

FRANKLIN REGIONAL RETIREMENT SYSTEM
BOARD MEETING MINUTES
APRIL 25, 2017

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 8:03 a.m. by Board Chair, Sandra Hanks with Board Members Paula Light, Paul Mokrzecki, Mary Stokarski and Gabriele Voelker present. Also present were Executive Director Dale Kowacki, Assistant Director Susan Bobe and Auditor 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.

A permanent copy of the agenda as presented to the Board, with the exception of those items that are restricted from public viewing, 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 March 29, 2017.

Payroll, Refunds, Transfers and Bills Warrants

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

| | |
|-------------------------|--------------------------|
| <i>Retirees Payroll</i> | <i>\$799,602.50</i> |
| <i>Refunds</i> | <i>16,504.87</i> |
| <i>Transfers</i> | <i>13,262.89</i> |
| <i>Invoices 04-17W</i> | <i><u>178,676.78</u></i> |
| <i>For a total of:</i> | <i>\$1,008,047.04</i> |

Cash Transfer between Investments and Bank

On a motion made by P. Mokrzecki and second by G. Voelker, the Board voted unanimously to transfer \$790,000 from O'Shaughnessy Asset Management to Unibank to cover next month's warrants.

Membership

On a motion made by P. Light and second by G. Voelker, the Board voted unanimously to approve the new members and additional positions as follows:

Membership

| | | | | |
|--------------------------|------------|------|-----|-----------------------------|
| Capuano, Timothy R | 02/01/2017 | 100% | SND | Instructional Asst. |
| Gokey, Melanie L | 08/29/2016 | 60% | ROW | Kitchen Asst. |
| Hoad, Katelyn M | 03/13/2017 | 80% | FCH | Admin. Asst. Leased Housing |
| Kelly, Anthony J | 03/08/2017 | 100% | FRN | Custodian |
| MacKay, Hugh W | 02/27/2017 | 100% | FCH | Financial & Personnel |
| Poehnelt, Mary-Elizabeth | 03/07/2017 | 100% | DER | Cafeteria Manager |
| Rivera, Amanda J | 03/03/2017 | 100% | MOH | Para Professional |
| Smith, Robert E | 03/18/2017 | 50% | BER | Transfer Station |

Additional Positions

| | | Prior % | New % | | |
|--------------------|-------------|---------|-------|-----|--------------------------------|
| Bellows, Jared C | 10/12/2016 | 100% | 100% | HAW | Police Chief |
| Bobe, Susan M | 03/15/2017 | 100% | 100% | BER | Treasurer |
| Capuano, Timothy R | 02/01/2017 | 100% | 100% | SND | Referee, Rec. basketball games |
| Cullen, Deborah A | 09/07/2016 | 100% | 100% | DER | Out of School Nurse |
| Dean, Eric R | 01/01/2017 | 100% | 100% | CHT | Fire Fighter/First Responder |
| LaClaire, Donna E | 03/08/2017 | 100% | 100% | NSW | Food Service |
| Smith, Robert E | 03//18/2017 | 50% | 70% | BER | Custodian—Council on Aging |
| White, David A | 09/07/2016 | 100% | 100% | DER | Out of School Teacher |
| Wozniak, Alice M | 07/01/2015 | 100% | 100% | COL | Clerical Assistant |

New Retirees:

On a motion made by P. Light and a second by P. Mokrzecki, the Board voted unanimously to approve the following retirement:

Boudreau, Steven - the retirement package has been submitted to PERAC to retire Steven J. Boudreau for a Superannuation, Option B retirement allowance. His last day of work was March 19, 2017 and his retirement benefit will begin on March 20, 2017. Mr. Boudreau was a group 1 member working as the Foreman for the Town of Orange Water Department, accruing 37 years, 4 months of creditable service.

Accept Liability for Buybacks and Makeups Through Other Systems:

On a motion made by P. Light and a second by G. Voelker, the Board voted unanimously to accept liability for the following buybacks through other systems:

Bernier, Mark – State Board of Retirement has asked FRRS to accept creditable service liability if their current member, Mark Bernier, re-deposits a refund taken from this system. The refund taken on 12/31/97 was for \$1,605.73 in deductions. Mark was a laborer/equipment operator for the Town of Shelburne and creditable service was determined to be 10 months, 9 days, 10/14/96-8/22/97.

