

FRANKLIN REGIONAL RETIREMENT SYSTEM
BOARD MEETING MINUTES
AUGUST 28, 2013

A meeting of the Franklin Regional Retirement Board, duly posted to be held in the Board office, 278 Main Street, Suite 311, Greenfield, MA., on the above date was called to order at 8:01 AM by Board Chair, Sandra Hanks with Board Members Paula Light, Mary Stokarski and David Gendron present. Also present were Executive Director Dale Kowacki, Assistant Director Susan Bobe and Member Services Accountant Deb Frenzoz. Greg McNeillie, Vice Chairman, with Dahab Associates joined the meeting at 8:39 AM.

Prior to and during the meeting, the following items were available for the Board's review: monthly financial statements, current investment statements, invoices, and member and retiree files related to items on the agenda.

Review and Acceptance of Meeting Minutes

On a motion made by D. Gendron and second by M. Stokarski, the Board voted unanimously to approve the minutes of the regular meeting held on June 26, 2013.

On a motion made by M. Stokaski and second by D. Gendron, the Board voted unanimously to approve the minutes of the regular meeting held on July 31, 2013.

Payroll, Refunds, Transfers and Bills Warrants

On a motion made by M. Stokarski and second by D. Gendron, the Board voted unanimously to approve the warrants as follows:

<i>Retirees Payroll</i>	<i>\$623,524.22</i>
<i>Refunds</i>	<i>67,932.53</i>
<i>Transfers</i>	<i>43,055.91</i>
<i>Invoices</i>	<i><u>33,145.43</u></i>
<i>For a total of:</i>	<i>\$767,658.09</i>

Cash Transfer between Investments and bank

The following vote took place later in the meeting while meeting with Greg McNeillie.

On a motion by D. Gendron and a second by M. Stokarski, the Board, on the advice of its investment consultant voted unanimously to transfer \$210,000 from Daurma Asset Management, \$140,000 from O'Shaughnessy Asset Management and \$140,000 from Seizert Capital Partners to TDBank to cover next month's warrants.

Membership

On a motion made by M. Stokarski and second by D. Gendron, the Board voted unanimously to approve the new members as follows:

New Members

Anne I. Adams	FRN	08/28/2013	Instructional Aide	100%
William F. Barry, III	SHB	08/01/2013	Assistant Assessor	50%
Dennis O. Berry	MHR	07/01/2013	Network Tech.	100%
Alicia a. Clemons	FRN	08/28/2013	LPN	100%
Leanne B. Dowd	SHB	08/05/2013	Outreach Coordinator	90%
Walter D. Dufresne, Jr.	MOH	06/17/2013	Head Custodian	100%
Jason A. Kimball	OGE	07/01/2013	Custodian	100%
Keli J. Krusiewski	FRN	08/28/2013	Life Skills Ins. Assist	100%
Donald L. Murray	OGE	07/08/2013	Custodian	100%
Enrique Pacheco	FCH	07/08/2013	Property Manager	100%
Heather B. Tower	NTD	07/24/2013	Senior Center Director	100%

Existing Members

Christine Belder	FRN	08/22/2013	Cafeteria Worker	100%
Karen Duda	FRN	08/22/2013	Cafeteria Worker	80%
Thomas W. Hutcheson	CON	08/12/2013	Town Administrator	100%
Paula J. Light	FCR	07/17/2013	Board Member	100%

Retirees:

On a motion made by D. Gendron and second by P. Light, the Board voted unanimously to approve the following retirements:

Gardner, Patricia – PERAC approval has been received to retire Patricia Gardner for a Superannuation Option B retirement allowance. Her last day of work was June 30, 2013 and her retirement benefit will begin on August 2, 2013. Ms. Gardner was a group 1 member serving the Pioneer Valley Regional School District as an administrative assistant, accruing 10 years, 8 months of creditable service.

Gross, Wendy – PERAC approval has been received to retire Wendy Gross for a Superannuation Option B retirement allowance. Her last day of work was June 19, 2013 and her retirement benefit will begin on June 30, 2013. Ms. Gross was a group 1 member serving the Frontier Regional School District as a Vocational Supervisor/Coordinator. Ms. Gross also had time with the State Board of Retirement accruing a total of 12 years, 9 months of creditable service.

Leonard, James – PERAC approval has been received to retire James Leonard for a Superannuation Option C retirement allowance. His last day of work was June 28, 2013 and the benefit will begin on June 29, 2013. Mr. Leonard was a group 1 member serving the Town of Orange as a custodian in the elementary school accruing a total of 14 years, 5 months of service.

Rice, Margaret – PERAC approval has been received to retire Margaret Rice for a Superannuation Option B retirement allowance. Her last day of work was May 14, 2011 and her retirement benefit will begin on May 28, 2013. Ms. Rice was a group 1 member serving the Town of Rowe as a school committee member accruing 26 years, 10 months of creditable service.

Salcedo, Dianne – PERAC approval has been received to retire Dianne Salcedo for a Superannuation Option C retirement allowance. Her last day of work was June 29, 2013 and her retirement benefit will begin on June 30, 2013. Ms. Salcedo was a group 1 member serving the Town of Orange in the Library accruing 13 years, 8 months of creditable service.

