

FRANKLIN REGIONAL RETIREMENT SYSTEM
BOARD MEETING MINUTES
APRIL 29, 2020

A meeting of the Franklin Regional Retirement Board, duly posted to be held via remote participation, using the online videoconferencing program Zoom, by members of the Board to stem the spread of COVID-19 on the above date was called to order at 8:07 a.m. by Board Chair Sandra Hanks, with Board Members, Mary Stokarski, Paul Mokrzecki, Angelina Bragdon, Gabriele Voelker and with staff Assistant Director Susan Bobe and Deborah Frentzos present. Also present in the Board office located at 278 Main Street, Suite 311, Greenfield MA was Executive Director Dale Kowacki.

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 A. Bragdon, the Board voted unanimously to approve the following minutes:

*March 25, 2020 minutes of regular meeting
April 1, 2020 minutes of SCC manager interviews*

Payroll, Refunds, Transfers and Bills Warrants

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

| | |
|------------------|-------------------|
| Retirees Payroll | \$971,761.23 |
| Refunds | 14,022.21 |
| Transfers | 21,000.43 |
| Invoices | <u>148,171.96</u> |
| For a total of: | \$1,154,955.83 |

Cash Transfer between Investments and Bank

On a motion made by G. Voelker and a second by M. Stokarski, the Board voted unanimously to transfer \$764,500.00 from Polen Capital and \$764,500.00 from Loomis Sayles 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 member 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> |
|-----------------------------------|------------------|---------------|--------------|-------------|------------------------------|
| Croteau, Elizabeth A | 1/2/2020 | 100% | | LEV | Paraprofessional |
| Finck, Joseph A | 3/17/2020 | 100% | | SHB | Highway |
| Gallo, Meghan | 3/29/2020 | 100% | | LEV | Police Officer |
| Gannett, Jennifer A | 3/23/2020 | 100% | | DER | Asisstant Town Administrator |
| Helou, James | 2/24/2020 | 100% | | SND | Instructional Assistant |
| <u>Additional Position</u> | | | | | |
| Austin, Debra A | 3/17/2020 | 100% | | SDF | Assistant Clerk/Treasurer |
| Hoyt, Marla | 3/5/2020 | 100% | | MOH | After School Program Aid |
| Potts, Carla | 2/1/2020 | 100% | | MOH | Mass Ideas |
| Shearer, Timothy | 2/1/2020 | 100% | | MOH | Mass Ideas |
| Wallace, Jennifer K | 3/17/2020 | 100% | | SDF | Assistant Clerk/Treasurer |

Buybacks and Makeups:

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

Porter, Melissa – current member serving in the Pioneer Valley Regional School District has requested a make-up of service for work in Pioneer prior to becoming a member on 7/1/2007. Ms. Porter started as a part-time employee on 1/2/2001 and was offered an additional position on 12/16/2002 making her benefit eligible.

Total full-time creditable service allowed is 4 year, 7 months, 10 days for service between 12/16/2002 and 6/30/2007. Service is based on school year 12 for 10 to make member whole.

Total part time service allowed is 7 months, 16 days based on actual hours worked between 1/2/2001 and 12/15/2002.

Total cost all service is \$10,778.53 if paid by May 31, 2020 otherwise interest will accrue as allowed by law.

Change of service previously approved:

On a motion made by M. Stokarski and a second by G. Voelker, the Board voted unanimously to change service for the following service previously approved:

Lord, Alice Kiablick: Ms. Lord was a member of this system beginning with her election to the Board of Assessors for the Town of Northfield on 5/05/1986 through the 5/02/1995 election. The record was transferred to MSRB in 2001 for a

total of 9 years of service under the old rules for elected positions. MSRB has asked FRRS to review this service for Ms. Lord's impending retirement. The Board should approve service for 8 years, 11 months, 27 days in accordance with the revised law.

Grant Service for Unpaid Leaves:

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

Clark, Jack – is an inactive member in the Town of Ashfield who worked as a truck driver and retired as of March 31, 2020. During the retirement process an unpaid leave of 7 months, 24 days between 9/2/1995 and 4/25/1996 was discovered. He returned to his normal schedule of work on 4/26/1996. Staff requests, as allowed by MGL 32 §4(c), 1 month of creditable service be granted for this unpaid leave. If granted, his total creditable service will be 34 years, 26 days (subject to slight change).

Deaths:

Kelley, Robert J – Option A retiree since 1/15/2008, Mr. Kelley worked in the schools for the Town of Deerfield, accruing 19 years, 2 months of creditable service. DOD was 04/22/2020 at the age of 88.

