## ESSEX REGIONAL RETIREMENT BOARD REGULAR SESSION August 31, 2020

At the regular meeting of the Essex Regional Retirement Board held on Monday, August 31, 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, and Susan J. Yaskell

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

Charles Kostro, ERRS Executive Director Michael Sacco, ERRS Counsel Gerry McDonough, Counsel for the Gloucester Retirement Board James Hannon, ERRS Member from Middleton Gary Ford, A Member from the Town of North Andover William McCarthy, Fire Chief, Town of North Andover

Mr. Maney called the meeting to order at 8:39 a.m. and the Board said the pledge of allegiance.

# Statement

Mr. Maney 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 Charles Kostro is recording this meeting via audio tape. 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. All members of the Open Meeting Law relative to the remote participation of Board members, all votes shall be by roll call.

### James Hannon – Benefit Payments

Michael Sacco reviewed the matter of Mr. Hannon in which he was retired for accidental disability in Gloucester and for a superannuation retirement in Essex. Mr. Sacco briefly reviewed the discussions he has had with counsel for the Gloucester Retirement Board. He noted that the Board will discuss litigation strategy relative to this matter in executive session. Mr. Kostro reviewed the Board's vote at the July meeting. Mr. Malgeri asked Mr. Sacco about the possibility of a motion to stay which might be filed to delay the repayment of the benefits already paid to Mr. Hannon. Mr. Sacco reviewed the discussions he has had with counsel from Gloucester and the status of the matter at this moment. Mr. Hannon addressed the Board and stated that it would be best for everyone if we just pretended that the letter from PERAC did not exist and that the Board vote to continue to pay him as a member of the Essex Regional Retirement System. He noted that he has retained counsel and that he will also be asking for a waiver of the amount due as a repayment. Attorney McDonough spoke about the professionalism with which Attorney Sacco has handled this matter. He stated that he wished he had more information on where the Gloucester board stands but he cannot provide any at this time. Mr. Sacco noted that this is an unchartered section of the statute as far as whether dual membership applies to a member who is retired for accidental disability. He also noted that there are several cases stating that a retirement board must follow PERAC direction. Mr. Sacco stated that based on this he is not in a position to advise the Board to ignore a PERAC directive. He felt that the Board needs to find out what Gloucester's position is on this and then see where we are and how to proceed from there. Mr. Hannon asked Mr. Sacco how he would handle this if the situation was reversed and he was injured in Middleton rather than Gloucester. Mr. Sacco said that if the roles were reversed, PERAC would be telling us to recalculate his benefit, which ERRS would have to do and then decide whether or not to challenge it. 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; and Ms. Yaskell, Yes; To confirm the Board's vote at its meeting of July 27, 2020 to suspend the retirement benefit payments of James Hannon in accordance with the PERAC letter dated June 29, 2020, and that upon payment of the amount owed, Mr. Hannon's retirement account be transferred to the Gloucester Retirement Board as directed by PERAC.

## **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; and Ms. Yaskell, Yes; To approve the minutes of the regular session of the meeting of July 27, 2020.

### **Public Comment Period**

There were no public comments.

### **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; and Ms. Yaskell, Yes; That the following named employees be enrolled in the Essex Regional Retirement System, a list of eighteen names beginning with Christian Andrews and ending with Brienne Walsh.

Last Name	First Name	Unit	Title/Position	Enrollment Date	Group
Andrews	Christian	Town of Hamilton	Police Officer	7/8/2020	4
Ball	David	Town of Ipswich	Water Operator 2	8/3/2020	1
Barry	Marc	Hamilton-Wenham RSD	Maintenance Technician	8/3/2020	1
Bettencourt	Lisa	Town of Ipswich	Teaching Assistant	8/31/2020	1
Boucher	Craig	Town of Ipswich	Custodian	8/4/2020	1
Connelly	Marie	Town of Ipswich	Recycling Coordinator	1/15/2019	1
Gonyer	Michael	Town of Middleton	Firefighter	7/6/2020	4

