

**ESSEX REGIONAL RETIREMENT BOARD
SEPTEMBER 25, 2017**

At the regular meeting of the Essex Regional Retirement System (ERRS) held on Monday, September 25, 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, 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 Boudreau, Town Administrator, Town of Lynnfield

Andrew Maylor, Town Manager, Town of North Andover

Vivian Haydar, Treasurer, Town of North Andover

Board Chair Joseph Maney called the meeting to order at 8:30 a.m. The Board said the pledge of allegiance.

Approval of Board Minutes

Upon a motion by Vincent R. Malgeri, seconded by Alan J. Benson, the Board voted 3-0, with Susan J. Yaskell abstaining; To approve the minutes of the regular and executive session of the meeting of August 28, 2017.

Membership Regulation – Ten Month School Employees - Amendment

Mr. Maney asked Mr. Kostro to lead the Board into this discussion. Mr. Kostro reviewed the development of the membership regulation approved by the Board in March and the regulation applicable to ten-month employees approved by the Board last month. Mr. Kostro said that he understands that the issue that has been raised is that delaying membership for ten-month school employees adversely affects their eligibility for health insurance for those communities that are members of the Group Insurance Commission (GIC). He said that is his understanding that the GIC will not permit employees who are not members of a public retirement system to receive health insurance. Mr. Maylor addressed the Board regarding the adverse effect of this new regulation on the North Andover and Lynnfield public schools and the Pentucket Regional School District, who are all members of the GIC. Mr. Maylor indicated that he had a suggested solution for the immediate short-term and the longer-term problem. Mr. Maylor further indicated that North Andover pays their school employees every pay period and therefore the regulation is unnecessary for them. Mr. Benson noted that the Boxford public schools also pay their employees every pay period. Mr. Maylor introduced the North Andover Treasurer, Vivian Haydar, to the Board. Mr. Boudreau addressed the Board and discussed the difference in attracting candidates when offering health insurance versus when health insurance is not offered. Mr. Maylor suggested that if a district that is paying their employees equally in each pay period then the regulation should not apply. Mr. Benson

noted that the turnover for ten-month employees is enormous. Mr. Malgeri discussed the turnover with ten-month school employees as well. Mr. Maylor discussed the size of the North Andover public schools and the need for a long-term solution to be arrived at quickly to maintain their competitiveness in recruiting school employees. Mr. Maney asked Mr. Kostro what he would say if a town pays their employees in equal installments. Mr. Kostro stated he thought such a standard would likely be clear enough. Mr. Kostro noted that the second membership regulation was adopted to avoid excluding from membership an inordinate number of people simply because of the nature of how they were paid. Mr. Kostro asked how ERRS Counsel would view this application of the membership regulation. Mr. Sacco stated if the Board applied the regulation in the manner discussed that would likely eliminate the issue. Mr. Maylor suggested leaving the current regulation in place with one amendment. He suggested that if a member unit was a GIC community and they pay a ten-month employee in equal installments then that community should be exempted from the regulation. That solves the immediate problem and the Board can address any other changes in the next several months. Mr. Maylor said that a lot of thought clearly went into the regulation and that the FAQ that was provided was great, so the Board should just deal with the exception. Mr. Benson said he understood that North Andover was primarily concerned with insurance and not with retirement. Mr. Maylor said that he was primarily concerned with the insurance. Mr. Benson noted his concern with the unfunded liability and his support for the general approach of the original regulation. Mr. Benson asked Mr. Sacco what PERAC's opinion will be if the Board tosses in the GIC exemption. Mr. Sacco noted that the Board has broad discretion in the establishment of regulations involving part-time employees. Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 4-0; To amend the ten-month employee regulation stating that employees are exempt from this policy if they are employed by member units that are members of the Group Insurance Commission of the Commonwealth of Massachusetts and are paid in equal pay periods. Mr. Malgeri asked Mr. Kostro if this sounds right to him. Mr. Kostro said that the staff will work through it.

