

FRANKLIN REGIONAL RETIREMENT SYSTEM
BOARD MEETING MINUTES
January 29, 2020

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 8:04 a.m. by Board Chair Sandra Hanks, with Board Members, Mary Stokarski, Paul Mokrzecki, Angelina Bragdon and Gabriele Voelker present. Also present were Executive Director Dale Kowacki, Assistant Director Susan Bobe, and Auditor Deborah 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 is on file in the retirement office, except for those items that are restricted from public viewing.

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 December 18, 2019.

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	\$966,186.29
Refunds	81,450.30
Invoices 13-19W	80,193.44
Invoices 01-20W	<u>358,070.81</u>
For a total of:	\$1,485,900.84

Cash Transfer between Investments and Bank

On a motion made by M. Stokarski and a second by G. Voelker, the Board, voted unanimously to transfer \$378,000.00 from PRIT Core Fund to cover next month's warrants.

On a motion made by P. Mokrzecki and a second by G. Voelker, the Board, voted unanimously to amend the transfer to \$519,000.00 from \$378,000.00 from PRIT Core Fund to cover next month's warrants.

Membership

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

<u>NAME</u>	<u>HIRE DATE</u>	<u>C.S. %</u>	<u>New %</u>	<u>UNIT</u>	<u>POSITION</u>
Bartak, Kayley M	12/9/2019	100%		OGE	Paraprofessional
Brulotte, Susan E	12/9/2019	100%		DER	Office Manager
Burke, Colleen A	12/6/2019	100%		OGE	1:1 Paraprofessional
Chagnon, Elizabeth A	12/9/2019	90%		PNR	Paraprofessional
Dow, Melinda L	11/18/2019	100%		DER	Instructional Assistant
Eagles, Robert J	12/29/2019	100%		LEV	Operator/Truck Driver
Gilmore, Jessica H	11/12/2019	100%		MHR	Long-term substitute
Hayyat, Sami	12/16/2019	80%		FRT	Janitorial/Maintenance
Hertel-Fernandez, Sarah I	1/4/2020	60%		ASH	Library Director
Hogan, Riely F	12/11/2019	100%		SDW	Operator
Jennings, Walter R	12/30/2019	100%		SND	Highway
Jones, Christopher J	12/16/2019	100%		OGE	Driver/Operator/Laborer
Melnik, Michelle M	11/12/2019	100%		FRN	Accounts Payable
Miller, Christopher	12/16/2019	100%		BER	Foreman/Truck Driver
Miner, Brian C	12/5/2019	100%		BER	Highway Superintendent
Moest, Joanna R	12/4/2019	60%		WEN	Administrative Assistant
Nye, Nicholas N	11/12/2019	80%		ASH	Laborer
Parmakian, Pamela B	1/6/2020	100%		FCH	Director of Property & Asset Management
Potts, Jason A	11/14/2019	50%		WTY	Custodian
Seaman, Kevin C	1/2/2020	100%		PNR	District Facilities Director
Simpson, Mickaelah S	12/2/2019	90%		PNR	Paraprofessional
Smiarowski, Penny J	11/12/2019	100%		FRN	Administrative Assistant
Sommer-Peterson, Rebecca	12/30/2019	100%		NTD	Senior Center Director
Sullivan, Kerry L	10/28/2019	90%		PNR	Paraprofessional
Wheeler, Holly S	1/2/2020	100%		MOH	Payroll Coordinator
<u>New Positions</u>					
Dobias, Bruce	12/11/2019	100%		GIL	Truck Driver/Laborer
Hubbard, Brian H	1/6/2020	100%		BER	Highway Laborer
<u>Additional Position</u>					
Belanger, Jeffrey	12/1/2019	100%		BUC	Police Officer
Cellilli, Stefanie	10/15/2019	100%		MOH	Teacher - BCBA
Cobileanschi, Oleg	12/1/2019	100%		BUC	Police Officer
Cole, Rose M.	10/15/2019	100%		MOH	Paraprofessional

Finn, Melissa M.	10/15/2019	100%		MOH	Paraprofessional
Guyette, Herbert	1/1/2020	100%		BUC	Fire Chief/EMD
Martin, Ryan	11/18/2019	100%		CHT	Part-time police
Martin, Ryan	11/18/2019	100%		CHT	call fire
Martin, Ryan	11/18/2019	100%		CHT	Highway winter plow
Martin, Ryan	11/18/2019	100%		CHT	Animal inspector
Miner, Christopher	1/1/2020	100%		BUC	Police Officer
Rounds, Cassandra L.	10/15/2019	100%		MOH	Paraprofessional
Sliwoski, Christina M.	10/15/2019	100%		MOH	Paraprofessional

New Retirees:

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

Hendricks, Amy – The retirement packet has been submitted to PERAC to retire Amy Hendricks for a Superannuation, Option A retirement allowance. Her last day of work was November 27, 2019 and her retirement benefit will begin on November 28, 2019. Ms. Hendricks was a group 1 member working as an instructional assistant for the Pioneer Valley Regional School District and as the Summer Playground Director for the Town of Northfield, accruing 20 years, 1 month of creditable service.

