

FRANKLIN REGIONAL RETIREMENT SYSTEM
BOARD MEETING MINUTES
November 25, 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 8:05 a.m. by Board Chair, Sandra Hanks with Board Members Paula Light, Paul Mokrzecki, Mary Stokarski and David Gendron present. Also present were Executive Director Dale Kowacki, Assistant Director Susan Bobe and Member Services Accountant Deb Frenzoz.

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 October 30, 2013.

Payroll, Refunds, Transfers and Bills Warrants

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

Retirees Payroll	\$634,707.21
Refunds	11,883.11
Transfers	33.58
Invoices	<u>35,330.56</u>
For a total of:	\$681,954.46

Cash Transfer between Investments and bank

There was no transfer needed to cover next month's warrants.

Membership

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

New Members

Armakovitch, Samantha	10/21/2013	100%	SHB	Laborer
Billiel, Laura V.	09/23/2013	100%	MOH	Night Janitor
Dyson, Courtney A.	08/26/2013	100%	HLT	Paraprofessional
Girardi, Elena	08/28/2013	100%	SND	Teacher's aide
Hill, Brenda	11/11/2013	80%	DER	Town Accountant
Major, Donovan	10/01/2013	100%	OGE	Laborer
Martin, Clifford R.	08/26/2013	100%	MOH	Paraprofessional

Paley, Phillip	09/02/2013	90%	WTY	Instructional Assistant
Renaud, Angela	08/28/2013	100%	SND	Instructional Assistant
Steiner, Sara	11/04/2013	80%	SND	Cafeteria Assistant
Tessier, Donald J.	09/23/2013	100%	FRN	Custodian
Trott, NanciAnn	08/28/2013	100%	DER	Instructional Assistant
Williams, Vanessa	09/04/2013	100%	MOH	Paraprofessional

Existing Members – new units

Gilmore, Kurt	11/09/2013	100%	BUC	Patrolman
Kaisla, Antti R.	10/01/2013	90%	LEV	Paraprofessional
Lang, Linda L.	08/26/2013	TBD	MOH	SPED Aide
Voelker, Gabriele	11/06/2013	100%	OGE	Treasurer

Retirees:

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

Converse, Nancy – PERAC approval has been received to retire Nancy Converse for a Superannuation, Option A retirement allowance. Her last day of work was June 30, 2013 and her retirement benefit will begin on July 18, 2013. Ms. Converse was a group 1 member serving the Hawlemont Regional School as a para-professional, accruing 22 years, 10 months of creditable service.

Hutkoski, Carolyn – The Retirement Packet has been submitted to PERAC to retire Carolyn Hutkoski for a Superannuation Option A retirement allowance. Her last day of work was June 30, 2013 and her retirement benefit will begin on August 26, 2013. Ms. Hutkoski was a group 1 member serving the Town of Whately school department as a para-professional, accruing 25 years, 11 months of creditable service.

Hale, Bernard - The Retirement Packet has been submitted to PERAC to retire Bernard Hale for a Superannuation Option B retirement allowance. His last day of work was August 30, 2013 and his retirement benefit will begin on September 1, 2013. Mr. Hale was a group 1 member serving the Town of Bernardston in the Council on Aging program. He accrued 12 years, 1 month of service.

Reily, Barbara - The Retirement Packet has been submitted to PERAC to retire Barbara Reily for a Superannuation Option B retirement allowance. Her last day of work was October 11, 2013 and her retirement benefit will begin on October 12, 2013. She was a group 1 member serving various schools as a paraprofessional and a teacher. She has accrued 31 years of service of which MTRB holds liability for 22 years, 10 months, 24 days and FRRS holds 8 years, 1 month, 6 days of service.

Parker, Linda – PERAC approval has been received to retire Linda Parker for a Superannuation Option A retirement allowance. Her last day of work was October 15, 2010 and her retirement benefit will begin on August 28, 2013. She was a group 1 member serving the Town of Deerfield as a building assistant, accruing 20 years, 1 month of service.

Buybacks and Makeups:

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

Day, Jennifer – current member with Mohawk Trail Regional School District, has requested a buyback of two refunds taken from this Board as follows:

1. 02/07/2000 to 06/25/2003: 3 years, 4 months, 19 days. Total cost if paid by 12/31/2013 is \$14,283.61; otherwise interest will accrue as allowed by law. Refund was on 8/31/2003 for \$9,581.92
2. 10/04/2010 to 04/15/2011: 5 months, 23 days. Total cost if paid by 12/31/2013 is \$1,422.05; otherwise interest will accrue as allowed by law. Refund was on 06/29/2011 for \$1,290.94.

Deaths:

Malek, Joseph T – current member of the Mohawk Trail Regional School District with 5 years, 11 months, 26 days of accrued service. DOD was 11/3/2013.

General Business:

Staff Evaluations

The members of the Board discussed and reviewed the staff evaluations. In view of the positive staff evaluations, the Board voted the following:

On a motion made by D. Gendron and a second by M. Stokarski, the Board voted unanimously to award a 3.5% merit increase to all staff effective January 1, 2014.

Board Meeting Schedule for 2014

The members of the Board were in agreement to continue the regular monthly meeting schedule of the last Wednesday of each month, at 8:00 am, beginning January 29, 2014, with the exception of Monday, November 24, 2014 and Wednesday, December 17, 2014 (the third Wednesday).