Mr. Maylor, Mr. Boudreau, and Ms. Haydar left the meeting.

Executive Session

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted by roll call, Alan J. Benson, Yes; H. Joseph Maney, Yes; Vincent R. Malgeri, Yes; and Susan J. Yaskell, Yes; To move to executive session to discuss strategy with respect to litigation in the matter of Stephen Meola as an open meeting may have a detrimental effect on the litigating position of the retirement system.

The Board moved into executive session at 8:59 a.m.

The Board returned to open session at 9:02 a.m.

While in executive session, the Board did not take any votes.

New Enrollments

Upon a motion by Alan J. Benson, 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 twenty-three names beginning with Ryan J. Browner and ending with Jenna G. Woodworth.

<u>Name</u>	<u>Unit Name</u>	<u>Department</u>	<u>Date</u>	<u>Group</u>
Browner, Ryan J.	Georgetown	School	08/14/2017	1
Cecilio II, Marc A.	Ipswich	Police	08/14/2017	4
Chase, Merylle C.	North Andover	Conservation	08/07/2017	1
DePue, James J.	Ipswich	School	08/07/2017	1
Dinapoli, Kevin J.	Wenham	Police	08/21/2017	4
Dowdell, Sharon M.	Georgetown	School	08/21/2017	1
Fuller, David F.	Ipswich	Building	08/14/2017	1
Furman, Daniel D.	North Andover	Police	09/05/2017	4
Furtado, Jessica L.	Middleton	Library	09/04/2017	1
Gaffey, Kimberly M.	Masconomet RSD	School	06/01/2017	1
Gordon, William G.	North Andover	Police	09/05/2017	4
Greene, Jeffrey A.	Salisbury	Police	09/08/2017	4
Haydar, Vivian R.	North Andover	Treasurer/Collector	09/05/2017	1
Herook, John T.	Lynnfield	DPW	08/15/2017	1
Kneeland, Ashley M.	North Andover	Police	09/05/2017	4
Lucius, Richard P.	Newbury	Fire	08/07/2017	4
Martineau Jr., Vincent W.	Ipswich	Electric	07/17/2017	4
Mayer, Ryan B.	Ipswich	Police	08/14/2017	4
Neal, Jeffrey E.	Ipswich	Water	08/21/2017	1
Noble, Caleb J.	Newbury	Computer/IT/MIS	07/01/2017	1
Nolan Jr., Patrick J.	Wenham	DPW	08/28/2017	1
O'Brien, James M.	Middleton	School (Tri-Town)	08/29/2017	1
Promas, Cameron N.	North Andover	Police	09/05/2017	4
Rich, Amy S.	Rockport	School	08/28/2017	1
Romano, Stephen P.	Georgetown	School	08/07/2017	1
Staton, Emily G.	Groveland	Civil Pub Safety Disp.	07/01/2017	1
Tierney, Conor D.	North Andover	Police	09/05/2017	4
Woodworth, Jena G.	Ipswich	School	08/30/2017	1

New Retirements

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted 4-0; That the following seven members of the Essex Regional Retirement System be awarded superannuation retirement benefits calculated as follows:

1. Diane Ciolek, Administrative Assistant, Ipswich Public Schools, Group 1

Effective Retirement Date: July 18, 2017
Monthly Retirement Allowance: \$823.49
Annual Retirement Allowance: \$9,881.88