Wales, Amy – MTRB has asked FRRS to accept creditable service liability if their current member, Amy Wales, re-deposits a refund taken from this system. The refund taken on 1/29/98 was for \$801.43 in deductions. Amy was an administrative assistant for the Franklin County Solid Waste

Management District and creditable service was determined to be 11 months, 5 days, 12/24/96-11/28/97.

Buybacks and Makeups:

On a motion made by P. Light and a second by G. Voelker, the Board voted unanimously to approve the following buyback of creditable service:

Litchfield, Sheila – current member in the Town of Rowe has requested a make-up of service, prior to her enrollment on 07/01/2011, as an elected member of the Town of Heath Selectboard for the period 5/10/2003 – 6/30/2009. Service purchase is 6 years, 1 month, 21 days at the cost of \$804.37 if paid by 05/31/2017; otherwise interest will continue to accrue as allowed by law.

General Business:

Perhaps change meeting days

Dale Kowacki, Executive Director presented the Board with the option of changing the meeting day to Tuesdays as a way to accommodate Board members, schedules.

After some discussion, the Board decided to leave the meeting dates for 2017 as-is with the exception of the July meeting. The Board agreed to change the date of the July meeting to July 19, 2017, Wednesday 8:00 am.

On a motion made by P. Mokrzecki, and a second by P. Light the Board voted unanimously to change the date of the July meeting to July 19, 2017, Wednesday 8:00 am.

Schedule visit with Attorney Sacco

Dale Kowacki, Executive Director asked the Board about the possibility of scheduling a visit with Attorney Sacco to refine the Board's understanding of the recent court decisions and to meet our new Board member, Gabriele Voelker.

After some discussion, the Board decided to table a visit with Attorney Sacco as vacation season is upon us and scheduling a day that everyone is available was proving difficult.

Revise 4(2)(b) policy regarding minimum salary

Dale Kowacki, Executive Director informed the Board of a recent CRAB decision regarding service credit for police and firefighters time on their "reserve lists." In light of this recent CRAB decision, Dale presented the Board with a copy of our current policy with review notes in red, taking out any reference to an annual rate of \$5,000.

On a motion made by P. Mokrzecki and a second by P. Light the Board voted unanimously to accept the revised 4(2)(b) policy regarding minimum salary as presented, see addendum A.

Revise policy regarding continuing deductions during non-membership

Dale Kowacki, Executive Director informed the Board that The Supreme Judicial Court of Massachusetts (“the SJC”) has issued a decision regarding what it terms “non-full-time-employees.” The SJC has decided that once a member is granted initial membership in a retirement system, he or she will retain that membership status so long as he or she remains employed. This means that a member, whose hours or pay are reduced below the initial membership threshold of a particular board, may not have their membership revoked. In light of this decision, Dale presented the Board with a copy of our current regulations with review notes in red with suggested changes to FRRS supplemental regulations.

Upon further discussion, the Board agreed that staff would reinstate members that are still active with FRRS who have been removed from membership erroneously and those members that were removed from membership under the \$5,000 rule as we discover them. The members will need to repay the amounts they should have paid into the system, and then be given creditable service in accordance with our supplemental regulations.

On a motion made by M. Stokarski, and a second by P. Mokrzecki the Board voted unanimously to accept the changes, as presented, to the FRRS supplemental regulations in regards to membership and pro-rated creditable service for non-full-time employees, see addendum B.

Revise policy on regular interest to 30 days, thereafter actuarial interest

Dale Kowacki, Executive Director presented to the Board the various types of interest to be used either when a benefit is over or underpaid via Section 20(5)(c)(2), as well as incorrect assessment under Section 20(5)(c)(2) or for Late Entry into Membership, Section 3(3).

Dale explained our policy to the Board that we have two types of interest-free corrections we make, those that are for insufficient deductions on wages not originally included in the deduction calculation for a given payroll that do not add service credit. And those that should have had deductions taken, and would add service, i.e. deductions mysteriously stopped, or, should-have-been-a-member. The latter we have processed as a make-up and had the Board approve the "purchase" interest-free until 30 days after the Board meeting date, after which we would charge buyback interest. The former we would first attempt to make arrangements with the treasurer to collect the missing deductions, interest-free, via subsequent payrolls, or barring that, get payment direct from the member, or barring that, settle up with them via their first retirement benefit payments.

