

**ESSEX REGIONAL RETIREMENT BOARD**  
**October 22, 2018**

At the regular meeting of the Essex Regional Retirement System (ERRS) held on Monday, October 22, 2018, at 491 Maple Street, Suite 201 at 8:30 a.m. the following Board members were present for all or some of the meeting: Vincent R. Malgeri, H. Joseph Maney, Kevin A. Merz 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 Counsel (via teleconference)  
James Hannon, ERRS Member from the Town of Middleton

Board Chair H. Joseph Maney called the meeting to order at 8:33 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 the meeting of September 24, 2018.

**Public Comment Period**

James Hannon, a member from the Town of Middleton, said that he wanted the Board to know what a great staff they have at ERRS. The Board thanked Mr. Hannon for his comments.

**New Enrollments**

Upon a motion by Susan J. Yaskell, 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 seventy-four names beginning with Alison C. Brown and ending with Abigail R. Wells.

<u>Name</u>	<u>Unit Name</u>	<u>Department</u>	<u>Date</u>	<u>Group</u>
Brown, Alison C.	Hamilton-Wenham RSD	School	08/27/2018	1
Bryan, Michelle L.	Middleton	School	08/27/2018	1
Burliss, Doreen E.	Hamilton-Wenham RSD	School	08/27/2018	1
Carney, Brenna G.	North Andover	Youth Services	09/24/2018	1
Chaisson, Christine A.	Manchester-Essex RSD	School	09/12/2018	1
Clapp, Marlene C.	Masconomet RSD	School	09/05/2018	1
Clerkin, Merrill A.	Ipswich	School	08/28/2018	1
Coffey, Dina M.	Hamilton-Wenham RSD	School	08/27/2018	1
Colbert, Tyler J.	Pentucket RSD	School	08/27/2018	1

Cruz, Diamantina L.	North Andover	Town Admin. Staff	09/24/2018	1
D'Amato, Michele	Middleton	School	08/27/2018	1
D'Ambrosio, Mary E.	Triton RSD	School	09/04/2018	1
Davis, Jessie R.	Ipswich	School	08/29/2018	1
DeLano, Michelle T.	North Andover	Civil Pub Safety Disp.	10/08/2018	1
DiPietro, Katherine E.	Middleton	School	08/27/2018	1
Doherty, Gia J.	Lynnfield	School	09/07/2018	1
Domelowicz, Jr. Joseph J.	Hamilton	Town Admin. Staff	09/04/2018	1
Dunbar, Donald E.	Ipswich	DPW	09/17/2018	1
Egan, Kimberlee J.	Hamilton-Wenham RSD	School	08/27/2018	1
Ferrante, Alexander M.	Middleton	School	09/04/2018	1
Flynn, Allyson K.	Middleton	School	08/27/2018	1
Folkins, Susan B.	Middleton	School	08/27/2018	1
Garbec, Julia E.	Topsfield	School	08/29/2018	1
Gregory, Madeleine R.	Ipswich	School	08/29/2018	1
Griffiths, Miranda S.	Rowley	Library	09/17/2018	1
Haas, Rachelle A.	North Andover	School	10/01/2018	1
Halecki, Katherine W.	Middleton	School	08/27/2018	1
Hallinan, Susan J.	Hamilton-Wenham RSD	School	09/04/2018	1
Holt, Robyn E.	Georgetown	Bldg./Plumb. Inspectors	09/17/2018	1
Hurley, Tracy J.	Middleton	School	08/27/2018	1
Jewitt, Anastasia	Hamilton-Wenham RSD	School	08/27/2018	1
Johnson, Martha R.	Middleton	School	08/27/2018	1
Juliano, Erica A.	Georgetown	School	09/04/2018	1
Kikta, Jessica B.	Middleton	School	08/27/2018	1
Lafferty, Cailey G.	Ipswich	School	08/29/2018	1
Larrabee, Tracy A.	West Newbury	Library	10/01/2018	1
Leathe, Brian M.	Wenham	Bldg./Plumb. Inspectors	09/17/2018	1
Lemieux, Stefanie A.	Hamilton-Wenham RSD	School	09/05/2018	1
Lewis, Jillian A.	Masconomet RSD	School	10/01/2018	1
Ligols, Alexandra C.	Middleton	School	08/27/2018	1
Lougee, Amanda M.	Hamilton-Wenham RSD	School	08/27/2018	1
Love, Susan M.	Manchester-Essex RSD	School	08/29/2018	1
Lydon, Maureen A.	Hamilton-Wenham RSD	School	08/27/2018	1
Lynch, Christina M.	Georgetown	School	10/01/2018	1
MacLachlan, Amy B.	Hamilton-Wenham RSD	School	08/27/2018	1
Magrath, Erica D.	Middleton	School	08/27/2018	1
Malvarosa, Jami L.	Hamilton-Wenham RSD	School	08/28/2018	1
Marques, Amanda C.	Middleton	School	08/27/2018	1
Mastrianni, Kathleen R.	Hamilton-Wenham RSD	School	08/27/2018	1
McCarthy, Cristen J.	Masconomet	School	08/29/2018	1
McDaniel, James L.	Middleton	School	09/10/2018	1
McTernan-Coyle, Tara A.	Hamilton-Wenham RSD	School	09/04/2018	1
Messina, Joseph S.	Masconomet RSD	School	08/29/2018	1
Neeley, Sarah E.	North Andover	School	09/13/2018	1