2. Guy Curtis, Custodian, North Andover Public Schools, Group 1
Effective Retirement Date: August 15, 2017
Monthly Retirement Allowance: \$1,258.21
Annual Retirement Allowance: \$15,098.52
3. Christine T. DiRuzza, Administrative Assistant, Salisbury, Group 1
Effective Retirement Date: August 11, 2017
Monthly Retirement Allowance: \$1,097.97
Annual Retirement Allowance: \$13,175.64
4. Mary Farley, Administrative Assistant, Tri Town School District, Group 1
Effective Retirement Date: August 15, 2017
Monthly Retirement Allowance: \$4,552.17
Annual Retirement Allowance: \$54,626.04
5. Elizabeth Parrish, Special Education Aide, North Andover Public Schools, Group 1
Effective Retirement Date: June 30, 2017
Monthly Retirement Allowance: \$504.45
Annual Retirement Allowance: \$6,053.40
6. Eugene Scione, Police Officer, Town of Salisbury, Group 4
Effective Retirement Date: August 5, 2017
Monthly Retirement Allowance: \$5,545.56
Annual Retirement Allowance: \$66,546.72
7. Donna M. Wedge, Administrative Assistant, Town of North Andover, Group 1
Effective Retirement Date: July 28, 2017
Monthly Retirement Allowance: \$1,107.08
Annual Retirement Allowance: \$13,284.96

Retirement Adjustments

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted 4-0; That the following six members of the Essex Regional Retirement System have their retirement allowance adjusted as follows:

1. **ADJUSTED** – John C. Adams, Forestry Foreman/DPW, Town of Ipswich, Group 1
Effective Retirement Date: November 14, 2014
Monthly Retirement Allowance: \$2,749.71
Annual Retirement Allowance: \$32,996.52

2. **ADJUSTED** - Camilla A. Ayers, Library Administrative Assistant, Town of Rockport, Group 1
Effective Retirement Date: December 31, 2016
Monthly Retirement Allowance: \$1,717.60
Annual Retirement Allowance: \$20,611.20
3. **ADJUSTED** – Patricia A. Belmer, Administrative Assistant, Pentucket Regional School District, Group 1
Effective Retirement Date: December 31, 2012
Monthly Retirement Allowance: \$2,928.53
Annual Retirement Allowance: \$35,142.36
4. **ADJUSTED** - Daniel Gallant, Equipment Operator, Town of Ipswich, Group 1
Effective Retirement Date: December 20, 2014
Monthly Retirement Allowance: \$1,041.39
Annual Retirement Allowance: \$12,496.68
5. **ADJUSTED** - Ronald A. Hale, Assistant Wastewater Treatment Plant Operator, Town of Rockport, Group 1
Effective Retirement Date: January 16, 2017
Monthly Retirement Allowance: \$2,539.74
Annual Retirement Allowance: \$30,476.88
8. **ADJUSTED** - Larry Wonson, Wastewater Plant Operator, Town of Rockport, Group 1
Effective Retirement Date: January 9, 2017
Monthly Retirement Allowance: \$3,473.31
Annual Retirement Allowance: \$41,679.72

Creditable Service Awards

Upon a motion by Alan J. Benson, 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 two members of the Essex Regional Retirement System be awarded creditable service as follows:

1. John Cashell shall be awarded two years and eleven months of creditable service for the purchase of military service rendered from October 16, 1975 to October 13, 1978.
2. Janice McGrane shall be awarded two years and three months of creditable service for the purchase of prior non-membership service rendered June 9, 1990 to August 10, 1997 with the Town of Georgetown.

Refund Warrant

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted 4-0; To approve the warrant for September 2017, to refund, rollover and transfer the total accumulated deductions for twenty-four members beginning with Nicole R. Anderson and ending with Matthew J. Zahoruiko, in the total net amount of \$392,804.47.