Buybacks and Makeups:

On a motion made by M. Stokarski and second by P. Light, the Board voted unanimously to approve the following buyback:

Deam, Charlene J. – current member with the Franklin Regional Retirement System has requested a make-up of service for work in the Town of Orange prior to enrollment in the system. Service is from December 6, 2010 through June 30, 2013. Allowable service is actual hours worked equal to 11 months, 19 days at a cost of \$2,057.67 if paid by September 30, 2013; otherwise the interest will accrue as allowed by law.

Deaths:

Castine, Martha – inactive member since 6/30/2002, Mrs. Castine worked as an aide at the Colrain Elementary School, accruing 1 year, 10 months of creditable service. DOD was 8/19/2013.

Galenski, Helen – option B retiree since 03/31/1985, Mrs. Galenski was the Cafeteria Manager at Frontier, accruing 18 years, 6 months of creditable service. DOD was 8/11/2013.

General Business:

Lydia Canon – granting of service via MGL c.32 §4(1)c

Ms. Canon submitted a retirement application effective 6/30/2013. She is retiring from a 22 year career with the Hawlemont Pre-School program. Reviews of her service and deduction history show a break in service for the month of September, 2011. Lydia reports that the pre-school did not open on time due to flooding. However, deductions did start up in October and were continuous for the full school year.

MGL c. 32 section 4(1)c allows the Board to grant a member up to one month of service for any leave or period of continued absence for which compensation was not paid. The Board may remember that this section of the law was invoked to provide service to two Sunderland cafeteria workers during the time that they were out of work due to the elementary school roof collapse.

On a motion made by D. Gendron and a second by M. Stokarski, the Board unanimously voted to grant one month of creditable service pursuant to MGL c.32 section 4(1) c for the month of September 2011.

Staff COLA for 2014

A calculation of a base increase for a Cost of Living Adjustment (COLA), equal to the average monthly percentage change of the CPI (Consumer Price Index) for the twelve months from July of the prior year to June of the last most current year, was provided to the Board, and based on the result, the Board voted the following:

On a motion made by D. Gendron and second by M. Stokarski, the Board unanimously voted to grant a 1.56% increase to the base salaries of staff beginning January 1, 2014.

Next Steps for minimizing sending of Notices of Direct Deposit

At the July 2013 meeting the Board asked that staff check to see if we are required to furnish retirees with a "Notice of Deposit" each month. If not, the Board requested that the staff put a note on the next Notice of Deposit stating: "Notices of Deposit will no longer be sent unless the retiree calls to request one."

The question was researched, and the answer is that we are not required to provide NODs. However, staff also learned how other systems approach the subject, and staff asked if the Board wanted to implement any of them.

The Board was presented with drafts of the two announcements (attached to these minutes as addendum) and after some discussion the only thing that the Board asked is that both the Notice of Deposit and the Direct Deposit announcements include a "RE:" line prior to the main message. In addition, the Board was asked to decide when to discontinue sending NODs. It was decided to have October 2013 be the first month without NODS.

The Board was also apprised of PTG's offering of a module to allow members and retirees online access to their information on the FRRS software. The Board asked that staff research and test the module and report back to the Board. In addition, the Board asked that the \$7,500 flat rate purchase cost be added as a separate line item on the 2014 budget proposal.

On a motion made by D. Gendron and second by P. Light, the Board unanimously voted to send both the Notice of Deposit and the Direct Deposit announcements as edited to retirees.

Quarterly Investment Managers

Greg McNeillie, Vice Chairman from DAHAB Associates joined the meeting at 8:39 and reviewed the second quarter returns for the investment portfolio.

Chuck Schmidt, CFO and Portfolio Manager of Seizert Capital Managers joined the meeting at 9:25. Mr. Schmidt shared the firm's view of the current and future market and commented on the returns to date for the Board's investment.

Matt Dresser from IR&M joined the meeting at 9:46 to review IR&M's performance and return, and current approach.

Greg McNeillie addressed the Board again at 10:15 noting that it was time to proceed with a Request for Proposals for a small cap manager as required by the 2011 legislation regarding professional services. DAHAB will conduct the search, assess the performance of the managers that respond and report back to the Board.

On a motion made by D. Gendron and second by M. Stokarski the Board unanimously voted to approve the initiation of a Small Cap Manager search conducted by DAHAB.

Pioneer Institute Report – The Board was presented with a report written by the institute that argues for all Massachusetts public pension systems to be consolidated. Also included was the response from Dennis Devine, President of MACRS. After a short discussion the Board asked Dale Kowacki to write to our legislators and the Institute opposing the consolidation of Massachusetts public retirement systems.

2014 Draft Proposed Budget – Presented to the Board for its initial review. The Board asked that staff add \$7500 for the potential purchase of a PTG module that will allow members and retirees access to their own information on the system.

MGL c. 32 §91A –current disability retiree Robert Fisher has exceeded the earnings limitation of section 91A. Steps are being taken to recover his retirement allowance in the same amount. Mr. Fisher has been informed of his right to a hearing prior to the change in his benefit and must request such a hearing before the middle of September 2013.

