

ESSEX REGIONAL RETIREMENT BOARD
JUNE 12, 2017

At a special meeting of the Essex Regional Retirement System (ERRS) held on Monday, June 12, 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, Kevin J. 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

Greg McNellie, Dahab Associates

Seth Lynn, Dahab Associates

Monica Holec, Levine Leichtman Capital Partners (via phone)

Board Chair Joseph Maney called the meeting to order at 8:33 a.m. The Board said the pledge of allegiance.

Approval of Board Minutes

The Board passed over this item.

Public Comment Period

There was no public comment.

Executive Director Employment Agreement

Mr. Benson restated his opposition to the negotiated future year salaries as stated in the document, but he did not want to vote against the agreement so he will abstain. Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted 4-0, with Mr. Benson abstaining; To approve as amended the employment agreement for the Executive Director for the period of January 1, 2018 through December 31, 2022.

May Retirees Payroll

Upon a motion by Susan J. Yaskell, seconded by Kevin A. Merz, the Board voted 5-0; To approve the retirement allowances for the month of May in the actual amount of \$3,607,407.24.

ERRS Payroll

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 5-0; To approve the payment of the ERRS employee payroll for May 26, 2017, in the amount of \$20,599.05, and for June 9, 2017 in the amount of \$18,724.04.

Cash Disbursement Warrant CD2017.06

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted 5-0; To approve the Cash Disbursement Warrant CD2017.06 for June 2017 as presented in the total amount of \$45,158.27.

Vendor	Amount
ASI Flex - Admin Fees - 2017.05	10.00
Town of Danvers Electric - #201	91.37
Town of Danvers Electric - #202	125.66
EMTCA - Summer Luncheon	20.00
H.C.O.P.T. Monthly Condo Fee	1,482.00
HIQ Computers Invoice #114496	5,320.00
HIQ Computers Invoice #115225	247.50
Harpers Payroll Service	42.89
Harpers Payroll Service	80.64
Law Office of Michael Sacco	5,355.00
Lynch, Pamela - Board & Payroll Meeting Supplies	319.07
Kevin Merz - GFOA Conference	380.00
PTG Technology Group	30,000.00
Rainmaker Spring LLC	17.00
Verizon Wireless	159.96
W.B. Mason Company, Inc. - Office Supplies	1,507.18
Total	45,158.27

Refund Warrant

Mr. Kostro asked the Board to consider under New Business, a refund warrant that was just received on Friday for one member that the employer unit was anxious to have resolved. Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted 5-0; To approve the warrant dated June 12, 2017, to refund erroneous deductions as described for one member in the total net amount of \$2,697.31.

Name	Type	Board or Institution
John R. Lucey	Withdrawal	

The Board took a break at 9:48 a.m.

The Board returned to open session at 9:55 a.m.

Asset Allocation and Future Investment Strategy

Greg McNellie and Seth Lynn from Dahab Associates reviewed again for the Board the Asset Allocation Mix Report presented to at the April meeting. Discussion ensued

regarding the past investment performance of the retirement system compared with the assumed rate of return used in the actuarial valuation studies. The current ERRS assumption rate is 7.75% and the target date for full funding is Fiscal Year 2035. The Asset Allocation Mix Report compares various time periods and shows actual performance verse the target. Mr. Lynn reviewed options available to the Board where the mix of invested assets could meet or exceed the anticipated returns. Three mix options were presented to the Board. Among the options presented were a strategy with a mix of PRIT investments within various sleeves and a mix which utilized privately managed funds. Discussion ensued regarding the various asset classes and the proposed mix scenarios. Mr. Kostro reviewed the recent funding schedules and the appropriation increases in the various schedules that have been approved since 2011. Mr. Merz discussed the challenges facing the Board in determining the amount of risk the Board should take in managing its investments. He reviewed the history of the prior Board's management of investments and the post-2008 direction from the member units to move the retirement system's assets into the PRIT Fund. Mr. Merz noted the risk involved in moving outside of the PRIT Fund and his discomfort with that option. Ms. Yaskell reviewed Mix 2, which moves money within the sleeves of the PRIT Fund and felt that this option might be the best. Mr. Benson described his desire to reach the point in the funding schedule in which the annual increase is 4.0%. He also discussed his aversion to assuming any increased risk and stated his preference for staying the course or considering moving funds within the PRIT Fund. Mr. Maney reviewed with Mr. McNellie the investment plan under Mix 3. Mr. Kostro provided the Board with the upcoming meeting schedule, including the annual meeting with the PRIT Fund in July. Discussion ensued regarding the recent reports on whether regional and local retirement boards should be managing their own funds or investing in the PRIT Fund. The Board decided not to make a determination at this meeting but to wait to at least until the PRIT Fund has a chance to meet with the Board. Mr. Maney asked Dahab Associates to share the Asset Allocation Mix Report with the PRIT Fund so that they will be prepared to discuss it with the Board at the July meeting. Mr. Kostro and Mr. Lynn offered to meet in advance with a representative from the PRIT Fund to discuss the report.

The Board took a break at 9:51 a.m.

The Board returned to open session at 10:00 a.m.

Levine Leichtman Annual Meeting

Monica Holec joined the meeting via phone. She reviewed the history and investment performance of Fund III and Fund IV, in which ERRS is invested.

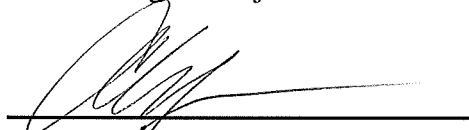
State Street Bank

Mr. Lynn discussed the continued difficulty in closing out the final holdings remaining at State Street Bank. He indicated that he would forward to Mr. Kostro a recent email discussion he had with a third party relative to resolving this issue.

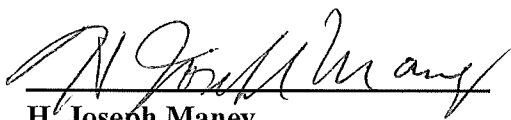
Motion to Adjourn

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

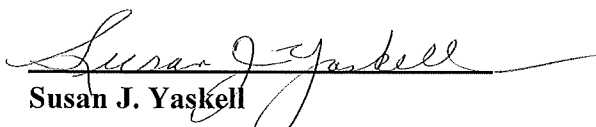
The meeting was adjourned at 10:26 a.m.



Alan J. Benson

Vincent R. Malgeri

H. Joseph Maney

Kevin A. Merz

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
Eastern Bank Q1 2017 Report
Levine Leichtman III - Distribution Letter dated May 31, 2017
Levine Leichtman IV - Distribution Letter dated May 31, 2017
PERAC Notice of Election Letter and Documents dated May 30, 2017