After some discussion, the Board decided to keep the policy as-is with interest-free until 30 days after the Board meeting date, after which charge buyback interest.

On a motion made by P. Light, and a second by P. Mokrzecki the Board voted unanimously to stay with our current practice of interest –free until 30 days after the Board meeting date, after which we would charge buyback interest.

Pay second third of the past due 3(8)(c) bill to the State Retirement

No action, or votes, taken at this time.

Adjournment

On a motion made by P. Mokrzecki and a second by P. Light, the Board voted to adjourn the meeting at 10:02 a.m.

Respectfully submitted,

THESE MINUTES WERE APPROVED ON MAY 31, 2017

Dale C. Kowacki, Executive Director

Sandra A. Hanks, Chair and Treasurer

Paula J. Light, Council Member

Gabriele H. Voelker, Board Member

Mary A. Stokarski, Board Member

Paul J. Mokrzecki, Board Member

Addendum A

Franklin Regional Retirement System Policy

Service Credit for Reserve Police and Call Firefighters as per MGL 32 § 4(2)(b)

Reserve Police, and call firefighters that were on the annual list of officers or call firefighters, in a particular town, and available to fill shifts in their respective departments, can receive up to five years credit for that period, but not until they are hired to a permanent position in that same town and become a member of the retirement system via that permanent position. Members receiving service will be required to pay an amount equal to the deductions on wages received, ~~and/or \$5,000 — whichever is greater —~~ for work performed during the service period. Availability is subject to consideration of the June 21, 2013 date of the “MacAloney” decision.

Must be on the “Respective List”

Police - MGL 41, §’s 96, 97, and 97A all provide that officers will be appointed either annually, or for terms not to exceed 3 years – so to be considered, the officer must appear on one of these lists - if the lists exist.

Fire - MGL 42 and 42A both provide for the appointment of firefighters, which would likely include the generation of a list of appointees, so to be considered, the firefighter must appear on one of these lists - if the lists exist.

Unless indicated otherwise, the above lists will be considered to be in effect for one year from the effective date. Where the above lists are not available, the Board will review alternative documentation.

Members can receive up to 5 years maximum.

Members will receive full service credit from the effective date of the first “respective list” upon which they are listed, up to the date of their appointment to the permanent membership position with the same town or fire district, limited to five years total service for the period, and excluding any periods they are not on the applicable “respective list” for any period of time.

Service credit beyond the first five years is subject to the Board’s other regulations related to that type of service.

Members will have to pay for the service credit.

The member will have to pay to the retirement system the amount of retirement deductions on wages received for any pension eligible hours worked during the five years, ~~or an annual rate of \$5,000, whichever is greater.~~

“Buyback” interest, as applied in regular “service makeup” purchases, will apply to these service purchases as well. Interest will start on January 1, 2014 or the start of the service period, whichever is later.

The member must be hired to a permanent, membership-eligible position with the town and become a member of the retirement system before receiving the service credit.

- Permanent position does not have to be full time – just membership eligible.
- Permanent position must be with same town as the reserve service.
 - **Police** - Permanent position does not have to be with the police department.
 - **Call Firefighter** - Permanent position must be with the same department.

Impact on Service already purchased and/or granted.

Retirees retired prior to June 21, 2013 will remain unaffected by these rules. Retirees retired on or after June 21, 2013 but before the implementation of this policy will have their service corrected to comply with these regulations without further payment by the retiree to the system.

Members not retired that have been denied or granted under MGL 32 § 4(2)(b) will have their service corrected to comply with all aspects of these regulations, and payment or refund¹ will be made by either the system or the member as applicable. Interest on corrective payments will not accrue back to the service period but will begin to accrue as of the date of payment request from the system to the member.

¹ To preserve all rights and options to the member, refunds will be held until it is clear that any legal challenges regarding this topic throughout the State, that would impact this policy, have ceased and been resolved. As per Board vote January 29, 2014.