Hartz	Paul	Town of Lynnfield	Firefighter	5/28/2020	4
Hohenwarter	James	Town of Ipswich	Custodian	8/11/2020	1
Kennedy	Carrie	Town of Rowley	Assistant Town Accountant	7/1/2020	1
McCormick	Annmarie	Town of Lynnfield	Executive Assistant	7/1/2020	1
Melara	Starcia	Town of Middleton	Clerk/Dispatch	7/1/2020	1
Phillips	John	Town of Wenham	Police Officer	6/1/2020	4
Robinson	Dean	Town of Ipswich	Teaching Assistant	8/31/2020	1
Shannon	Patrick	Town of Hamilton	Assistant Treasurer-Collector	7/7/2020	1
Tubbs	Lucas	Town of Rowley	Police Officer	7/13/2020	4
Valdes	Maria	Town of Ipswich	Custodian	8/3/2020	1
Walsh	Brienne	Town of Rowley	COA Executive Director	8/10/2020	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; and Ms. Yaskell, Yes; That the following twenty-two members of the Essex Regional Retirement System be awarded superannuation retirement benefits calculated as follows:

1.	Donald Anderson, Custodian, Pentucket Regional School District - Group 1		
	Effective Retirement Date: June 30	0, 2020	
	Monthly Retirement Allowance:	\$1,474.14	
	Annual Retirement Allowance:	\$17,689.68	

- Christina N. Barrett, Kindergarten Aide, Manchester-Essex Regional School District -Group 1
   Effective Retirement Date: June 19, 2020
   Monthly Retirement Allowance: \$1,718.33
   Annual Retirement Allowance: \$20,619.96
- Diane Borseti, Executive Secretary, Town of Lynnfield Group 1 Effective Retirement Date: July 15, 2020 Monthly Retirement Allowance: \$2,235.51 Annual Retirement Allowance: \$26,826.12
- 4. Kenneth W. Buzzell, Electric Light Line Superintendent, Town of Merrimac Group 4 Effective Retirement Date: July 1, 2020 Monthly Retirement Allowance: \$7,470.59 Annual Retirement Allowance: \$89,647.08
- 5. Katrina E. Delgado-Carney, Cafeteria Manager, Town of North Andover Group 1 Effective Retirement Date: June 30, 2020 Monthly Retirement Allowance: \$591.87 Annual Retirement Allowance: \$7,102.44

6.	Kim Diorio-McGonnell, Firefighter, Effective Retirement Date: June 29, Monthly Retirement Allowance: Annual Retirement Allowance:	2020 \$4,773.60
7.	Cynthia J. Dodge, Administrative As Group 1 Effective Retirement Date: Jul 31, 2 Monthly Retirement Allowance: Annual Retirement Allowance:	
8.	Andrea M. Ebinger, Teaching Assist Effective Retirement Date: June 21, Monthly Retirement Allowance: Annual Retirement Allowance:	
9.	Diane E. Fitzgerald, Speech Languag Effective Retirement Date: June 30, Monthly Retirement Allowance: Annual Retirement Allowance:	ge Pathology Assistant, Town of Ipswich- Group 1 2020 \$908.64 \$10,903.68
10.	Michaelann Herook, Director of Con Effective Retirement Date: June 30, Monthly Retirement Allowance: Annual Retirement Allowance:	
11.	Barbara E. Ingham, Administrative A Effective Retirement Date: June 30, Monthly Retirement Allowance: Annual Retirement Allowance:	2020 \$3,431.86
12.	Julia T. Kostiew, Special Education A Effective Retirement Date: June 15, Monthly Retirement Allowance: Annual Retirement Allowance:	Aide, Town of North Andover - Group 1 2020 \$1,680.93 \$20,171.16
13.	Barbara J. LaRussa, Kitchen Manage Effective Retirement Date: June 23, Monthly Retirement Allowance: Annual Retirement Allowance:	
14.	Cynthia A. MacDougall, Administra District - Group 1 Effective Retirement Date: June 30, Monthly Retirement Allowance:	tive Assistant, Manchester-Essex Regional School 2020 \$1,704.21