Name	Type	Board or Institution
Anderson, Nicole R.	Transfer	Mass Teachers Retirement System
Buczko, Bernard J.	Withdrawal	
Cheetham, Kristine J.	Rollover	Capital Bank & Trust Company
Chmura, Karin J.	Transfer	Danvers Retirement Board
Curtis, Guy H.	Withdrawal	
Dyer, Mary Beth G.	Transfer	Beverly Retirement Board
Fountain, Sean James	Transfer	Methuen Retirement Board
Levasseur, Lisa M.	Transfer	Mass Teachers Retirement System
Martin, Michael A.	Transfer	Danvers Retirement Board
Moran, Donna E.	Transfer	Greater Lawrence Sanitary District
Painchaud, Andre B.	Withdrawal	
Posnanski, Michele M.	Withdrawal	
Phillips, Danielle M.	Transfer	Lawrence Retirement Board
Pizzimenti, Anthony T.	Withdrawal	
Riley, James F.	Rollover	National Financial Services
Rowe, Constance A.	Withdrawal	
Shanahan, Alison	Withdrawal	
Shi, Dai	Transfer	Mass Teachers Retirement System
Story, Sean	Transfer	Mass Teachers Retirement System
Tivnan, Daniel J.	Transfer	Mass Teachers Retirement System
Votano, Salvatore W.	Withdrawal	
Young, Rosanne M.	Transfer	Mass Teachers Retirement System
Yurenda, Sarah M.	Rollover	Bank of America, NA
Zahoruiko, Matthew J.	Transfer	State Retirement Board

August Retirees Payroll

Upon a motion by Vincent R. Malgeri, seconded by Alan J. Benson, the Board voted 4-0; To approve the retirement allowances for the month of August in the revised amount of \$3,722,102.34.

September Retirees Payroll

Upon a motion by Susan J. Yaskell, seconded by Vincent R. Malgeri, the Board voted 4-0; To approve the retirement allowances for the month of September in the estimated amount of \$3,725,000.00.

ERRS Payroll

Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 4-0; To approve the payment of the ERRS employee payrolls for September 1, 2017 in the amount of \$18,724.05, and September 15, 2017 in the amount of \$18,724.06.

Cash Disbursement Warrant CD2017.09

Upon a motion by Alan J. Benson, seconded by Susan J. Yaskell, the Board voted 4-0; To approve the Cash Disbursement Warrant CD2017.09 for September 2017 as presented in the total amount of \$13,667.56.

Vendor	Amount
ASI Flex - Admin Fees - 2016.8	10.00
Comcast - October	356.09
Town of Danvers - Electric - Suite 201	153.54
Town of Danvers - Electric - Suite 202	153.99
H.C.O.P.T. - Condo Fee	1,482.00
HIQ Computers - #116117	1,512.50
Harpers Payroll Service	42.89
Harpers Payroll Service	67.89
Law Office of Michael Sacco - 2017.08	5,579.00
Lynch, Pamela - Board Meeting Supplies	21.81
Neopost - 10/17 - 12/17	120.00
Red Sun Press - Envelopes	320.00
Retreivex Monthly Bill - September	308.67
Ricoh USA, Inc. - Monthly Bill - September	288.69
SJC Services Inc. - Monthly Bill	225.00
Speicher, Anne - Emerging Issues Forum - Mileage	59.67
Tab Products Co LLC	618.38
Vasiles Plumbing & Heating, LLC, Unit #201 sink repairs	1,377.50
Verizon Wireless - Monthly Bill	159.96
W.B. Mason Company, Inc. - Office Supplies	630.28
Wayne Alarm Systems, Inc. 09/01/2017 - 02/28/2018	179.70
Total	13,667.56