Light, Paula – The retirement packet has been submitted to PERAC to retire Paula Light for a Superannuation, Option B retirement allowance. Her last day of work was December 31, 2019 and her retirement benefit will begin on January 1, 2020. Ms. Light was a group 1 member working as the Payroll Bookkeeper/Treasurer for the Frontier Regional School District and as a Board Member for the Franklin Regional Retirement System, accruing 33 years, 6 months of creditable service.

Wetherby, Gary – The retirement packet has been submitted to PERAC to retire Gary Wetherby for a Superannuation, Option B retirement allowance. His last day of work was December 27, 2019 and his retirement benefit will begin on December 28, 2019. Mr. Wetherby was a group 1 member working as the Highway Superintendent for the Town of Bernardston, accruing 13 years, 2 months of creditable service.

Accept Liability for Buybacks and Makeups Through Other Systems:

On a motion made by M. Stokarski and a second by G. Voelker, the Board voted unanimously to approve the following buybacks:

Clemons, Alicia: The Hampshire County Retirement Board has asked FRRS to accept creditable service liability if their current member, Alicia Clemons, re-deposits a refund taken from this system. The refund, approved by the Board

effective as of April 30, 2015, was for deductions of \$4,446.28 and interest of \$75.71 for a total refund of \$4,521.99. Ms. Clemons worked as an Instructional Aide and an LPN with the Frontier Regional School District from 8/28/2013 through 12/19/2014. Total service FRRS will accept is 1 year, 5 months, 6 days.

Buybacks and Makeups:

Jennings, Walter. – current member serving in the Highway Department for the Town of Sunderland, has requested a buyback of a refund taken from Hampshire County Retirement on 12/11/2013. Hampshire County Retirement will accept 2 years, 10 months of creditable service upon payment to FRRS. The total refund was \$10,708.12. Total cost of the purchase, if completed by 2/29/2020 will be 13,582.36 otherwise interest will accrue as allowed by law. The interest rate will be 3.875% if completed within one year of enrollment or if he enters into a payment agreement.

Deaths:

Baronas, Felicia – Option B retiree since 03/01/1987, Ms. Baronas worked as the Assessor's Clerk for the Town of Deerfield, accruing 12 years, 11 months of creditable service. DOD was 12/22/2019 at the age of 97. No annuity balance remains.

Pearce, Robert – Option A retiree since 11/26/2003, Mr. Pearce worked as a custodian for the Buckland-Shelburne Elementary School, accruing 10 years, 6 months of creditable service. DOD was 12/30/2019 at the age of 80.

Reed, Helen – Option B retiree since 07/17/1981, Ms. Reed worked in the cafeteria for the Conway Grammar School, accruing 16 years, 4 months of creditable service. DOD was 01/13/2020 at the age of 103. No annuity balance remains.

Sheridan, Shirley – Option B retiree since 09/30/1986, Ms. Sheridan worked in the cafeteria of the Colrain Central School, accruing 26 years, 1 month of creditable service. DOD was 12/20/2019 at the age of 93. No annuity balance remains.

General Business:

Follow-up of Basile hearing – salary amounts reviewed

Dale Kowacki, Executive Director informed the Board that PERAC adopted the new salary figures and issued revised 2017 and 2018 Section 91A excess earnings determination letters to James Basile.

The Board received in writing from James Basile a statement withdrawing his appeal to the Franklin Regional Retirement System.

On a motion made by M. Stokarski and a second by G. Voelker, the Board voted unanimously to close the hearing for James Basile.

Discuss joining Paid Family Medical Leave (“PFML”)

Would the Board be willing to opt-in to the Massachusetts Paid Family and Medical Leave program which would provide an income to staff if their sick time with FRRS is exhausted before their need to be out on family or medical leave is concluded? In addition to Board approval, the law requires the approval of the legislative body, in our case, Advisory Council.

This topic was first addressed on the November 2019 agenda. The Board asked Staff to further research the topic and to include it on the January 2020 agenda. The Board was asking for additional information on the cost, whether the premium was pre-tax or after-tax, is the benefit transportable to another job or unemployment, what is the opt-in timeline, and what is the comparison to LTD/STD costs. Staff has indicated a desire to participate in this State program.

