

ESSEX REGIONAL RETIREMENT BOARD
March 25, 2019

At the regular meeting of the Essex Regional Retirement Board held on Monday, March 25, 2019, 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 (via Skype), Kevin A. Merz and Susan J. Yaskell.

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

Charles Kostro, ERRS Executive Director

Michael Sacco, ERRS Counsel

Robert Dole, ERRS Member from Boxford

Jamie Goodwin, Attorney for Mr. Dole

Board Vice Chair Susan J. Yaskell called the meeting to order at 8:37 a.m.

The Board said the pledge of allegiance.

Ms. Yaskell stated that the Massachusetts Open Meeting Law permits meetings to be recorded and states that the Chair shall inform attendees at the beginning of the meeting of any such recording. Therefore, I am informing everyone that this meeting is being recorded. Ms. Yaskell further stated that pursuant to 940 CMR 29.10, as the Acting Chair, I have determined that it is permissible for Joseph Maney to participate in this meeting remotely as permitted under Section (5) as geographic distance makes his attendance unreasonably difficult. I would also note for the record that a quorum of the Board is present at the meeting as required and that Mr. Maney is participating via Skype and that he is clearly audible to everyone present. In Mr. Maney's absence, I will be chairing this meeting as required by the Remote Participation Regulation. Finally, I want to remind the Board and those in attendance that all votes at a meeting in which a member participates remotely shall be by roll call.

Approval of Board Minutes

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Maney, Yes; Mr. Malgeri, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; To approve the minutes of the regular and executive session of the meeting of February 25, 2019.

Public Comment Period

There were no public comments.

Cost of Living Adjustment Public Hearing

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Maney, Yes; Mr. Malgeri, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; To open the public hearing to consider a Cost of Living Adjustment (COLA)

of up to 3% to eligible retirees of the Essex Regional Retirement System to be effective as of July 1, 2019. Mr. Benson said that the Board changed the funding schedule to make up for the fact that some board members, including himself, misunderstood how the ERI payments were rolled into the schedule. He said that it is his understanding that we now have high numbers in the appropriation increase for five years, compared to the three years of high increases in the original schedule. Mr. Benson asked if that was accurate. Ms. Yaskell responded that there were no inaccuracies in the original schedule. Rather, it was her belief that the actuary and the auditor stated that the ERI was calculated correctly. Ms. Yaskell said that the problem with the original funding schedule was that some communities, particularly Ipswich, which had high salary increases were facing large assessment increases in Fiscal Year 2020. She noted that it was not the ERI that led to the large increase in communities such as Ipswich, it was that Ipswich gave out 5.7% pay increases in 2018 compared to the 3.4% salary increases received by all other ERRS units. Ms. Yaskell further noted that the vote to change the funding schedule added \$1.4 million to the total cost of the retirement system over the course of the funding schedule. Mr. Benson asked for confirmation that there are additional years of high appropriation increases under the funding schedule approved by the Board in January. Mr. Kostro confirmed that the original schedule ended the 7.41% increases in Fiscal Year 2022, with an increase of 6.36% in Fiscal Year 2023. He said that the scheduled approved by the Board in January added another year of 7.41% increases, which end now in Fiscal Year 2023, with a 6.05% increase in Fiscal Year 2024. Mr. Benson said that with this new reality of additional years of high increases in the appropriation, with the current funding status of the retirement system, and with the likelihood of a lowering of the investment assumption in the next funding schedule, he said that he does not find the retirement system sufficiently solid to grant a COLA. Mr. Benson asked the Board why he is not correct? Ms. Yaskell replied that if he had that opinion, the Board should not have changed the funding schedule to add more years of high increases on to the units. The new funding schedule, she pointed out, adds \$1.4 million to the unfunded liability. Now, she said, Mr. Benson, who pushed for the new funding schedule, is using the increased cost of that new schedule to deny retirees a COLA. Ms. Yaskell said that she felt that this was balancing the retirement system's financing on the backs of the retirees. Mr. Benson said that he was not asking about the righteousness of the COLA, but asking if approving a COLA was part of the Board's responsibility to grow the nest egg. Mr. Malgeri said that the problem Mr. Benson cites was made worse by a vote he urged on the Board just a short time ago. Mr. Malgeri indicated that he was in total agreement with Ms. Yaskell. Mr. Merz said that it comes down to when we look to fully fund the system, who is responsible? He asked is it the towns, the members or the retirees? Mr. Merz said that he knows that Ms. Yaskell likes to accuse him of pushing for the new schedule just to favor Ipswich, but that was not the case. He said that he did not like Ms. Yaskell continually trying to accuse him of favoring Ipswich. Mr. Merz said that it was not about just Ipswich, but that every community changed. Ms. Yaskell said that as a member of the Board, Mr. Merz had a big part in saying what changes get made and Ipswich benefitted from the change in the funding schedule more than almost any other unit of the retirement system. Mr. Merz said that he did not know that the ERI would affect every community and that if Ms. Yaskell did know that then she didn't let the Board know. He said he did not like Ms. Yaskell's attitude and her continually saying it is about Ipswich. Mr. Merz said that she has brought this up again today and that it shows she is not a very good Chair by saying that and accusing him.