Nowak, Allyson M.	Masconomet RSD	School	04/23/2018	1
Nygren, Kelly M.	Hamilton-Wenham RSD	School	08/27/2018	1
Obuchowski, Gregory F.	Middleton	School	08/27/2018	1
Patch, Bianca M.	Ipswich	School	08/29/2018	1
Perry-Duda, Leigh	Rockport.	Housing Authority Staff	10/01/2018	1
Piecewicz, Rebecca M.	Triton RSD	School	05/11/2018	1
Prince, Susan J.	Triton RSD	School	10/01/2018	1
Protopapos, Sandra E.	North Andover	School	08/29/2018	1
Pugliese, Jennifer M.	Masconomet RSD	School	08/30/2018	1
Puranik, Lakshmi	North Andover	School	08/29/2018	1
Quinn, Stephanie M.	Middleton	School	08/27/2018	1
Quinones, Cesar A.	North Andover	Police	10/08/2018	4
Sailor, Chloe E.	Hamilton-Wenham RSD	School	09/06/2018	1
Sigsbury, Marilyn C.	Topsfield	School	09/25/2018	1
Stasiuk, Marnie A.	Ipswich	School	08/29/2018	1
Sullivan, Paige E.	Triton RSD	School	08/27/2018	1
Turner, Catherine A.	Ipswich	School	08/29/2018	1
Weber, Kelly L.	North Andover	School	08/29/2018	1
Weigand, Francine B.	Hamilton-Wenham RSD	School	08/27/2018	1
Wells, Abigail R.	Middleton	School	08/27/2018	1

### New Retirements

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted 4-0; That the following six members of the Essex Regional Retirement System be awarded superannuation retirement benefits calculated as follows:

1. Edward C. Amazeen, Town of Rockport, Maintenance Foreman, Group 1  
Effective Retirement Date: September 4, 2018  
Monthly Retirement Allowance: \$2,025.69  
Annual Retirement Allowance: \$24,308.28
2. Gary J. Bill, Town of West Newbury, DPW Director, Group 1  
Effective Retirement Date: September 13, 2018  
Monthly Retirement Allowance: \$4,852.58  
Annual Retirement Allowance: \$58,230.96
3. **ADJUSTED** – Nancy L. Bogardus, Town of Rockport, Administrative Assistant – Group 1  
Effective Retirement Date: June 30, 2018  
Monthly Retirement Allowance: \$2,569.09  
Annual Retirement Allowance: \$30,829.08
4. James V. Hannon, Town of Middleton, Call Firefighter, Group 4  
Effective Retirement Date: July 31, 2018  
Monthly Retirement Allowance: \$1,001.53