Annual Retirement Allowance:	\$20,450.52
<ul><li>15. Rosemary J. Markey, Instructional A Effective Retirement Date: June 16 Monthly Retirement Allowance: Annual Retirement Allowance:</li></ul>	Assistant, Triton Regional School District - Group 1 , 2020 \$831.13 \$9,973.56
<ul><li>16. Frederick J. McAskill, Instructional Effective Retirement Date: June 30 Monthly Retirement Allowance: Annual Retirement Allowance:</li></ul>	\$2,211.20
<ol> <li>Heidi Mohrlang, Teaching Assistant Effective Retirement Date: August Monthly Retirement Allowance: Annual Retirement Allowance:</li> </ol>	9, 2020 \$282.48
<ol> <li>Paula Pare, School Cafeteria Secreta Effective Retirement Date: June 26 Monthly Retirement Allowance: Annual Retirement Allowance:</li> </ol>	, 2020 \$1,595.04
<ol> <li>Yvette M. Pitcairn, Teaching Assista Effective Retirement Date: June 17 Monthly Retirement Allowance: Annual Retirement Allowance:</li> </ol>	
20. Brian L. Shaw, Police Officer, Town Effective Retirement Date: July 6, 2 Monthly Retirement Allowance: Annual Retirement Allowance:	<b>A</b>
21. Karen A. Wallace, Police Officer, T Effective Retirement Date: July 5, 2 Monthly Retirement Allowance: Annual Retirement Allowance:	1
22. Kathleen Worobey, Teacher Aide, F Effective Retirement Date: June 18 Monthly Retirement Allowance: Annual Retirement Allowance:	Pentucket Regional School District - Group 1 , 2020 \$414.46 \$4,973.52

## **Creditable Service Awards**

Upon a motion by Susan J. Yaskell, seconded by Alan J. Benson, the Board voted by roll call as follows: Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; and Ms. Yaskell, Yes; 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. Jennifer M. Inglis shall be awarded four years of creditable service for prior refunded service with the Marlborough Retirement Board, the Plymouth County Retirement Board, and the Bristol County Retirement Board from September 5, 2006 to September 27, 2010.
- 2. Joseph T. Kamal shall be awarded five years and seven months of creditable service for reserve police service rendered with the Town of North Andover from January 1, 1989 to July 31, 1994.

# **Refund Warrant – August 2020**

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; and Ms. Yaskell, Yes; To approve the refund warrant for August 2020, to refund, rollover, or transfer the accounts of the individuals listed below, a list of twenty-one members beginning with Dana L. Allen and ending with Richard W. Wyman, in the total net amount of \$456,795.06.

Name	Туре	Board or Institution
Allen, Dana L.	Withdrawal	
Borseti, Diane	Withdrawal	
Cabral, Samantha E.	Rollover	Charles Schwab and Company, Inc.
Custance, Amy E.	Rollover	Fidelity Management Trust
Delgardo-Carney, Katrina	Withdrawal	
Demers, Teresa A.	Rollover	Vanguard
Dodge, Cynthia J.	Withdrawal	
Frias Peguero, Francisco	Transfer	Wellesley Retirement Board
Furlong, Timothy M	Transfer	Lynn Retirement Board
Herook, Michaelann	Withdrawal	
Jackson, Karen J.	Rollover	Fidelity Management Trust
Kamal, Joseph T.	Withdrawal	
Kiley, Christopher	Transfer	State Retirement Board

LaRussa, Barbara J.	Withdrawal	
Roesch, Corrine E.	Rollover	Fidelity Management Trust
Rosquete, David J.	Withdrawal	
Silva, Lynn B.	Rollover	Fidelity Management Trust
Thomas, Kara L.	Withdrawal	
Thompson, Pamela J.	Rollover	Vanguard
Wright, Ann M.	Rollover	Betterment
Wyman, Richard W.	Withdrawal	

# July 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; and Ms. Yaskell, Yes; To approve the retirement allowances for the month of July in the actual amount of \$4,133,030.33.

# August 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; and Ms. Yaskell, Yes; To approve the retirement allowances for the month of August in the actual amount of \$4,196,036.14.

## ERRS Payroll

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; and Ms. Yaskell, Yes; To approve the payment of the ERRS employee payroll for July 31, 2020, in the amount of \$17,096.25, for August 14, 2020, in the amount of \$15,183.89, and for August 28, 2020, in the amount of \$17,264.32.

### Cash Disbursement Warrant CD2020.08

Upon a motion by Vincent R. Malgeri, seconded by Susan Y. Yaskell, the Board voted by roll call as follows: Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; and Ms. Yaskell, Yes; To approve the Cash Disbursement Warrant CD2020.08 for August 2020 as presented in the total amount of \$48,557.48.