Ms. Yaskell apologized if Mr. Merz felt that she was accusing him but she was just stating a fact, that he was the one that brought up the funding schedule issue in the first place and that he was intimating that there was an error in the schedule when that was not the case. Mr. Benson said that his view was that the Board should be doing everything to protect the nest egg and he understands Ms. Yaskell's point that if the issue is protecting the units from the large increases in the retirement appropriation then the Board should not have made the decision it did to add more years of large increases on to the funding schedule. But having said that, he was not sure if continuing year-after-year to offer a COLA is the best way to protect that nest egg. Mr. Malgeri said he agreed with the need to protect the nest egg but that the job of the Board is to also balance the needs of all parties that support the retirement system. He said this includes retirees, and he felt that this COLA helps these people meet the same type of increasing expenses, such as health care, that face our towns. Mr. Malgeri noted that the COLA is so fundamental to the responsibilities of a retirement system that PERAC has the actuaries build into the funding schedule an assumption that a 3% COLA will be granted each year, and that he intends to support the COLA and to vote in favor of it. Mr. Merz said that fully funding the retirement system is an employer issue, not a retiree issue, and that he will also be supporting the COLA. Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call as follows; Mr. Benson, No; Mr. Maney, Yes; Mr. Malgeri, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; To approve a Cost of Living Adjustment (COLA) of 3% for eligible retirees of the Essex Regional Retirement System to be effective as of July 1, 2019.

New Enrollments

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; That the following named employees be enrolled in the Essex Regional Retirement System, a list of fourteen names beginning with Heather Adelifio and ending with Kristen Young.

<u>Name</u>	<u>Unit Name</u>	<u>Department</u>	<u>Date</u>	<u>Group</u>
Adelifio, Heather	Rockport	School	11/1/18	1
Breeden, Joshua	North Andover	Fire	12/26/2018	4
Couture, Michelle	Middleton	School	11/15/2018	1
Davis, Glenn	Lynnfield	Fire	1/1/2019	4
Giusto, Melissa	Triton	School	11/30/2018	1
Gminiski, Felicia	Middleton	Library	12/10/2018	1
Kimball Anderson, Jodie	Ipswich	Payroll	11/12/2018	1
Lutzo, Andrea	Hamilton-Wenham	School	11/26/2018	1
Manfra, Lisa	North Andover	School	10/22/2018	1
Ouellet, Amanda	Triton	School	11/26/2018	1
Rich Cindy	Rockport	School	12/3/2018	1
Turcotte, Joseph	Manchester	DPW	10/22/2018	1
Welch, Kaitlyn	Rockport	School	11/9/2018	1
Young, Kristen	West Newbury	Library	11/13/2018	1

New Retirements

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; That the following five members of the Essex Regional Retirement System be awarded superannuation retirement benefits calculated as follows:

1. Bill T. Cassidy, Truck Driver/Laborer/Operator, Town of Ipswich, Group 1
Effective Retirement Date: February 22, 2019
Monthly Retirement Allowance: \$ 893.01
Annual Retirement Allowance: \$10,716.12
2. RuthAnn L. Cudmore, Secretary, Town of Georgetown, Group 1
Effective Retirement Date: March 15, 2019
Monthly Retirement Allowance: \$ 464.19
Annual Retirement Allowance: \$5,570.28
3. Nancy L. Day, Librarian, Town of Wenham, Group 1
Effective Retirement Date: January 29, 2019
Monthly Retirement Allowance: \$ 3,811.80
Annual Retirement Allowance: \$45,741.60
4. Kevin M. Gill, Skilled Maintenance Worker, Lynnfield Water District, Group 1
Effective Retirement Date: January 25, 2019
Monthly Retirement Allowance: \$ 3,432.69
Annual Retirement Allowance: \$41,192.28
5. Sean M. Kilroy, Police Officer, Town of Lynnfield, Group 4
Effective Retirement Date: January 13, 2019
Monthly Retirement Allowance: \$ 3,835.35
Annual Retirement Allowance: \$46,024.20