Addendum B

Rules and Regulations of the Franklin Regional Retirement System

January 1, 2009 to present

Membership:

Any individual, who is permanently employed twenty (20) or more hours per week with any member unit or units of the Franklin Regional Retirement System, shall become a member of the Retirement System. Upon becoming a member of the System, unless the member ends employment in a way described in Massachusetts General Laws Chapter 32, § 3(1)(a)(i), the member will ~~a member must maintain the status of being permanently employed 20 or more hours per week to~~ continue contributing to the System and accruing additional creditable service, consistent with the Board's creditable service regulation.

¹⁰When an active member temporarily switches to a different position, without a break in service, within the Franklin Regional Retirement and regardless of unit, they will continue as an active member, with deductions taken, and receive service credit consistent with the Board's creditable service regulations.

¹When an active member takes on an additional position that is temporary, the temporary position will not be included for maintaining membership, but will be included as salary earnings and creditable service, with deductions taken, ~~as long as the employee maintains active membership through permanent positions.~~

~~The system will not take contributions from members earning less than \$5,000 annually unless the member holds a position, or positions, that meet all other membership regulations and earns a minimum of \$5,000 in at least one other eligible position.~~

This policy will also apply to any individual who is already a member prior to January 1, 2009, but on January 1, 2009 was an inactive member.

~~Any individual who is already a member prior to January 1, 2009, and on January 1, 2009 is an active member, shall remain an active member, regardless of the number of hours worked, or regardless of subsequent reduction(s) of hours to less than 20 per week, until such time that they retire, or transfer to another system, or take a refund of their contributions, or their membership status changes to inactive for all positions that were held on January 1, 2009.~~

²Starting July 1, 2009, any individual who is employed and receiving less than \$5,000 annually is excluded from membership.

Creditable Service:

New members of the Franklin Regional Retirement System shall receive creditable service, for the total of all positions worked, in prorated increments, not to exceed 100%, in the following manner Reported hours of all the member's positions will be summed and the resulting total used to determine creditable service using the following service percentage chart.

Rules and Regulations of the Franklin Regional Retirement System
January 1, 2009 to present

| <u>Average weekly hours over 20 Primary membership positions</u> | | |
|--|------------------|-------------------------------------|
| Weekly hours worked are: | | Creditable service percentage given |
| not less than | not greater than | |
| 20 | 22.99 | 50% |
| 23 | 25.99 | 60% |
| 26 | 28.99 | 70% |
| 29 | 31.99 | 80% |
| 32 | 34.99 | 90% |
| 35 | 40 | 100% |
| <u>Average weekly hours under 20</u> | | |
| <u>0</u> | <u>3.99</u> | <u>10%</u> |
| <u>4</u> | <u>6.99</u> | <u>15%</u> |
| <u>7</u> | <u>8.99</u> | <u>20%</u> |
| <u>9</u> | <u>10.99</u> | <u>25%</u> |
| <u>11</u> | <u>12.99</u> | <u>30%</u> |
| <u>13</u> | <u>14.99</u> | <u>35%</u> |
| <u>15</u> | <u>17.99</u> | <u>40%</u> |
| <u>18</u> | <u>19.99</u> | <u>45%</u> |

Any individual who is already a member prior to January 1, 2009, and on January 1, 2009 is an “active” member, shall receive full creditable service regardless of the number of hours worked, for any and all positions they continue working in as of January 1, 2009, except that members working occasionally and sporadically with no clear pattern of a regular work schedule will be given creditable service equal to the actual time worked.

³Actual hours worked for call firefighters will be determined by dividing the earnings by the known hourly rate for those wages, and if the hourly rate is not known, the corresponding Massachusetts minimum hourly wage for each particular time period will be used.

Additional positions started on or after January 1, 2009 will receive prorated creditable service as per the above table.

²Starting July 1, 2009, any member receiving less than a rate of \$5,000 annually will receive zero service credit for the period where the rate computes to less than \$5,000 annually.

⁶Any individual who is an “inactive” member as of January 1, 2009 shall, for time worked prior to January 1, 2009, receive creditable service consistent with board regulations in effect prior to January 1, 2009. When returning to “active” membership for prior positions, or for additional positions, started on or after January 1, 2009, they will receive prorated creditable service as per the above table. Any return to “active” membership for prior positions shall be consistent with board policy, as of January 1, 2009, regarding membership.

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