Annual Retirement Allowance: \$12,018.36

5. Marie Harrington, Town of Ipswich, Van Driver, Group 1

Effective Retirement Date: August 31, 2018

Monthly Retirement Allowance: \$1,797.81

Annual Retirement Allowance: \$21,573.72

6. Robert W. Page, Manchester-Essex Regional School District, Custodian, Group 1

Effective Retirement Date: August 31, 2018

Monthly Retirement Allowance: \$1,764.18

Annual Retirement Allowance: \$21,170.16

### **Creditable Service Awards**

Mr. Malgeri wanted to follow up regarding a comment made in the presentation of the PERAC Executive Director at the ERRS Advisory Council meeting. He reminded the Board that PERAC was recommending legislation to require that military service be purchased prior to a member vesting. Mr. Malgeri wanted to confirm the current practices at ERRS for the purchase of military service. Mr. Kostro said that once a member receives official notice that they can purchase their military service, the member must file their application within 180 days. He also noted that ERRS typically sends a notice that the member is eligible to purchase his military service at the time the member is enrolled, if the member notes on the enrollment form that they have previously served in the military. The member then has 180 days to file their application, and if they do file an application within that deadline, the member can purchase their military time at any point thereafter while they are in active service. Mr. Kostro also noted that there is no interest charged on the purchase of military service. Mr. Kostro reminded the members that the Board had previously acted on the issue of military service in recent years in order to address the questionable documentation that had been found in the files relative to notices sent by the prior Board to members about their military service. He also acknowledged that at one point a few years back, ERRS was erroneously notifying members that they had to purchase their military service within 180 days, which was incorrect. Discussion ensued about the wisdom of PERAC's recommended legislation. Upon a motion by Susan J. Yaskell, 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 members of the Essex Regional Retirement System be awarded creditable service as follows:

1. Terri G. Krause shall be granted late entry into membership and her enrollment date shall be changed to February 2, 2009, when she originally qualified for membership but did not have retirement deductions taken from her qualified earnings for her service with the Rockport Housing Authority.
2. Paul W. Mooney shall be awarded two years and eleven months of creditable service for the purchase of military service rendered with the United States Army from November 22, 1978 to November 17, 1981.

### **Liability Requests**

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted 4-0, To take the following action on requests for the acceptance of liability received by the retirement system:

1. To deny liability as requested by the State Retirement Board on behalf of Brian Farese for service rendered from January 25, 1999 to July 1, 1999 as this individual was not a member of the retirement system during this period, did not remit contributions, and was not wrongfully excluded from membership.

### **Refund Warrant – October 2018 RT2018.10**

Upon a motion by Kevin A. Merz, seconded by Susan J. Yaskell, the Board voted 4-0; To approve refund warrant RT2018.10 for October 2018, to refund, rollover or transfer the total accumulated deductions for twelve members beginning with Edward C. Amazeen and ending with Molly A. Sorensen, in the total net amount of \$62,561.95.

<b>Name</b>	<b>Type</b>	<b>Board or Institution</b>
Amazeen, Edward C.	Withdrawal	
Bel Qaid, Renee S.	Rollover	Fidelity Management Trust
Cashman, Kimberley E.	Withdrawal	
Crowley, Patti A.	Withdrawal	
D'Amico, Sarah M.	Withdrawal	
Hannon, James V.	Withdrawal	
Harrington, Marie	Withdrawal	
Harrington, Marie	Withdrawal	
Hernandez, Brenda L.	Withdrawal	
Langill, Lianne H.	Withdrawal	
Perkins, Geryl A.	Rollover	
Sorensen, Molly A.	Withdrawal	

### **September Retirees Payroll**

Upon a motion by Kevin A. Merz, seconded by Susan J. Yaskell, the Board voted 4-0; To approve the retirement allowances for the month of September in the actual amount of \$3,845,923.82.