Creditable Service Awards

Upon a motion by Kevin A. Merz, seconded by Vincent R. Malgeri, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; That the retirement system staff has verified that the required payments having been received, that the following thirteen members of the Essex Regional Retirement System be awarded creditable service as follows:

1. Elizabeth M. Budryk shall be awarded two years and ten months of creditable service for the purchase of prior non-membership service rendered from September 1, 1990 to March 28, 1996 with the Town of Lynnfield.

2. Nathan J. Campbell shall be awarded three years and seven months of creditable service at no cost for call firefighter service rendered from December 1, 2010 to July 13, 2014 with the Town of Manchester.
3. Jeffrey R. Cross shall be awarded five years of creditable service at no cost for reserve police service rendered from July 1, 2007 to June 30, 2012 with the Town of Hamilton.
4. Robert A. Currier shall be awarded three years and ten months of creditable service at no cost for reserve police service rendered from October 11, 1983 to August 31, 1987 with the Town of Middleton.
5. Eric J. Foulds shall be awarded one year and four months of creditable service at no cost for reserve police service rendered from June 16, 1987 to November 14, 1988 with the Town of North Andover.
6. Jeffrey A. Greene shall be awarded two years and eight months of creditable service at no cost for reserve police service rendered from December 23, 2014 to September 7, 2017 with the Town of Salisbury.
7. James R. Hurst shall be awarded two years and eight months of creditable service at no cost for reserve police service rendered from June 1, 1989 to February 15, 1993 with the Town of Rockport.
8. Chad P. LaBrie shall be awarded five years and two months of creditable service at no cost for reserve police service rendered from July 31, 2007 to July 30, 2012 with the Town of Wenham.
9. David K. MacMullen shall be awarded three years and four months of creditable service at no cost for reserve police service rendered from December 13, 1993 to April 28, 1997 with the Town of Rowley.
10. Pamela A. O'Neill shall be granted late entry into membership and her enrollment date shall be changed to August 29, 2017, when she originally qualified for membership but did not have retirement deductions taken from her qualified earnings for her service with the Rockport Public Schools.
11. James B. Riter shall be awarded three years and one month of creditable service at no cost for call firefighter and reserve police service rendered from June 18, 1990 to July 18, 1993 with the Town of Boxford.
12. Robert A. Slepoy shall be awarded three months of creditable service at no cost for reserve police service rendered from September 28, 2017 to December 31, 2017 with the Town of Salisbury.

13. Lauren M. Swartz shall be awarded eleven months of creditable service for prior non-membership service rendered from September 1, 1997 to June 30, 2000 with the Hamilton-Wenham Regional School District.

Liability Requests

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; To take the following action on requests for acceptance of liability received by the retirement system:

1. To accept liability as requested by the Lynn Retirement Board on behalf of Michael A. Biasetti for one year and seven months for prior refunded service rendered from April 1, 1987 to November 15, 1988 with the Town of Lynnfield.
2. To accept liability as requested by the Springfield Retirement Board on behalf of Evan R. Cournoyer for eleven months for prior refunded service rendered from August 4, 2003 to August 2, 2004 with the Town of North Andover.
3. To accept liability as requested by the State Retirement Board on behalf of Tracy D. Dalton for three years of prior refunded service rendered from August 1, 2009 to August 30, 2012 with the Town of Groveland.
4. To deny liability as requested by the Massachusetts Teachers Retirement System on behalf of Ellen Ford for service rendered from September 1978 to June 1979 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 – March 2019

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; To approve refund warrant RT2019.03 for March 2019, to refund, rollover, or transfer the accounts of the individuals listed below, a list of 43 members beginning with Carla J. Adams and ending with Lisa J. Stepanick, in the total net amount of \$173,029.13.

