

ESSEX REGIONAL RETIREMENT BOARD
REGULAR SESSION
April 27, 2020

At the regular meeting of the Essex Regional Retirement Board held on Monday, April 27, 2020, which meeting was held remotely 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 A. Merz and Susan J. Yaskell

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

Charles Kostro, ERRS Executive Director
Kathy Riley, Segal Company
Lisa Vandermark, Segal Company
Kenneth Gordon, Segal Company

Mr. Maney called the meeting to order at 8:30 a.m. Ms. Yaskell read the following statements: 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 Charles Kostro is recording this meeting. If anyone else who has joined this meeting is recording the meeting, please identify yourself at this time. Pursuant to the order of the Governor issued on March 10, 2020 suspending certain requirements of the Open Meeting Law, this meeting is being conducted via remote participation in accordance with the provisions of the executive order which states that a quorum of the Board need not be physically present. This meeting has been properly posted pursuant to the Open Meeting Law. Finally, it is the Board's practice that all votes at which a member or members participate remotely shall be by roll call.

Approval of Board Minutes

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted by roll call as follows: Mr. Benson, Abstain; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; and Ms. Yaskell, Yes; To approve the minutes of the regular session of the meeting of March 30, 2020.

Public Comment Period

Mr. Kostro noted that no one from the public had signed into the meeting and therefore, there were no public comments.

Cost of Living Adjustment – Open the Public Hearing

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted by roll call as follows: Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; and Ms. Yaskell, Yes; To open the public hearing to consider whether to award a Cost of Living Adjustment of up to 3% to eligible retirees of the Essex Regional Retirement System for Fiscal Year 2021. Mr. Merz asked to postpone the COLA hearing until the Board heard from Segal Company on the valuation

study. Mr. Merz asked Mr. Benson how to postpone a public hearing. Mr. Benson said you need to adjourn it to a time certain and then move it to that time. Mr. Merz asked how do you postpone the public hearing just to hear Segal Company's presentation. Ms. Yaskell asked if the hearing needed to be closed. Mr. Kostro suggested that the Board Chair simply asked Segal to present as part of the public hearing. Mr. Maney invited Segal Company to present to the Board. Lisa Vandermark from Segal Company introduced herself, Kathy Riley, and Ken Gordon to the Board and began the presentation of the 1/1/2020 valuation study. Ms. Vandermark noted that this presentation is as of 1/1/2020 and does not reflect the events of the last few months. Ms. Vandermark reviewed the demographic data, pointing out that active membership has increased by 7% and members in pay status has increased by 5%. Ms. Vandermark review the investment performance of the retirement system in the past two years. She noted that there is an unrecognized investment gain but that it was a small percentage of the system's assets, and that there has been a great deal of change since 1/1/2020. Ms. Vandermark reviewed the unfunded liability and discussed how this liability has grown faster than anticipated, reaching \$404 million. She noted that this was before any assumption changes. Ms. Vandermark said that most of the increase in the unfunded liability was due to the investment performance not meeting the assumption. She also noted that administrative expenses continue to decline and result in a savings of \$200,000. Ms. Vandermark described a small recommended change in the mortality table, resulting in a small, positive change in the unfunded liability. Ms. Vandermark reviewed the investment assumption change, noting that PRIM is projecting a 7.3% future return. She noted that this is the assumption used in the presentation. Discussion ensued regarding how employee contributions do not cover the normal cost of current retirement benefits. Ms. Vandermark reviewed the funding schedule where the Board does not grant a COLA for one year. Mr. Benson asked if for every year that a COLA is not granted does that reduce the number of years of the high appropriation increase. Ms. Riley said that the better way to look at it is that you will save \$7 million if don't grant a COLA and then will save interest on that \$7 million in future years. Discussion ensued about the experience of the Leominster Retirement Board, which did not grant a COLA for several years. Mr. Malgeri noted that the Leominster Retirement Board also reduced their investment assumption to the lowest in the country, greatly increasing the appropriation contribution of the municipality. Discussion further ensued about permanently removing the COLA, which will save a huge amount. Upon a motion from Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted by roll call, as follows: Mr. Benson, No; Mr. Malgeri, Yes, Mr. Maney, No, Mr. Merz, No, and Ms. Yaskell, Yes; To approve a Cost of Living Adjustment of 3% for eligible retirees of the Essex Regional Retirement System to be effective as of July 1, 2020, and the motion was defeated. Upon a motion from Kevin A. Merz, seconded by H. Joseph Maney, the Board voted by roll call as follows: Mr. Benson, No; Malgeri, Yes; Mr. Maney, Yes; Mr. Merz; Yes; and Ms. Yaskell, Yes; to approve a Cost of Living Adjustment of 2% for eligible retirees of the Essex Regional Retirement System to be effective as of July 1, 2020.