On a motion made by P. Mokrzecki and a second by M. Stokarski, the Board voted unanimously to meet at 8:00 am on the last Wednesday of each month in 2014 with the exception of Monday, November 24, 2014 and Wednesday, December 17, 2014 (the third Wednesday).

12(2)(d) Survivor Benefit approval

Joe T. Malek, a member with the Mohawk Trail Regional School District passed away on November 3, 2013 as an active employee of his unit. Joe had 5 years, 11 months, and 26 days of service accrued. His wife Kelly is eligible for the minimum allowance of a 12(2)(d) survivor benefit, equal to \$6,000 per year.

Mrs. Malek has completed the required paperwork and submitted all of the various forms (birth certificates, marriage certificates, DD214).

On a motion made by D. Gendron and a second by P. Mokrzecki, the board voted unanimously to approve the minimum allowance of 12(2)(d) survivor benefit for Kelly Malek equal to \$6,000 per year.

TDBank interest and fees

Dale Kowacki, Executive Director gave the Board an update after meeting with Pat Carlino from TDBank. Pat Carlino confirmed that we will no longer earn interest on our accounts, our fees will not be waived and we will not receive free check stock or deposit books. Patty Leveille, Administrative Assistant is in the early exploratory stages of researching those options with several banks. The Board discussed banks to include in the research and asked that the Greenfield Cooperative Bank be included as a possible bank to do business with in the future.

Direct Deposit

Staff reported that as of the August payroll, 93 retirees were receiving checks and as of the September payroll, 55 retirees were receiving checks. Since October's payroll, we have received direct deposit information from an additional 20 of those retirees and they will begin receiving their benefits by direct deposit in November. This leaves a balance of 22 retirees receiving checks.

After some discussion, the Board asked for staff to send a reminder letter with the November checks. In addition, the Board decided that the next step will be for Sandy Hanks, Board Chair to call those who have not responded requesting their compliance.

Town of Orange Assessment Payment

Dale Kowacki, Executive Director, informed the Board that payment from the Town of Orange has not been received for the 2nd installment of the 2nd half of their assessment. The Orange Town Administrator had requested a reduction on the interest if they paid the second half of the assessment early (prior to January 1, 2014).

At its October meeting the Board discussed giving the Town of Orange a discount on the 2nd half of their assessment if they pay prior to January 1, 2014, with the option to approve the discount at its November meeting. Given that the payment has not been received yet, the Board decided not to approve a discount to the Town of Orange for early payment of the 2nd half of their assessment.

Short term considerations regarding §4(2)(b) (aka 5 free years)

Dale Kowacki, Executive Director, presented the Board with clarification from PERAC in regards to the impact of MacAloney decision. Susan Bobe, Assistant Director informed the Board that we have a fire chief that has submitted an application for superannuation retirement whose service accrual may increase by the five years pending the Board's decision.

The Board discussed the matter and recommended that staff collect the required documentation in order to be prepared should the pending final decision from PERAC and Board Counsel, Michael Sacco allow the 5 years.

Senate Bill 1225 – Fossil Fuel Investments

Dale Kowacki, Executive Director presented a letter from 350MA group requesting an audience with the Board in regards to Senate Bill 1225 prohibiting PRIT from investing in Fossil Fuels. Greg McNeillie, Vice Chair at Dahab Associates joined the discussion at 9:15 am and opined that giving audience to 350MA group would not be fiducially responsible. Paul Todisco, Senior Client Service Officer at PRIT joined the discussion at 9:25 am and reiterated that this bill is only applicable to PRIT and informed the Board that PRIT is against Senate Bill 1225.

On a motion made by M. Stokarski and a second by D. Gendron, the board voted unanimously to have Dale Kowacki, Executive Director send a letter to the 350MA group declining an audience with the Board due to the political nature of the bill.

Quarterly investment managers

Greg McNeillie, Vice Chair with Dahab Associates joined the meeting at 9:15 AM to join the Board's discussion on Senate Bill 1225, review the 3rd quarter investment results, and present the research done by Dahab in regards to the Small Cap Managers Search.

Paul Todisco, Senior Client Service Officer at PRIT joined the meeting at 9:25 AM. Mr. Todisco spoke to the Board about Senate Bill 1225, and gave a performance update, and discussed staffing changes within PRIT.

Proposals from Small Cap Managers

New procurement law, MGL 32 §23b, requires that a new search be done every five years for each investment manager. The Board agreed with the schedule proposed by Greg McNeillie for staggering the searches to happen one or two each year, with this year being Small Cap. At the August 2013 meeting, the Board asked Mr. McNeillie to conduct searches for "Small Cap" managers and to bring to this meeting his recommendations to the Board

After discussing the analysis done by Dahab Associates regarding ranking the respondents to the search the Board took the following action:

On a motion made by D. Gendron and a second by P. Mokrzecki, the Board unanimously voted to select the following three managers, from the pool of 44 that submitted proposals, to be interviewed by the Board on January 15, 2014 starting at 8:30 am; Pyramis Global Small Cap Core, Systematic Fin. SCE and Winslow Asset Small Cap Core.

Ajournment

On a motion made by D. Gendron and a second by P. Light, the Board voted to adjourn the meeting at 11:21 a.m.

Respectfully submitted,

THESE MINUTES WERE APPROVED DECEMBER 18, 2013

Dale C. Kowacki, Executive Director

Sandra A. Hanks, Chair and Treasurer

Paula J. Light, Council Member

David R. Gendron, Vice Chair

Mary A. Stokarski, Board Member

Paul J. Mokrzecki, Board Member