions for 3,000 active members. Mr. Kostro was hopeful that this information session will improve communications between the retirement system and the employer units.

Guidelines for Requesting Public Records

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 4-0; To approve the following guidelines for requesting public records from the retirement system, which shall be posted on the ERRS website:

GUIDELINES TO ASSIST INDIVIDUALS OR ENTITIES SEEKING PUBLIC RECORDS OF THE ESSEX REGIONAL RETIREMENT BOARD

Any individual or entity that wishes to request access to the public records of the Essex Regional Retirement Board may do so either orally or in writing. However the individual or entity requesting access to public records is hereby advised that the Supervisor of Public Records will not entertain any appeal of a denial to produce records unless the request for public records is in written form. A written request for public records may be delivered to the Board's Records Access Officer ("RAO"), Charles E. Kostro, by hand, first class mail, electronic mail or by facsimile. The Board's RAO may be contacted as follows:

Charles E. Kostro
Executive Director
Essex Regional Retirement System
491 Maple Street, Building 200
Danvers, MA 01923
Telephone: (978) 739-9151, x105
Fax: (978) 750-0745
Email: ckostro@essexrrs.org

Please be as specific as possible with respect to the type of records you seek, by identifying the document by name or documents that contain the specific information you seek.

The following information may be accessed on the Public Employee Retirement Administration Commission's ("PERAC") website at www.mass.gov/perac/ :

- Annual Reports
- Appropriation Data
- Audit Report
- Funding Schedules
- Local Options
- Supplemental Regulations
- Most Recent Valuation
- PERAC regulations regarding elections, request for access of personal information, regular compensation and standard rules for disability retirement.

In addition to the foregoing, the Board has posted the following documents to its website (www.essexregional.com) that are immediately available for inspection:

- Agendas and Board Meeting Minutes
- Annual Statements
- Quarterly Investment Performance Reports
- Board Policies
- Monthly Expenditure Reports and Annual Budget Presentations
- Annual Audits

Upon receipt of your public records request, the RAO will respond to your inquiry within ten (10) business days from the date it is made (orally) or the next business day following the date it is received (if made in writing). The RAO's response may be an itemized good faith estimate as to the cost of producing the documents requested, which may include a charge of \$.05 per page and an hourly fee not to exceed \$25 per hour for the time spent searching for, compiling, segregating,

redacting and reproducing a requested record. If a fee is charged, payment must be made prior to the production of documents. Once the Board receives the fee, the documents will be produced. If a fee is assessed, and you demonstrate the lack of financial ability to pay the fee, the RAO has the discretion to waive the fee.

If you are denied access in whole or in part to a record sought, you will be provided with written notice of the denial and your right to appeal the RAO's decision to the Supervisor of Public Records. Any such appeal must be filed within 90 days of receiving the RAO's denial.

Surplus Property Disposal Update

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 4-0; To authorize the Executive Director to direct the HIQ Computers to remove, wipe and securely dispose of the old and current servers upon installation of the new server and remote backup system.

The Board took a break at 10:15 a.m.

The Board returned to open session at 10:22 a.m.

Executive Session

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; and Susan J. Yaskell, Yes; To move to executive session to act on the disability applications of Paul Bonnell and Anne Bushnell.

Mr. Maney advised that the Board will be returning to open session upon the conclusion of the executive session only for the purpose of adjourning the meeting.

The Board moved into executive session at 10:23 a.m.

The Board returned to open session at 11:16 a.m.

While in executive session, the Board voted as follows:

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; and Susan J. Yaskell, Yes; To notify PERAC that a regional medical panel member has previously examined Ms. Bushnell in connection with her workers compensation claim and to request that he be replaced on the current panel.

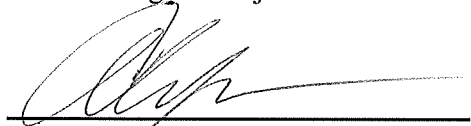
Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; and Susan J. Yaskell, Yes; To move forward the accidental disability application of Paul

Bonnell to a joint medical panel conditioned upon the receipt of a fully complete application and contingent upon provision of needed medical documentations and further authorize Board Counsel to prepare specific questions as necessary to the medical panel for the Board's edification.

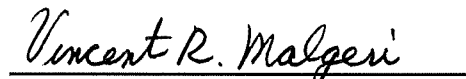
Motion to Adjourn

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted 4-0; To adjourn the meeting

The meeting was adjourned at 11:16 a.m.



Alan J. Benson



Vincent R. Malgeri



H. Joseph Maney



Susan J. Yaskell

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

Agenda Posting Checklist
Executive Director's Schedule for May and June
Levine Leichtman Fund IV Distribution Letter dated April 28, 2017
March Financial Information
Monthly Bank Reconciliation Report
Monthly Fund Transfers
PERAC Letter Allocation of Back Payments
PERAC Pension News
Sacco, Michael – Status of Pending Cases
TA Realty Fund IX Distribution Letter dated April 20, 2017
TA Realty Fund IX Distribution Letter dated May 16, 2017
Trofatter, Kenneth – Withdrawal of Ordinary Disability Application