2020 Valuation Study

Upon a motion from 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; and Ms. Yaskell, Yes: To approve Funding Schedule Number Two, to be amended to reflect a 2% COLA for Fiscal Year 2021, and which assumes a 7.30% investment return and amends the mortality table as recommended.

Close the COLA Hearing

Upon a motion from Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted by roll call as follows: Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; and Ms. Yaskell, Yes: To close the public hearing on the Fiscal Year 2021 COLA.

Annual Appropriation Discounts

Mr. Kostro said that Mr. Benson requested the Board to discuss issues involving the annual appropriations, the discount the Board provides for the single payment, and how 1/12th municipal budgets will be able to make this payment. Mr. Benson noted that there was a misunderstanding of what a 1/12th budget will be. In fact, he stated, DOR has opined that the 1/12th budget can be more than just 1/12th of the FY20 budget in a given month. The discussion was specifically about the lump sum retirement payment as well as health insurance payments. It is his understanding that communities will be able to make the July payment so he is not as concerned about this issue as he was prior to participating in a recent Zoom conference call with the DOR. Mr. Benson did not think most municipalities were so cash poor that they could not make the July retirement appropriation payment.

New Enrollments

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted by roll call as follows: Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; and Ms. Yaskell, Yes; That the following named employees be enrolled in the Essex Regional Retirement System, a list of twenty-six names beginning with Brianna Avery and ending with Sheila Wallis.

Last Name	First Name	Unit	Title/Position	Enrollment Date	Group
Avery	Brianna	Town of Ipswich	Custodian	2/24/2020	1
Brodie	Terence	Town of Merrimac	Wastewater Operator	3/23/2020	1
Bulger	Nancy	Town of Ipswich	Teaching Assistant	12/9/2020	1
Cantillon	Thomas	Town of Ipswich	Assist. Building Inspector	3/16/2020	1
Coco	Sharon	Town of North Andover	Department Assistant	3/9/2020	1
Derrane	Luigi	Town of Middleton	Custodian	3/25/2020	1
Geary	Jennifer	Town of Salisbury	Administration Assistant	4/1/2020	1
Holder	Jennifer	Town of Boxford	Permanent Sub Teacher	3/9/2020	1
Howard	Elaine	Town of Salisbury	Assistant Assessor	3/25/2020	1
Kan	Vladimir	Town of North Andover	DPW Operator	3/16/2020	1
Lamphier	Robert	Masconomet RSD	Network Administrator	2/24/2020	1
Lavoie	Kathryn	Town of Ipswich	Tax Clerk	2/9/2020	1
Leischner	Jennifer	Triton RSD	Instructional Assistant	3/4/2020	1
Lopez-Gomez	Miguel	Ipswich Housing Authority	Maintenance Mechanic	4/16/2020	1
Mattera	Nathan	Town of Georgetown	Instructional Assistant	2/10/2020	1

McManus	Dierdre	Town of Rockport	Library Cataloguer	2/5/2020	1
Parsons	Lewis	Town of Wenham	Library Technical Services	1/28/2019	1
Ripa	John	Town of West Newbury	Police Officer	2/1/2020	4
Ritt	Laurie	Town of Georgetown	Teaching Assistant	2/1/2020	1
Sacco	Janet	Town of Wenham	Assist. Treasurer-Collector	3/1/2020	1
Scatterday	Nicholas	Town of Rockport	Police Officer	11/1/2019	4
Starocsciak	Keith	Masconomet RSD	HVAC	3/2/2020	1
Sundell-Thomas	Lillian	Town of Ipswich	Assist. Director - Library	04/06/202	1
Valdez	Aisha	Town of North Andover	Services Coordinator	3/23/2020	1
Waddell	Melanie	Town of Rockport	Assistant Town Clerk	3/1/2020	1
Wallis	Sheila	Town of Ipswich	Teaching Assistant	8/26/2019	1

Rescinding Membership – Karen Aase

Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted by roll call as follows: Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; and Ms. Yaskell, Yes; To rescind the membership of Karen Aase and to refund her retirement contributions as she was not eligible for membership at the time of her enrollment as she is a retiree of the State Retirement Board.