Name	Type	Board or Institution
Adams, Carla J.	Transfer	Massachusetts Teachers Retirement System
Bill, Gary J.	Erroneous Deductions	
Conte, Andrew B.	Transfer	Salem Retirement Board
Cudmore, RuthAnn L.	Erroneous Deductions	
Day, Nancy, L.	Erroneous Deductions	
Decker, Paul T.	Transfer	Middlesex Country Retirement System

Dellaria, Richard W.	Erroneous Deductions	
Dow, Jr., Bruce J.	Erroneous Deductions	
Downey, Michelle A.	Transfer	Massachusetts Teachers Retirement System
Doyle, Daniel E.	Erroneous Deductions	
Flynn, Esme L.	Withdrawal	
Forget Keith D.	Erroneous Deductions	
Goodrich, Craig Scott	Erroneous Deductions	
Grenham, Kelsey M.	Transfer	Everett Retirement Board
Guillermo, Juan R.	Erroneous Deductions	
Hernandez, Dempsey J.	Transfer	Newburyport Retirement Board
Hunter, Timothy J.	Erroneous Deductions	
Johnson, Shane E.	Erroneous Deductions	
Keilty, Joshua C.	Transfer	Massachusetts Teachers Retirement System
Kelley, Jeremy Michael	Erroneous Deductions	
King, Anthony J.	Erroneous Deductions	
Langer, John C.	Transfer	
Leavitt, James E.	Erroneous Deductions	
Leblanc, Ann E.	Transfer	Andover Retirement Board
Long, Pamela A.	Transfer	Beverly Retirement Board
Lorden, Kimberly J.	Withdrawal	
Loth, Kara A.	Transfer	Massachusetts Teachers Retirement System
Lund, Madeline L.	Transfer	Massachusetts Teachers Retirement System
Martin, Cheryl A.	Erroneous Deductions	
McCarron, Elizabeth E.	Transfer	Massachusetts Teachers Retirement System
Miller, Kari L.	Transfer	Wakefield Retirement Board
Palermo, Christine E.	Transfer	Massachusetts Teachers Retirement System
Petto, Laurie J.	Transfer	Massachusetts Teachers Retirement System
Reeve, Brooke E.	Transfer	Massachusetts Teachers Retirement System
Roy, Robert J.	Erroneous Deductions	
Sforza, Stephen F.	Erroneous Deductions	
St. Pierre, Jolene Rae	Transfer	Haverhill Retirement Board
Swartz, Lauren M.	Overpayment	
Szymkowski, Patrick L.	Erroneous Deductions	
Taylor, Todd W.	Transfer	Haverhill Retirement Board
Tullercash, Michael R.	Erroneous Deductions	
Verney, Brian T.	Erroneous Deductions	
Stepanick, Lisa J.	Death Refund	

February Retirees Payroll

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; To approve the retirement allowances for the month of February in the actual amount of \$4,278,713.55.

March Retirees Payroll

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; To approve the retirement allowances for the month of March in the estimated amount of \$3,875,000.00.

ERRS Payroll

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; To approve the payment of the ERRS employee payrolls for March 1, 2019, in the amount of \$16,832.90, and for March 15, 2019 in the amount of \$16,832.89.

Cash Disbursement Warrant CD2019.02a

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; To approve the Cash Disbursement Warrant CD2019.02a for February 2019 for the wire transfer from the PRIT Fund to Eastern Bank as presented in the total amount of \$4,000,000.00.

Vendor	Amount
PRIM - Transfer to Eastern Bank	4,000,000.00
Total	4,000,000.00

Cash Disbursement Warrant CD2019.03

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; To approve the Cash Disbursement Warrant CD2019.03 for March 2019 as presented in the total amount of \$26,944.46.

Vendor	Amount
ASI Flex - Administrative Fee	5.00
Access - Monthly Fee	395.29
Boston Fire Extinguisher Company - Inspection	132.50

Comcast - Monthly Fee	399.69
Town of Danvers, Danvers Electric - #201 - Monthly Fee	124.85
Town of Danvers, Danvers Electric - #202 - Monthly Fee	175.08
Harpers Payroll Services - 2019.02.27	68.40
Harpers Payroll Services - 2019.03.13	43.40
H.C.O.P.T. - Monthly Condo Fee	1,511.00
H.C.O.P.T. - HVAC and Paving Project	15,181.85
HIQ Computers - Monthly Replication Services	90.00
HIQ Computers - #120918 - Email and Server Issues	273.75
Kostro, Charles - PRIM Meeting - Parking and Mileage	69.74
Law Office of Michael Sacco - Monthly Bill	2,738.00
Lynnfield, Town of - Return of Erroneous Payment	254.43
Massachusetts Municipal Association - Website Position Posting	250.00
Neopost - Postage Refill	2,000.00
Neopost - Service Request	591.00
Newburyport Retirement Board - Return of Transfer	2,179.11
S.J. Services, Inc. - Office Cleaning - Monthly Bill	241.67
Wayne Alarm Systems, Inc. - Security System - 03/01/2019 - 08/31/2019	179.70
Veribanc - Instant Rating Subscription Renewal	40.00
Total	26,944.46

Cash Disbursement Warrant CD2019.03a

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; To approve the Cash Disbursement Warrant CD2019.03a for 2018 3(8)(c) bills as presented in the total amount of \$2,102,860.21.