FY2014 Assessment information – Staff reported that \$4,492,616 of this year's assessment has been paid leaving a balance of \$1,104,417. Thirty-three units paid in full taking a combined discount of \$79,168. The Town of Orange is delinquent in making the first half of its assessment due to the backlog of work caused by a vacancy in the Treasurer's position.

Beneficiary of Mary Kaynor – inactive member died January 1, 2011 without a beneficiary named in her record. Jerry Eide, her spouse, has submitted a request for a lump sum payment of her annuity savings account.

On a motion made by D. Gendron and a second by P. Light, the Board unanimously voted to allow the distribution of funds from Mary Kaynor's Annuity Savings account, as allowed by MGL c 32, to her spouse, Jerry Eide.

Ajournment

On a motion made by D. Gendron and a second by P. Light, the Board unanimously voted to adjourn the meeting at 10:43 a.m.

Respectfully submitted,

Dale C. Kowacki, Executive Director

THESE MINUTES WERE APPROVED SEPTEMBER 25, 2013

Sandra A. Hanks, Chair and Treasurer

Paula J. Light, Council Member

David R. Gendron, Vice Chair

Mary A. Stokarski, Board Member

_____ absent
Paul J. Mokrzecki, Board Member

Addendum below:

Sandra Hanks
Board Chair

Paula J. Light
Council Member

Paul Mokrzecki
Appointed Member

FRANKLIN REGIONAL RETIREMENT SYSTEM
278 MAIN STREET, SUITE 311
GREENFIELD, MASSACHUSETTS 01301-3230

David Gendron
Vice Chair

Mary Stokarski
Elected Member

Dale Kowacki
Executive Director

RE: Direct Deposit

Dear Retiree:

August 30, 2013

Everywhere around us, people, corporations, and municipalities are working together to reduce, re-use and recycle in a responsible way. We, at the Franklin Regional Retirement System, are also looking at ways to reduce waste, improve our services and streamline our expenses.

Selecting the direct deposit option for your monthly benefit is one of the best ways to help us improve your services. Many of our retirees have used the service successfully for many years, and, if you are receiving Social Security benefits or Veteran's benefits you probably are familiar with the process.

In 2009 our Board mandated that the monthly benefit for all new retirees be deposited into their bank account. As of today 80% of our retirees have set up a direct deposit account and we would like you to do the same. There are many benefits for both you and the retirement system when direct deposit is used.

- No more lost or stolen checks that need replacement
- Getting to the bank in bad weather is no longer a concern
- You can be away from home and still have your funds

The Board voted at their regular July 2013 meeting to require all retiree benefits be paid by the direct deposit method as of January 1, 2014.

The Retirement System is able to electronically send your benefit to your personal account at any bank in the United States or elsewhere. There are no restrictions on the type of account that you choose. Enclosed please find a *Direct Deposit Form* for you to complete and send back to our office. Please mail, fax, email, or drop the form off in person. Our address is:

Franklin Regional Retirement System
278 Main Street, Suite 311
Greenfield, MA 01301

Our phone number, fax number and email are shown below. Please contact the office if you have any questions or concerns about this change to your benefit delivery. We will be happy to assist you through the process.

Best regards,

Sandra A. Hanks
Board Chair

Telephone: 413-774-4837 FAX: 413-774-5677 e-mail: Admin@frsma.com

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Sandra Hanks
Board Chair

Paula J. Light
Council Member

Paul Mokrzecki
Appointed Member

FRANKLIN REGIONAL RETIREMENT SYSTEM
278 MAIN STREET, SUITE 311
GREENFIELD, MASSACHUSETTS 01301-3230

David Gendron
Vice Chair

Mary Stokarski
Elected Member

Dale Kowacki
Executive Director

August 30, 2013

RE: Monthly Notice of Deposit

Dear Retiree:

Everywhere around us, people, corporations, and municipalities are working together to reduce, re-use and recycle in a responsible way. We, at the Franklin Regional Retirement System, are also looking at ways to reduce waste, improve our services and streamline our expenses.

The Board would like to thank you for selecting the direct deposit option for your monthly retirement benefit as that is one of the best ways to help us improve your services. Most of our retirees receive a *Notice of Deposit* ("NOD") each month detailing the payment and any deductions taken for health insurance and taxes. Some retirees have opted out of receiving the NOD.

Neither the Social Security Administration, nor the Veteran's Administration, send NODs to their benefit recipients. The Franklin Regional Retirement Board will also stop mailing monthly NODs effective October 2013. Next year, and until further notice the Board will issue and mail a NOD for the months of July and December, and any other month in which there is a change in your benefit. You may also contact the Board to request a NOD for any month in which you receive payment.

Should you have questions or concerns about this notification, please contact us. Our phone number, fax number and email are shown below. Should you wish to visit the office or send us a letter, our office address is:

Franklin Regional Retirement System
278 Main Street, Suite 311
Greenfield, MA 01301

Best regards,

Sandra A. Hanks
Board Chair

Telephone: 413-774-4837 FAX: 413-774-5677 e-mail: Admin@frsma.com