

FRANKLIN REGIONAL RETIREMENT SYSTEM
BOARD MEETING MINUTES
JUNE 25, 2014

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 8:07 a.m. by Board Chair, Sandra Hanks with Board Members Paul Mokrzecki and Mary Stokarski present. Also present were Executive Director Dale Kowacki and Assistant Director Susan Bobe.

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.

A permanent copy of the agenda, with the exception of those items that are restricted from public viewing, as presented to the Board, is on file in the retirement office.

Review and Acceptance of Meeting Minutes

On a motion made by M. Stokarski and second by P. Mokrzecki, the Board voted unanimously to approve the minutes of the regular meeting held on May 28, 2014

Payroll, Refunds, Transfers and Bills Warrants

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

Retirees Payroll		\$655,172.88
Refunds		69,173.22
Transfers		43,856.11
Invoices		<u>42,270.81</u>
Operating	38,076.77	
3(8)(c)s	4,194.04	
For a total of:		\$810,473.02

Cash Transfer between Investments and bank

No cash transfer is required to cover warrants for next month.

Membership

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

New Members

Haynes, Daniel	04/22/2014	100%	MHR	Director of Finance
Mimitz, Wendy	03/26/2014	100%	MOH	Cafeteria Manager

Retirees:

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

Kaczenski, John – The retirement packet has been submitted to PERAC to retire John Kaczenski for a Superannuation Option A benefit. His last day of work was April 30, 2014 and his retirement benefit will begin on May 1, 2014. Mr. Kaczenski was a group 1 member working as a Waste Water Plant Operator with the Town of Deerfield accruing 11 years, 3 month of creditable service.

Briand, Robin Lyn - The retirement packet has been submitted to PERAC to retire Robin Briand for a Superannuation, Option C retirement allowance. Her last day of work was March 31, 2014 and her retirement benefit will begin on June 6, 2014. Ms. Briand was a group 1 member working as the Financial Officer of the Mahar Regional School District, accruing 26 years, 9 months of creditable service.

Burnham, Elizabeth – The retirement packet has been submitted to PERAC to retire Elizabeth Burnham for a Superannuation, Option A retirement allowance. Her last day of work was March 31, 2014 and her retirement benefit will begin on May 20, 2014. Ms. Burnham was a group 1 member serving as the Librarian to the Public Library in the Town of Shelburne, accruing 21 years, 9 months of creditable service.

Gibson, Leah – The retirement packet has been submitted to PERAC to retire Leah Gibson for a Superannuation, Option B retirement allowance. Her last day of work was May 23, 2014 and her retirement benefit will begin on May 24, 2014. Ms. Gibson was a group 1 member working for the Franklin Regional Council of Governments, accruing 29 years, 8 months of creditable service.

Buybacks and Makeups:

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

March, Mary Ellen – current member working in the Mohawk Trail Regional School District has requested a make-up of service for work performed between 09/01/1987 and the start of her deductions on 2/23/1989. A review of employee agreement letters and a social security earnings report show that Ms. March should have been a member in this system based on Supplemental Regulations at the time of service and furthermore that the service would have been converted to a 100% accrual rate in February of 1997 as per Board regulations. Payment for deductions only is \$697.81. Interest will begin to accrue after 7/31/2014 if payment is not made in full.

The Board typically requires payroll records to confirm employment, to accurately determine the cost of the service purchase, and to determine the accrued service

should the purchase be for less than full time. This case is out of the ordinary as the Mohawk treasurer is unable to locate the W-2's or payroll records prior to 1/1/1989. The Board voted to allow the service based on the following materials submitted by the member and the Mohawk Trail School District:

- The member's social security earnings report that begins in 1987, concurrent with the service requested.
- Employment agreement letters beginning in 1987
- A page from the Mohawk employee database showing a start date of 9/1/1987.

Please note that beginning 7/1/1987, membership eligibility was based on minimum earnings of \$2K.

The 1987 letter of employment details the work schedule and indicates an annual salary over \$2000. The Social Security report also shows earnings greater than \$2000 for 1987 alone. The member confirms that her only employment was with the Buckland-Colrain-Shelburne School District. The 1988 employment letter also indicates earnings at a level eligible for employment, further supported by the social security earnings report.

General Business:

Dale Kowacki reported on various projects:

GASB 67 & 68 Implementation – The Governmental Accounting Standards Board (“GASB”) issued the above standards, both of which will greatly impact the level and frequency of our audits – it may even be likely that PERAC won't be able to audit us adequately enough to meet the standards, and we will need to have an independent audit each year. In addition to the additional year's expense, each audit will cost more (\$3-5k).

Essentially these new standards require that cities and towns include in their financial statements a variety of performance analysis about the retirement liability. That information has to come from us, and it has to be done by the actuary, and, it has to be analyzed and “opined upon” by an auditor. Given that we have 39 units, and it's likely that at least one of them is going to be audited each year, we will have to be audited as well because the years will have to be the same.

We are waiting for a letter from Melanson Heath regarding the amount increase next year.

Report from June 18 Advisory Council meeting

Eleven members of the Council attended the meeting on June 18, 2014. The Council voted to increase the COLA base to \$15,000, affirming the Board's vote of the same at the January 29, 2014 meeting.

The Council also discussed the pros and cons of changing from a pooled actuarial method to a split method where each unit pays against its own liability balance. After a robust discussion the Council voted to report back to the Board that they wanted to stay as a pooled system and share the liability as one large community. – *The Board members agreed they would honor the Council's wishes and stay a pooled system.*

Investment Consultant Annual Review – *Understanding that the consultant had extenuating circumstances that prevented the presentation of a proposal to reduce the allocation to PRIT, the Board members acknowledged that performance and results have been good this past year and they are looking forward to being presented the PRIT proposal at the August meeting.*

Status Report on Transferred Service Credit Review

Samples of transferred files have been pulled from one full file cabinet. Staff will begin to review the files and be able to report the findings to the Board at the July meeting with the expectation of determining whether this project needs to move forward, adjusting previously transferred files or allowing the prior decisions to stand.

Status of Daruma conversion

All the paperwork was reviewed by the Law Offices of Michael Sacco with a side letter added to fill the deficiencies. The Chair has signed all the core agreements and Comerica has been instructed to transfer the funds to the custodial bank Daruma uses for the commingled fund. It appears on track for a complete transition as of 7/1/2014.

Richard Turner reimbursement –

This Ordinary Disability Retiree was overpaid in the first allowance payment due to an error in determining his date of retirement. Dale has had communication with the retiree and expects the funds to be returned in full within the week. At this point no further action is required.

Inactive members purchasing service – PERAC has not responded yet to the inquiry.

Ajournment

On a motion made by M. Stokarski and a second by P. Mokrzecki, the Board voted to adjourn the meeting at 9:40 a.m.

Respectfully submitted,

THESE MINUTES WERE APPROVED AUGUST 27, 2014

Dale C. Kowacki, Executive Director

Sandra A. Hanks, Chair and Treasurer

ABSENT
Paula J. Light, Council Member

ABSENT
David R. Gendron, Vice Chair

Mary A. Stokarski, Board Member

Paul J. Mokrzecki, Board Member

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