### **October Retirees Payroll**

Upon a motion by Kevin A. Merz, seconded by Susan J. Yaskell, the Board voted 4-0; To approve the retirement allowances for the month of October in the estimated amount of \$3,850,000.00.

### **ERRS Payroll**

Upon a motion by Kevin A. Merz, seconded by Susan J. Yaskell, the Board voted 4-0; To approve the payment of the ERRS employee payrolls for September 28, 2018, in the amount of \$20,280.52, and for October 12, 2018 in the amount of \$18,405.53.

### **Cash Disbursement Warrant CD2018.09a**

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted 4-0; To approve the Cash Disbursement Warrant CD2018.09a for September 2018 as presented in the total amount of \$718.61.

<b>Date</b>	<b>Vendor</b>	<b>Amount</b>
9/28/2018	Comcast - 2018.10	360.11
9/28/2018	Lynch, Pamela - PERAC Emerging Issues Forum Travel Reimbursement	69.81
9/28/2018	Ricoh USA, Inc. - 2018.09	288.69
	Total	718.61

### **Cash Disbursement Warrant CD2018.10**

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted 4-0; To approve the Cash Disbursement Warrant CD2018.10 for October 2018 as presented in the total amount of \$55,319.80.

<b>Vendor</b>	<b>Amount</b>
Access Record Storage - Monthly Bill	358.59
ASI Flex - Administrative Fee	5.00
Carleton, Kathy - Mileage	24.73
Town of Danvers, Danvers Electric - #201 - Monthly Fee	154.15
Town of Danvers, Danvers Electric - #202 - Monthly Fee	151.09
Harpers Payroll Services - 2018.09.26	83.85
Harpers Payroll Services - 2018.10.10	45.30
HCOPT - Condo Fee - 2018.11	1,498.00
HIQ Computers #119479	55.00

Kostro, Charles - PRIM Board Meeting - Parking	42.00
Kostro, Charles - PRIM Board Meeting - Travel	103.44
Law Office of Michael Sacco - Monthly Bill	4,982.00
Powers & Sullivan, LLC - 2017 Financial Audit	40,000.00
Segal Consulting - Actuarial Valuation & 2017 GASB	5,000.00
S.J. Cleaning Services - Office Cleaning - 2018.10	233.33
W.B. Mason Company, Inc. - Office Supplies	754.63
Red Sun Press - Member Welcome Envelopes	1,540.00
Ricoh USA - 2018.10	288.69
Total	55,319.80

#### **Cash Disbursement Warrant CD2018.10a**

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted 4-0; To approve the Cash Disbursement Warrant CD2018.10a for October 2018 as presented in the total amount of \$1,187.91.

<b>Vendor</b>	<b>Amount</b>
Carleton, Kathy - Coffee for Advisory Council	18.18
Carleton, Kathy - Mileage for Administrator Training	79.16
Comcast - 2018.11	359.80
HIQ Computers - Conference Room Phone System	600.00
Lynch, Pamela - Meeting Supplies	130.77
Total	1,187.91

#### **Audit RFP Selection Committee**

The Board members individually reviewed their ratings of the two proposals received in response to the Financial Audit Services RFP. Mr. Maney recorded the evaluations of both proposals and completed a composite rating for each. Mr. Maney read the composite ratings to the Board members. Mr. Kostro presented the price proposals for each firm to Mr. Maney, and noted that one firm had mislabeled their price and technical proposals. Mr. Kostro advised the Board that the firm was contacted and agreed that the envelopes were mislabeled and could be opened in the proper order. Mr. Maney then opened the price proposals submitted by each firm. The complete proposals from both firms were reviewed and discussed by the Board members. Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted 4-0; To award the agreement for independent financial audit services to Powers & Sullivan pursuant to the Request for Proposals issued on August 15, 2018.