2018 Preliminary Administrative Budget

Mr. Kostro provided an overview of the proposed 2018 preliminary budget. He noted that the only change in this budget proposal from the budget submitted to the Board in August was the addition of \$10,000 for the Employer Reporting Module offered by PTG. Mr. Kostro stated that he left this item out of the budget proposal in August as the Board rejected this initiative when he originally proposed it at the July meeting. As the Board subsequently directed that the Employer Reporting Module be implemented at their August meeting, Mr. Kostro has added the annual support fee cost of \$10,000 to the budget presently before the Board. Therefore, Mr. Kostro stated, the preliminary administrative budget increase from 2017 to 2018 is 1.6%. Mr. Benson stated his objection to the inclusion of the funds set-a-side for increases in employee salaries. Mr. Benson reiterated his concern about the general growth of the budget as it is one of the only things the Board can control relative to the growth of the unfunded liability. Mr. Malgeri noted that Mr. Kostro had reduced the travel line-item by eliminating his travel to the annual spring MACRS Conference on Cape Cod. Mr. Malgeri thought that this should be re-instated to the budget. Mr. Kostro stated that the cuts in the various line-items are necessary to keep the budget level-funded. He said that a few hundred or a few thousand saved in individual line-items throughout the budget is essential to keep costs down. Mr. Kostro noted that it means more to him to eliminate his travel, or to make other similar reductions, if it keeps the budget level-funded but still permits employees to receive a reasonable raise each year. Mr. Kostro noted that the budget has been level-funded for several years and it continues to be a challenge to keep it level-funded. Ms. Yaskell asked if the three percent set-a-side for employee raises is a guaranteed. Mr. Kostro noted that it is the Board that controls the amount of the raise granted each year to each individual employee. He stated that he recommends a raise for each employee at the end of the year based on their performance but that a raise is only granted if the Board approves his recommendation. Upon a motion by Vincent R. Malgeri, seconded by Susan J. Yaskell, the Board voted 3-1, with Mr. Benson voting No; To approve the preliminary administrative budget for 2018 for submission to the Advisory Council in the total amount of \$1,076,375. Ms. Yaskell stated that she meant to vote to reduce the Executive Director's travel. Mr. Benson noted that the budget as proposed includes the reduced travel for the Executive Director. Mr. Maney restated the vote as three yes and one no and the Board concurred.

PTG Employer Reporting Module

Mr. Benson discussed his concerns from the videotape he watched of the July meeting in which Mr. Malgeri had raised questions regarding the training offered by PTG. Mr. Benson said he felt the proposal by PTG was vague on training. Mr. Malgeri reviewed the concerns he had raised about the training at the July meeting. Mr. Benson said that his finance staff did not see this project as a big deal and were fine with it. But he noted that if there are any questions with the first few payrolls and they call PTG and no one is there, then they will call the retirement system. Mr. Kostro said that he anticipates that the retirement system staff will receive a lot of calls in the early stages of the

implementation of the project. Mr. Malgeri stated his concern that Mr. Merz was going to get the feedback of the Advisory Council and he was uncomfortable voting on this in Mr. Merz's absence. Mr. Maney noted that the Executive Director will develop some language to address the training process between this meeting and the next meeting. Mr. Malgeri praised the write up on this project that is included in the budget narrative.

Actuarial Consulting Services RFP

Mr. Maney noted that the Board is the selection committee for this RFP. The Board discussed how they wished to proceed. Mr. Kostro reviewed the selection process described in the RFP. The Board further reviewed the proposals they received and the next steps they should take in the process. It was noted that Mr. Malgeri had completed his evaluations of the two proposals received but the other members need to complete their evaluations, which become part of the procurement record. Mr. Kostro stated that the Board must review their initial evaluations and arrive at a composite evaluation of each proposal. He stated that after the composite evaluation is complete, the Board can open the price proposals. Then the Board designates the winning proposer based on what they determine provides the best combination of quality and price. The Board took time to complete their individual evaluations. Discussion then ensued over the composite evaluations of each proposal. The proposal from Segal Consulting was rated as Highly Advantageous. The proposal from Stone Consulting was rated as Advantageous. Mr. Malgeri noted that the required forms were not completed by Stone Consulting. Mr. Kostro then opened the price proposals and distributed them to the Board. Segal Consulting's total price was \$142,500. Stone Consulting's total price was \$96,950. Upon a motion by Alan J. Benson, seconded by Vincent R. Malgeri, the Board voted 4-0; That the Board awards the Actuarial Consulting Service contract for five years with a potential two-year extension to Segal Consulting of Boston, MA.