New Retirements

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

1. Margaret R. Barile, Town Clerk, Town of Nahant - Group 1
Effective Retirement Date: February 28, 2020
Monthly Retirement Allowance: \$1,266.64
Annual Retirement Allowance: \$15,199.68
2. Janet L. Grover, Instructional Aide, Triton Regional School District - Group 1
Effective Retirement Date: March 31, 2020
Monthly Retirement Allowance: \$511.68
Annual Retirement Allowance: \$6,140.16
3. Lori J. Kelley, Physical Therapist Assistant, Triton Regional School District - Group 1
Effective Retirement Date: February 22, 2020
Monthly Retirement Allowance: \$1,349.08
Annual Retirement Allowance: \$16,188.96
4. Karen A. Marchand, Light Dept. Business Manager, Town of Georgetown - Group 1
Effective Retirement Date: February 27, 2020

Monthly Retirement Allowance: \$3,510.96
Annual Retirement Allowance: \$42,131.52

5. Gregory Parachojuk, M.I.S. Director, Town of Ipswich - Group 1

Effective Retirement Date: February 28, 2020

Monthly Retirement Allowance: \$4,303.01

Annual Retirement Allowance: \$51,636.12

6. Barry T. Sullivan, Firefighter, Town of North Andover - Group 4

Effective Retirement Date: March 13, 2020

Monthly Retirement Allowance: \$4,238.40

Annual Retirement Allowance: \$50,860.80

Refund Warrant – April 2020

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; and Ms. Yaskell, Yes; To approve the refund warrant for April 2020, to refund, rollover, or transfer the accounts of the individuals listed below, a list of twenty-three members beginning with Andrew D. Anketell and ending with Lisa Lynne Toohey, in the total net amount of \$190,607.83.

Anketell, Andrew D	Withdrawal	
Armitage, Anne E.	Withdrawal	
Armitage, Anne E.	Rollover	NFS
Barile, Margaret R.	Withdrawal	
Boucher, Francine M.	Withdrawal	
Burns, Virginia L	Withdrawal	
Carbonell, Elise T.	Withdrawal	
Casaleto, Denise M.	Withdrawal	
Caterino, Julie B.	Withdrawal	
Cristoforo, Derick J.	Withdrawal	
Donovan, Jeanne	Withdrawal	
Duckworth, Diane E.	Withdrawal	
Dunbar, Donald E.	Withdrawal	
Durand, Catherine P.	Withdrawal	
Eagan, Jane E.	Withdrawal	
Eagan, William D.	Withdrawal	
Erb, Jessica M.	Withdrawal	
Hamel, Robert A.	Withdrawal	

Hynes, David M.	Withdrawal	
Lathrop, Sydney P.	Withdrawal	
Lombardo, Michael A.	Withdrawal	
Marble, Melanie Jennifer	Withdrawal	
Nett, Patricia K.	Withdrawal	
Toohey, Lisa Lynne	Withdrawal	

April Retirees Payroll

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; and Ms. Yaskell, Yes; To approve the retirement allowances for the month of April in the estimated amount of \$4,250,000.00.

ERRS Payroll

Upon a motion by Kevin A. Merz, seconded by Susan J. Yaskell, the Board voted by roll call as follows: Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; Mr. Merz, Yes; and Ms. Yaskell, Yes; To approve the payment of the ERRS employee payroll for April 10, 2020, in the amount of \$14,897.68, and for April 24, 2020, in the amount of \$16,864.15.

Cash Disbursement Warrant CD2020.04

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; and Ms. Yaskell, Yes; To approve the Cash Disbursement Warrant CD2020.04 for April 2020 as presented in the total amount of \$16,628.69.