Retirement Board - 3(8)(c) Warrant	Amount
Amesbury Retirement System	90,801.85
Andover Retirement System	56,183.78
Arlington Retirement Board	30,608.42
Barnstable County Retirement Board	82,679.03
Beverly Retirement System	36,711.43
Boston Retirement Board	10,562.43
Bristol County Retirement System	2,164.60
Brookline Retirement System	2,319.82
Cambridge Retirement Board	3,787.78
Chicopee Retirement Board	655.16
Danvers Retirement System	75,520.53

Everett Retirement Board	4,944.90
Gloucester Retirement System	22,414.13
Lawrence Retirement Board	22,180.76
Lowell Retirement Board	22,318.63
Lynn Retirement System	36,496.48
Massport Retirement System	6,901.99
Massachusetts Housing Retirement System	1,467.30
MWRA Employees Retirement System	1,807.13
Malden Retirement System	3,658.22
Marblehead Retirement System	11,624.25
Marlborough Retirement Board	6,491.10
Massachusetts Teachers' Retirement System	1,220,154.86
Melrose Retirement Board	6,781.88
Methuen Retirement System	40,040.33
Middlesex County Retirement System	102,402.72
Natick Retirement System	5,320.19
Newburyport Retirement System	38,004.58
Norfolk County Retirement System	5,784.81
Peabody Retirement Board	72,798.18
Plymouth County Retirement System	2,527.17
Saugus Retirement Board	9,399.18
Somerville Retirement Board	8,067.76
Springfield Retirement System	123.74
Stoneham Retirement System	3,550.05
Swampscott Retirement System	22,026.27
Wakefield Retirement Board	7,533.35
Waltham Retirement Board	2,213.94
Winchester Retirement Board	1,439.69
Winthrop Retirement Board	2,389.63
Woburn Retirement Board	8,570.07
Worcester Regional Retirement System	11,432.09
	2,102,860.21

Third Member and Fourth Member Election Schedule

Upon a motion by Vincent R. Malgeri, seconded by Alan J. Benson, the Board voted by roll call as follows; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; Ms. Yaskell, Yes; To submit to the Advisory Council for approval the revised schedule as presented for the election of the Third and Fourth members of the Board.

Acknowledgement of 2018 Investment Manager Disclosure Statements

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; The Board acknowledges that each member has reviewed in PROSPER the annual disclosure statements for 2018 from the following investment managers:

Ascent Venture Partners III
Ascent Venture Partners IV
Ascent Venture Partners V
BlackRock Diversified Private Equity Program IV
Boston Millennia Partners I
Boston Millennia Partners II
Levine Leichtman Capital Partners III
Levine Leichtman Capital Partners IV
Principal Green Property Fund I
TA Realty Fund IX

2018 Administrative Budget Transfers

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To transfer from the Reserve Fund in the 2018 administrative budget the sum of \$2,550 to the line-item entitled Web Hosting and the sum of \$1,255 to the line-item entitled Office Supplies.

Regular Compensation

Mr. Kostro advised the Board of several recent issues involving the definition of regular compensation. He said that in many of these recent cases the staff, after consultation with Counsel, have determined that certain payments are not regular compensation. But he wanted to make the Board aware of one specific situation involving the North Andover schools which has resulted in the recent filing of two appeals with DALA. Specifically, he said that the payments were to teaching assistants who worked on an as-needed basis for the before and after school programs. Based on the character of these payments, and after consulting with Counsel, it was determined that these payments are not predictable, non-discretionary and guaranteed. As the appeals have just recently been filed and the litigation is just beginning, and before any further time or money was expended, Mr. Kostro wanted to make sure the Board would be supportive of this decision. Mr. Benson asked Mr. Kostro to explain why this payment is not regular and reoccurring and if he was just reacting to some off-hand comment by someone at the schools. Mr. Kostro said that the payments are on an as-needed basis depending on the student-teacher ratio and that this was confirmed in writing by the school and by a review of the relevant employment contracts and appointment letters. In addition, a review of payroll records over several years by ERRS staff also confirmed that these were not predictable, non-discretionary and guaranteed payments. Mr. Kostro further