Municipalities, districts, and political subdivisions, and their employees, including the Franklin Regional Retirement System, are exempt from this tax. FRRS may voluntarily opt-in to the program at any time and may also apply for exemption to ‘opt out’ of the tax at a later date if an equivalent plan is available to employees.

The tax assessment is divided between the Family Leave and the Medical Leave and between the employer and the employee. Because FRRS has fewer than 25 employees, the System is exempt from the employer portion of the tax. Only the employee portion of the tax would be payable. The employer may choose to cover up to 100% of the employee portion. It is expected that employee contributions will be on after-tax wages. A definitive rule for the proper tax treatment will be available once IRS guidance is issued.

On a motion made by G. Voelker and second by A. Bragdon, the Board voted (3-ayes, 1-opposed – Paul Mokrzecki) to opt-in to the Massachusetts Paid Family and Medical Leave program with the Board paying 100% of the employee portion of the tax.

2nd Revisit “purchase of prior elected service” policy voted last month

Board member Paul Mokrzecki asked for further discussion and possible revote of the policy regarding purchase of prior elected service if necessary. Please refer to the October, November and December meeting minutes for the complete discussion.

Dale Kowacki, Executive Director presented to the Board a policy draft that allows prior elected service to be purchased and a draft of a letter to provide to members that have prior elected service to be purchased. Dale also informed the Board that of the 24 Towns in our system, we have gathered election data from 7 Towns and of those 7 Towns only 1 has been organized with potentially 8 individuals that might purchase prior elected service.

Again, the Board also would like the office to communicate annually with treasurers before election season to ask them to explain the membership option to elected people, and to provide the treasurers with a waiver form so they can have something on file when the person forgets having been informed.

In addition, the Board reiterated that anyone choosing to purchase prior elected service be made aware and agrees with a disclaimer that any member wishing to purchase prior elected service will run the risk of having the approved purchase reversed.

After additional discussion at today's meeting, the Board voted the following:

On a motion made by P. Mokrzecki and a second by M. Stokarski, the Board voted (3-ayes, 1-opposed – Angelina Bragdon) to rescind the policy vote of 10/30/2019 and accept the new policy as presented at this meeting.

Rescinded Policy

~~*On a motion made by P. Mokrzecki and a second by M. Stokarski, the Board voted unanimously on advice of counsel to vote policy that the Board will not approve purchases of prior elected service, to be effective as of 10/30/2019 forward.*~~

New Policy

The Board will not approve purchases of prior elected service except for those elected officials that have elected service prior to January 1, 2020 and complete the purchase within 60 days of being notified of the possibility to purchase the service and the potential that the service purchase might be reversed if legal challenges prevail.

Discuss PERAC report on investment expenses for all systems

Dale Kowacki, Executive Director informed the Board that the goal of the PERAC report is to help the Board determine if we could get more bang for our buck by investing differently:

John Parsons: "Studies such as this provide retirement board members, public officials and taxpayers with a critical tool with which to assess investment performance. Using this Report, board members are able to gauge their costs against those of their peers, public officials are able to analyze the management of the pension funds, and taxpayers can gain insight into the level of expenditure involved in this task. PERAC's effort in this area reflects its commitment to bring transparency to all aspects of retirement system management."

Dale compared what we might get for net investment earnings if we switched to PRIT entirely – given that its fees are less than ours it would be an easy switch, and it would eliminate other expenses related to having individual managers. We wouldn't need Dahab, Deb and Dale would gain at least 2 weeks a year to focus elsewhere, the Board meetings would be shorter (and less reading beforehand), and without re-bidding managers every year we would not need legal review of the contracts.

Starting with \$100 million, using the annual investment returns of both PRIT and FRRS over the last 10 years, and factoring the difference in fees and the added expenses, we come out ahead by \$12m over the 10 years. (this is a very general estimate, but enough to quickly determine our investment performance)

No action, or votes, taken at this time.

Retirees' COLA for July 1, 2020

After some discussion, the Board decided to defer until the March Board meeting.

Travel approval for MACRS meetings

On a motion made by P. Mokrzecki and a second by A. Bragdon, the Board voted unanimously to approve the attendance and travel of Board members and staff to both the June 2020 MACRS meeting on Cape Cod, and the Fall 2020 MACRS meeting.

Adjournment

On a motion made by M. Stokarski and a second by G. Voelker, the Board voted to adjourn the meeting at 10:37 a.m.

Respectfully submitted,

THESE MINUTES WERE APPROVED ON FEBRUARY 26, 2020

Deborah A. Frentzos, Auditor

Sandra A. Hanks, Chair and Treasurer

Angelina J. Bragdon, Council Member

Gabriele H. Voelker, Board Member

Mary A. Stokarski, Board Member

Paul J. Mokrzecki, Vice Chair

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