Vendor	Amount
Access - Monthly Fee	449.19
Benefit Strategies - Monthly Administrative Fees	4.00
Comcast - Monthly Fee	401.13
Town of Danvers, Danvers Electric - #201 - Monthly Fee	123.79
Town of Danvers, Danvers Electric - #202 - Monthly Fee	146.44
Group Insurance Commission - Health - 1/1/2020 - 3/31/2020	9,807.73
Harpers Payroll Services - 2020.03.27	85.35
Harpers Payroll Services - 2020.04.10	43.40
Harpers Payroll Services - 2020.04.24	81.95
HCOPT - Condo Fees - 2020.05	1,511.00
HIQ Computers - Monthly Replication Services	90.00
HIQ Computers #124827 - Remote Access Issues	192.50
HIQ Computers #124651 - Remote Access Set-Up	165.00

HIQ Computers - #124812 - PDF Software Upgrade - Six Licenses	1,020.00
Law Office of Michael Sacco - 2020.03	1,927.80
Ricoh USA, Inc. - Monthly Bill - 2020.04	244.57
W.B. Mason - Office Supplies	184.94
Zoom Video Communications, Inc. - One Year License	149.90
Total	16,628.69

Cash Disbursement Warrant CD2020.04a

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; and Ms. Yaskell, Yes; To approve the Cash Disbursement Warrant CD2020.04a for the PRIT Fund transfer for April 2020 as presented in the total amount of \$1,500,000.00.

Vendor	Amount
PRIT Fund Transfer to Eastern Bank	1,500,000.00
Total	1,500,000.00

Retirement Office Operations

Mr. Kostro provided the Board with an update on the retirement system operations. He advised that staff continues to work remotely nearly 100% of the time. Mr. Kostro indicated that he is in the office typically three days per week. While in the office, he will open and scan mail and notify staff of items received that require their attention. He also noted that the phones are busy most days and, if a call cannot be answered, the voicemail directs the individual to a general email or to the specific staff person's email. Mr. Kostro advised that the retiree payroll continues to be processed timely, and he pointed to the twenty-three refunds processed for this month, a high number in the best of circumstances. Mr. Kostro also advised that new retirements continued to be processed timely and that retirement counseling sessions are being conducted remotely, a practice he indicated should be continued even after the present situation has passed. Mr. Kostro noted that over 50 separate inquiries on retirement matters were received in April, with members usually receiving a response within twenty-four hours. He said that the Annual Statement has been completed and is in draft form, but was not submitted this month since PERAC provided a month extension to all retirement boards and ERRS is still waiting on comments back from the auditors. Mr. Kostro also pointed out that the staff had completed all of the data requests submitted by Segal Company, so that the valuation study could be presented to the Board at this meeting. Mr. Kostro reminded the Board that not only is ERRS in the same situation as everyone else regarding working remotely, but ERRS continues to operate short-handed, with two of six positions vacant before the shutdown. He said he wanted to recognize the exceptional work of Kathy Carleton and Scott Provensal, who always do outstanding work, but have been particularly exceptional during this unprecedented situation. Mr. Kostro also mentioned how fortunate ERRS was to retain Mike

Nicolazzo, who has done an outstanding job processing refunds over the past two months. Mr. Kostro said he did not know where ERRS would have been had Mr. Nicolazzo not agreed to stay on and assist the office on a part-time, after hours basis. Mr. Kostro reviewed for the Board upcoming issues and possible schedules for when the office reopens. He noted that how the office proceeds will depend greatly on the guidance provided by the Governor and PERAC. Finally, Mr. Kostro advised the Board that fifty masks have been purchased and an order for hand sanitizer has been submitted, although this is on back order.

Motion to Adjourn

Upon a motion by Susan J. Yaskell, 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; and Ms. Yaskell, Yes; To adjourn the meeting.

The meeting adjourned at 9:58 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:

- Meeting Minutes from the meeting of March 30, 2020
- COLA Hearing Notice Documents
- Draft 1/1/2020 Valuation Study Presentation
- New Enrollments
- Retirement Calculations
- Letter on Rescinding Membership
- Warrants

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
- ERRS Pending Legal Cases
- Executive Director's Schedule
- Financial Reports – Cash Flow – April 2020
- Financial Reports - Cash Flow - March 2020
- Financial Reports - Monthly Bank Reconciliation - January 2020
- Financial Reports - Monthly Expenditure Report - March 2020
- Financial Reports - PRIT Fund Monthly Report - March 2020
- Financial Reports - PRIT Fund Performance
- Mass Retirees May Newsletter
- North Andover Erroneous Deductions Refund Memo
- Number of Retirements Processed Per Year - 2009 to 2018
- PRIT Fund Weathering the Storm – State House News Service
- Vernava - Notice of Motion for Judgment on the Pleadings