Ten-Month School Employee Regulation – Additional Discussion

Mr. Benson requested to discuss further the issue of the ten-month school employee regulation. He stated that he believed what was done was appropriate. He noted, however, that the Board has created two separate classes of membership based on whether or not you work in a GIC community. He did not think this was appropriate. He said that he would like to see by next spring a revised set of options for this issue. He said he did not want to see the ten-month school employee regulation remain on the books longer than this calendar year. Mr. Maney asked why not a proposal by next meeting? Mr. Benson stated that more thought was required and he will not be at the next meeting. He noted that the retirement system now has two classes of units because of the GIC. Mr. Benson stated that under this new, amended policy, employees of the Boxford schools cannot become members of the retirement system immediately, but if you are in a GIC community, you can become a member immediately. Mr. Benson noted that the Board had to do what it did to address the immediate problem. Mr. Malgeri asked if Mr. Benson had a better solution than what the Board did at the start of the meeting. Mr. Benson said, yes, to rescind the regulation. Mr. Kostro asked about specific scenarios under the amended ten-month regulation seeking clarification as to

what employees are eligible for membership and what employees are not eligible. Mr. Kostro further stated that what troubles him about what the Board did with its amendment is that when the original ten-month school employee membership regulation was drafted all the language was taken from what other retirement boards had done and what PERAC had already approved. He noted that he has never seen a PERAC-approved regulation which grants membership based on who the insurance provider is for the employer unit. He stated that the Board has now created separate classes of membership among ten-month school employees. He stated that intention of creating a membership regulation for all ten-month employees was to address their unique situation and eliminate the practical effect of treating similarly situated school employees differently based solely on their method of pay. Instead, Mr. Kostro stated, the Board's amended regulation states that there are different classes of membership for similarly situated employees based on the provider of health insurance. Mr. Kostro said that if there were unintended consequences because of a new regulation and the Board felt it made a mistake, he thought it best to admit the mistake, rescind the regulation and then seek to address the original concern after thoughtfully considering all options. Instead, he felt, making a change for a limited number of units knowing that the Board is going to come back later and make another change will only cause additional confusion for the units. Mr. Benson acknowledge the situation but stated that the difference is that units not in the GIC have already put employees in OBRA and discussed with the employee that they are not eligible for retirement. He noted the pragmatic issue is that you have to get people health insurance. He agreed that the current solution is not the best but what he is asking is that more thought be given to the situation and that the Board do something with a lot of notice for next year. Mr. Benson stated he does not support rescinding the membership regulation for ten-month employees. He felt the Board should build on the work done thus far and come up with a solution in time. Mr. Kostro said that he shares the concern about employees whose health insurance is uncertain and understands that this needs to be addressed. But he would rather clarify the meaning of the existing regulation than continuing to pass new regulations or add more amendments to existing regulations. Mr. Benson stated that it is his intention to take the next steps with deliberation and thoughtfulness and that what was done today solves the crisis of the moment. He stated that he agrees and acknowledges that this has not been our best work.

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 10:30 a.m.

Alan J. Benson

Vincent R. Malgeri

Vincent R. Malgeri

H. Joseph Maney

H. Joseph Maney

Susan J. Yaskell

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
Deduction Posting Report
Diorio McGonnell, Kim - Appeal of Board Decision
Essex Regional Retirement System Instant Rating as of 0617
Executive Director's Schedule
First Member Election - Sample Nomination Letter
Levine Leichtman Fund IV Distribution Letter dated August 31, 2017
LLCP IV Alternative Renewal LLC (Sale) - 18-ESSEX REGIONAL
RETIREMENT BOARD
Monthly Bank Reconciliation – August 2017
Monthly Fund Transfers
PERAC Memo 28.2017 - Selection of Fifth Member and Board Employees
PERAC Memo 29.2017 - Vendor Disclosures
PRIM Board Articles and Performance Information
Principal Green Fund Notice of Final Distribution dated August 29, 2017
PRIT Fund Monthly Report
Swallow, John - Motion to Stay Allowed
Swallow, John - Motion to Stay on Behalf of Swallow
TA Realty Fund IX – Hurricane Harvey Update
TA Realty Fund IX - Notice of Distribution dated September 21, 2017
Tobin, Dorothy - Withdrawal of Appeal Letter