Vendor	Amount (\$)
Access - Monthly Fee	458.39
Benefit Strategies - Monthly Fee	2.00

	1
Breen & Sullivan, Inc HVAC Repair Suite 201	276.00
Comcast - Monthly Bill	410.45
Town of Danvers, Danvers Electric - #201 - Monthly Fee	167.65
Town of Danvers, Danvers Electric - #202 - Monthly Fee	133.23
Harpers Payroll Services - 2020.07.31	81.95
Harpers Payroll Services - 2020.08.14	43.40
HCOPT - Condo Fees - 2020.09	1,511.00
HIQ Computers - #125633 - Remote Service Various - July	247.50
HIQ Computers - Monthly Replication Services	90.00
Pension Benefit Information - Annual Obit Monitoring Fee	2,160.00
Powers & Sullivan 2019 Annual Audit	40,000.00
Red Sun Press - Envelopes	1,000.00
Ricoh USA, Inc Monthly Fee - 08.2020	244.57
S.J. Services - Office Cleaning - 08.2020	283.33
Tab Products, Inc.	1,118.37
Wayne Alarm - Semi-Annual Fee - 09.01.2020 - 02.28.2020	197.70

W.B. Mason - Office Supplies	131.94
Total	48,557.48

### Cash Disbursement Warrant CD2020.08a

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; and Ms. Yaskell, Yes; To approve the Cash Disbursement Warrant CD2020.08a as presented in the total amount of \$990.00.

Vendor	Amount
Law Offices of Michael Sacco - July Invoice	990.00
Total	990.00

### **BlackRock Power of Attorney Form Authorization**

Mr. Malgeri asked if ERRS Counsel has approved this Power of Attorney. Mr. Kostro said that Mr. Sacco has reviewed but has not approved it. Mr. Kostro said that the Power of Attorney contained a clause indemnifying the counsel for the sub-investor, and that ERRS is specifically prohibited from providing such indemnification by statute. He also noted the application for a Certificate of Tax Residency that was requested by BlackRock. Mr. Kostro said that the motion is written as it is so that if BlackRock provides a Power of Attorney which complies with the statute, the Board Chair can immediately sign it and return it to BlackRock. 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; and Ms. Yaskell, Yes; That upon confirmation from Counsel that the Power of Attorney Form proposed by BlackRock is compliant with Massachusetts General Law, Chapter 32 Section 23B(k)(1)(b), the Chair is hereby authorized to sign said form. Further, the Executive Director shall withhold filing the application for a Certificate of Tax Residency until such time that the above-referenced confirmation from Counsel is received.

### **Revised Preliminary 2021 Administrative Budget**

Mr. Benson asked what are the changes in the administrative budget. Mr. Kostro replied that employee salaries is the biggest part of the budget and has the biggest change. He noted that the proposed office structure is the same at it was in 2018 and that, in recognition of the challenging times faced by the retirement system's units, the previously approved plan for adding an additional employee has been shelved. Mr. Kostro reviewed the increase in the employee's salary line-item