## **Second Member Election**

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted 3-0, with Mr. Merz abstaining; To authorize the Executive Director to notify PERAC that the ERRS Advisory Council has certified the election of Kevin Merz as the Second Member of the Board with a three-year term beginning on December 2, 2018.

## **Fall 2018 Newsletter**

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted 4-0; To approve the fall 2018 newsletter as presented. Mr. Malgeri congratulated Mr. Kostro on being selected to speak at the PERAC Emerging Issues Forum. Mr. Kostro said it was great for the retirement system to be honored by being one of four retirement systems to be selected to participate in the Best Practices panel.

## **IT Consultant Agreement Status**

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted 4-0; To authorize the Executive Director to enter into an agreement with HIQ Computers of Medford, MA pursuant to state contract ITC47, including such other terms and conditions as he shall deem necessary subject to the review of ERRS Counsel.

## **FY20 Appropriation – Retirement Board Contribution**

Mr. Kostro explained the issued raised by PERAC relative to the retirement system's share of the appropriation. The retirement board is assessed a portion of the appropriation (\$117k for FY18) based on the retirement board's portion of the September 30 payroll that is reported to PERAC. There is no cash payment for the assessment, but the amount is recorded as an administrative expense. An administrative expense assumption is included with the employer normal cost component of the appropriation. Because the administrative expense assumption includes the retirement board's assessment, and because the administrative expense assumption is allocated to the member units, the member units are effectively paying the retirement board's appropriation. Therefore, from a funding perspective, there are no concerns with PERAC's suggested approach. If the retirement board is excluded from the allocation of the appropriation, each member unit's portion of the appropriation will increase slightly to make up the amount that would have been allocated to the retirement board. This more directly allocates the cost of funding the retirement benefits of the staff to the member units. However, the fiscal 2020 appropriation currently reflects an administrative expense assumption that anticipates an allocation of the appropriation to the retirement board. If the methodology of assessing the appropriation is changed without a corresponding reduction in the fiscal 2020 appropriation, the units will effectively be paying the retirement board's appropriation twice. While a slightly higher payment in fiscal 2020 will result in a lower payment in a future year, some member units may be concerned with the extra payment in fiscal 2020. Mr. Kostro noted the options that were discussed at the Advisory Council meeting, which include changing the methodology with the fiscal 2020 appropriation; or, revise the funding schedule to reduce the



administrative expense assumption and lower the fiscal 2020 and later appropriations and eliminate the retirement board appropriation; or, make no change to the fiscal 2020 appropriation or methodology, but make the change in fiscal 2021; or, revise the administrative expense assumption with the next valuation which will delay the implementation of the change until fiscal 2022. The Board discussed that there were no comments from attendees at the Advisory Council on this issue. Mr. Merz indicated that he liked the way it is done currently, and noted that the FY20 assessment is already included in the ERRS budget. He also said he likes to see the breakdown of the allocation to each unit, including the retirement system, on the annual appropriation letter. Mr. Merz asked Mr. Kostro if this change makes it easier to prepare the administrative budget. Mr. Kostro said that there is no big difference in terms of the ease of preparing the budget. He did advise the Board, however, that he took a look at the budgets of past years without the appropriation included. Mr. Kostro noted that the appropriation for ERRS has increased over the last several years, as it has for every unit. But ERRS' overall budget has been flat. And, when you take out the increasing appropriation from the budget, it really shows how much has been cut from operations over the past several years in order to keep the budget level. For instance, with the retirement appropriation included in the 2019 budget, ERRS is \$4,000 below the 2012 administrative budget. When you remove the appropriation, ERRS is \$50,000 below the 2012 administrative budget, which is a 6% reduction in a budget that is less than \$1 million without the appropriation. Mr. Kostro further noted that this 6% reduction since 2012 is after the 20% reduction in administrative costs made between 2010 and 2012. Notwithstanding the challenges in maintaining a level-funded budget, Mr. Kostro said that including or removing the retirement system's annual appropriation does not make any difference relative to the preparation of the budget. Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted 4-0; To notify PERAC that ERRS will revise the administrative expense assumption with the next valuation by eliminating the retirement system appropriation beginning with Fiscal Year 2022.