advised Mr. Benson, that even after the exhaustive review by staff, he asked Counsel to also review this information and to provide guidance on whether these payments qualified as regular compensation. Mr. Sacco reviewed PERAC's position that anything over and above the base pay that is not guaranteed is not regular compensation. Mr. Benson said that we should look to what other retirement systems such as Worcester Regional do on these issues and he asked if Mr. Kostro knew what view the Worcester Regional Retirement System takes of these types of payments? Mr. Sacco noted that he represents Worcester Regional and that their approach is similar to PERAC's and to what ERRS has done. Mr. Sacco said that the general consensus is that most boards follow PERAC's guidance on regular compensation and he noted that regular compensation is the most difficult area to police for retirement boards. Mr. Merz said that he wished the staff could have found a middle road to resolve this issue. Mr. Kostro advised that the analysis of whether a payment is regular compensation is a tedious, time-consuming effort for the staff and these reviews nearly always result in a decision in which either the member or the employer is unhappy. He said if a compromise was possible, he would have definitely pursued it. He also said that the Board only sees the issues that cannot be resolved. Most issues, Mr. Kostro said, are resolved at the staff level and never reach the Board. Mr. Sacco said that in this case, as in many cases involving regular compensation, the statute and regulation are clear and no compromise is permitted. Upon a motion by Vincent R. Malgeri, seconded by Alan J. Benson, the Board voted by roll call: Alan J. Benson, Yes; Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; That the Board finds that the payment of wages to school employees working a second position in a before or after school program, where the employees work on an as-needed basis, do not qualify as regular compensation.

Executive Session

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call; Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; and Ms. Yaskell, Yes; To move to executive session to act on the application of Robert Dole for a disability retirement benefit and to remain in executive session to discuss strategy with respect to litigation in the matter of the Worcester Regional Retirement System and Others v. PERAC, as an open meeting may have a detrimental effect on the litigating position of the Board, and, further, to remain in executive session to conduct a hearing pursuant to Massachusetts General Law, Chapter 32, Section 15.

Ms. Yaskell stated that the Board will be returning to open session upon the conclusion of the executive session only for the purpose of adjourning the meeting.

Mr. Maney stated that that no other person is in the room with him and no one else is listening to the meeting.

The Board entered executive session at 9:30 a.m.

The Board returned from executive session at 10:24 a.m.

While in executive session, the Board voted as follows:

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call: Alan J. Benson, Yes; Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To approve refund warrant RT2019.03B for Howard Lewis as presented in the total gross amount of \$58,753.08 and that this vote be recorded in the open meeting minutes.

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; That upon receipt of the requested medical records, to request that PERAC schedule three separate examinations to review the accidental disability application of Robert Dole and that this vote be recorded in the open meeting minutes.

Motion to Adjourn

Upon a motion by Vincent R. Malgeri, seconded by Kevin A. Merz, the Board voted by roll call: Vincent R. Malgeri, Yes; H. Joseph Maney, Yes; Kevin A. Merz, Yes; and Susan J. Yaskell, Yes; To adjourn the meeting.


The meeting was adjourned at 10:24 a.m.



Alan J. Benson




Vincent R. Malgeri



H. Joseph Maney



Kevin A. Merz



Susan J. Yaskell

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

- Agenda
- Board Minutes
- New Enrollments
- New Retirement Calculations
- Service Purchase Award Letters
- Liability Letters
- Monthly Warrants
- Revised Election Procedures and Schedule
- 2018 Administrative Budget Documents
- Documents Relating to Regular Compensation Issues

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
- Direct Deposit Form and Updated Procedures
- Distribution Notice - BlackRock.03082019
- Distribution Notice - TA Realty Distribution.03132019
- Financial Reports - Cash Flow
- Financial Reports - Monthly Bank Reconciliation – January
- Financial Reports - Pension Reserves Investment Trust Compliant Presentation
- Financial Reports - PRIM GIPS Standards
- Financial Reports - PRIT Fund Monthly Performance Report - February 2019
- Financial Reports - PRIT Fund Monthly Report.012019
- Financial Reports - PRIT Fund Monthly Performance Report - February 2019
- MACRS Fidelity Policy.2019
- MACRS Fiduciary Policy.2019
- PERAC Election Materials Letter.03152019