and showed how the increase is much less than it appears since employee salaries have actually gone down the past two years. In comparison to 2018, Mr. Kostro said that the increase is actually 3%, which translates to an average annual increase of 1% per year for the past three years. Mr. Kostro said that it has been the retirement system's practice to only ask for what it needs in a budget each year, not to just seek a percentage increase. In a situation such as this, going back to the 2018 staffing structure creates what appears to be a larger than normal increase. But, he said, this increase is only larger normal because the employee salaries line-item has actually decreased in the past two years. Mr. Kostro pointed to a second change in the budget, this one in the lineitem formerly entitled Newsletter Expense, which he has re-titled Postage and Mailing Expense. He is recommending an additional \$5,000 in this line-item. This increase, Mr. Kostro said, is so that large mailings other than the newsletters may also be processed by a vendor rather than done in-house. Mr. Kostro thought it would be more efficient to have a professional firm process the mailing of the 3,000 annual member statements, for instance, rather than have an ERRS employee perform this time-consuming task. Other than those changes, and the regular changes in items such as the reduction in the actuarial expense due to there being no valuation study this year, the administrative budget is basically the same, Mr. Kostro said. He did note that the Reserve Fund has been restored to its usual \$50,000 level, an increase of \$10,000. The Reserve Fund had been reduced by to \$40,000 in the 2020 administrative budget. Overall, Mr. Kostro said, the total administrative budget increase is 1.9% in 2021, and the proposed 2021 administrative spending total is essentially the same as the budget for 2018. He also noted that this is only the third time in ten years that the retirement system's administrative budget has increased, rather than decreased from year to year. Mr. Kostro said that the proposed budget allows ERRS to get back up to full staffing and that over the past decade administrative spending has been essentially level-funded. Mr. Benson asked if there is an allowance for salary increases in the next budget. Mr. Kostro said that \$5,000 has been set-a-side for merit increases for staff, but that there is no COLA proposed for 2021 in this budget. Mr. Benson asked why outsource the mailing function at this time after doing it for so many years. Mr. Kostro replied that it is not a good use of the staff's time to be stuffing envelopes and that since there will not be an additional staff position, which had been the plan, increasing efficiency by adding this small expense in comparison to the large of expense of another salary seemed a cost-effective trade. Mr. Benson said that the Town of Boxford is doing a salary freeze, although school employees got their pay raises. Mr. Benson pointed out that the unfunded percentage is not increasing and he thinks it's time for an even tighter budget. Ms. Yaskell said, and Mr. Malgeri agreed, that Mr. Kostro did a very good job on this budget. Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted by roll call as follows: Mr. Benson, No; Mr. Malgeri, Yes; Mr. Maney, Yes; and Ms. Yaskell, Yes; To approve the revised preliminary 2021 administrative budget for the retirement system in the amount of \$1,076,029.

### **Executive Session**

Upon a motion by Susan J. Yaskell, seconded by Alan J. Benson, the Board voted by roll call as follows: Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; and Ms. Yaskell, Yes; To move to

executive session to act on the involuntary disability application of the Town of North Andover and to remain in executive session to discuss litigation strategy in the matter of James Hannon as an open meeting may have a detrimental effect on the litigating position of the retirement system.

Mr. Maney advised the meeting 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 entered executive session at 9:29 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 as follows: Mr. Benson, Yes; Mr. Malgeri, Yes; Mr. Maney, Yes; and Ms. Yaskell, Yes; That the Board finds that the notice requirements of Massachusetts General Law Chapter 32, Section 7, and Chapter 16, Section 1(a) having been met, that upon receipt of any additional medical records that may be submitted within the next thirty-days, to request PERAC to schedule a medical panel to review the involuntary accidental disability application filed by the Town of North Andover on behalf of Gary Ford, and that this vote be recorded in the open session minutes of the meeting.

The Board exited executive session at 10:02 a.m.

## Motion to Adjourn

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; 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

Susan J. Yaskell

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

Meeting Minutes New Enrollments Retirement Documents Documents in Support of Service Purchases Warrants BlackRock Documents Preliminary 2021 Budget Document

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

2019 Funded Ratio 2019 Investment Returns - 1 Year Performance 2019 Investment Returns - 5 Year Performance 2019 Investment Returns - 10 Year Performance 2019 Investment Returns - 35 Year Performance Agenda Posting Checklist BlackRock Notice – Amex GBT Briggs, Timothy - CRAB Decision on Appeal Deduction Posting Report - January 2020 to July 2020 Executive Director's Schedule Financial Reports - July 2020 Expenditure Report Financial Reports - June 2020 Disbursements Financial Reports - June 2020 General Ledger Financial Reports - June 2020 Receipts Financial Reports - June 2020 Trial Balance Financial Reports - June 20202 Adjustments Financial Reports - Monthly Bank Reconciliation - June 2020 Financial Reports - PRIT Fund Investment Performance - July 2020 Financial Reports - PRIT Fund Performance Update - July 2020 Financial Reports - Monthly Bank Reconciliation - June 2020 Financial Reports - PRIT Fund Investment Performance - July 2020 Financial Reports - PRIT Fund Performance Update - July 2020 Hannon, James - Notice of Receipt of Appeal Kostro, Charles - Ethics Disclosure - August 2020 PERAC Response - First Member Election - Weighted Vote Public Records Requests and Responses Report.2020 Wayne Alarm - Amended Agreement