### **Pamela Lynch**

Mr. Kostro advised the Chair that an issue came up Friday that the Board will need to act on. Pam Lynch, the ERRS Administrative Assistant, notified the Board that she has accepted a position with another retirement system. She advised that it is a promotion for her and that she has enjoyed working with the staff at ERRS and working for Mr. Kostro. Ms. Lynch said that it has been a great experience for her and she has learned a lot while working at ERRS. She said that this new position is a great opportunity for her and her last day will be November 8, 2018. The Board thanked Ms. Lynch for her service to ERRS and expressed their regret at her leaving. Mr. Maney asked if there is a motion that requires the Board's action. Mr. Kostro indicated that he had worked on a motion and a revised job posting and description for this position over weekend and did have something to present if the Board wishes to act on it. He first noted that the loss of Ms. Lynch is the second significant loss to the retirement system in the past six months. Mr. Kostro recognized not only the good work that Ms. Lynch has performed in her time at ERRS but noted that she is well respected and well-liked by her coworkers and the units with which she interacts. Mr. Kostro presented the job description for the position with some changes, including an

increased rate of pay. He provided a chart showing that, in his opinion, wages at ERRS have started to lag behind the rate of inflation and the wages offered by other public organizations. He felt the bump in the salary for this position was necessary to again make ERRS competitive and attractive to candidates. Mr. Kostro also indicated that the increase in the wage for this position would not change the employee salary budget for ERRS in 2019. Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted 4-0; To approve the position description for an Executive Assistant as presented with a starting salary range of \$25.50 to \$26.00 per hour and to authorize the Executive Director to post this position.

### **Executive Session**

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted by roll call; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; and Ms. Yaskell, Yes; To move to executive session to act on the accidental death benefits application of Patricia Laskowski and to remain in executive session to discuss strategy with respect to litigation in the matter of the Essex Regional Retirement Board and others v. PERAC, the Swallow case, and other pending litigation matters.

The Board entered executive session at 9:28 a.m.

The Board returned from executive session at 9:43 a.m.

While in executive session, the Board voted as follows:

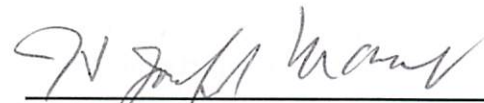
Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call as follows: Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; and Ms. Yaskell, Yes; To approve the accidental death benefit application of Patricia Laskowski.

### **Motion to Adjourn**

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted 4-0; To adjourn the meeting.

The meeting was adjourned at 9:43 a.m.

  
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Vincent R. Malgeri

  
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H. Joseph Maney

  
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Kevin A. Merz

  
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Susan J. Yaskell

The following materials were provided to the Board for items acted upon at the meeting:

- Agenda
- Board Minutes
- New Enrollment List
- New Retirement Calculations
- Service Purchase Award Letters
- Liability Letter
- Monthly Warrants
- Draft Fall 2018 Newsletter
- Annual Appropriation Memo and Selected Letters

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

- 2018 Public Records Requests - Updated Status Report
- Agenda Posting Checklist
- Boston Millennia Fund I - Final Distribution Notice
- DALA - Lesiczka, Walter - Pre-Hearing Memorandum
- ERRS Cash Flow Report.Q3 2018
- ERRS Contract List.10042018
- Executive Director's Schedule
- Levine Leichtman Fund IV Distribution Letter dated September 28, 2018
- Monthly Expenditure Report - September
- PERAC Approved Funding Schedule Letter dated October 4, 2018
- PERAC Superannuation Follow Up
- PERAC Superannuation Waiver Response