LaChance, Veronica – Option C retiree since 2/20/2019, Mrs. LaChance worked for the Town of Gill as the Tax Collector and Treasurer, accruing 16 years, 8 months of creditable service. DOD was 4/23/2020 at the age of 85.

General Business:

Linda Bournival, Actuary, joined the meeting at 8:23 a.m. to present the draft report of January 1, 2020 actuarial study.

Ms. Bournival engaged the Board in an informative discussion about various assumptions used in the study and the funding schedule options.

On a motion made by G. Voelker and second by M. Stokarski, the Board voted unanimously to adopt the funding schedule C2, included herein, as presented, based on the results of the January 1, 2020 Actuarial Study.

Schedule C2 maintains the 7.75% investment assumption, the 4% amortization of UAL payment and the 5.75% cap on the annual increases to the "Total Employer Cost". It includes a net increase in 3(8)C transfers to \$1,000,000 and the Administrative Expense to \$600,000. And it forecasts the system to be fully funded by 2034.

The Board discussed PERAC Memo "Delayed FY21 Appropriations" and what this could mean for towns. The Board also discussed a plan to accommodate the issues addressed in the memo while the State of Emergency is in effect.

The Board suggested that they allow units to pay when they want, charge interest and pro-rate the discount. The result of this will look like a pro-rated discount overall.

The Board asked Dale Kowacki, Executive Director to create a payment schedule for the units if they were to adopt a one-twelfth budget for FY21 and present to the Board at the May meeting for a final decision.

Name Election Officer for 2019

Mary Stokarski's three-year term is ending on 12/31/2020 so an election will need to be scheduled for this fall. The first step is to appoint the 'election officer.'

On a motion made by P. Mokrzecki and a second by M. Stokarski, the Board voted unanimously to appoint Executive Director Dale Kowacki to be the Election Officer for the 2020 Election process.

Process to select "Fifth Member" to the board

Paul Mokrzecki's five-year term is ending on 6/30/2020 so the board will need to seek applicants for the Fifth Member of the Board position, to be chosen by the other four board members, for a five-year term to commence on 7/1/2020.

The Board reviewed the posting for the position and discussed where it would be posted.

The Board asked that the position be advertised in the local paper, PERAC website, local banks, local investment consultants, town posting places.

All responses received will be presented at the May meeting with the board to conduct interviews at the June meeting.

Gabe Voelker left the meeting at 10:34 a.m.

Adjournment

On a motion made by M. Stokarski and a second by A. Bragdon, the Board voted to adjourn the meeting at 10:35 a.m.

Respectfully submitted,

THESE MINUTES WERE APPROVED ON MAY 27, 2020

Deborah A. Frenzoz, 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

Franklin Regional Retirement System
30-Year Forecast of Annual Appropriations

Funding Schedule C-2
5.75% Limit per year

Based on Results of January 1, 2020 Valuation

| Fiscal Year Ending | Employer Normal Cost | Amortization Payment of UAL | Net 3(8)(c) Transfers | Total Employer Cost | Increase Over Prior Year | 2018 Schedule | Unfunded Actuarial Accrued Liability |
|--------------------|----------------------|-----------------------------|-----------------------|---------------------|--------------------------|---------------|--------------------------------------|
| 2021 | \$2,531,510 | \$4,137,879 | 725,800 | \$7,395,189 | | \$7,395,189 | \$52,801,065 |
| 2022 | 2,473,481 | 4,346,931 | 1,000,000 | 7,820,412 | 5.75% | 7,820,413 | 52,676,594 |
| 2023 | 2,560,053 | 4,710,033 | 1,000,000 | 8,270,086 | 5.75% | 8,270,086 | 52,329,449 |
| 2024 | 2,649,655 | 5,095,961 | 1,000,000 | 8,745,616 | 5.75% | 8,745,617 | 51,585,394 |
| 2025 | 2,742,393 | 5,506,097 | 1,000,000 | 9,248,490 | 5.75% | 9,248,490 | 50,390,409 |
| 2026 | 2,838,377 | 5,941,900 | 1,000,000 | 9,780,277 | 5.75% | 9,780,277 | 48,684,879 |
| 2027 | 2,937,720 | 6,404,923 | 1,000,000 | 10,342,643 | 5.75% | 10,342,643 | 46,403,081 |
| 2028 | 3,040,540 | 6,896,805 | 1,000,000 | 10,937,345 | 5.75% | 10,937,346 | 43,472,617 |
| 2029 | 3,146,958 | 7,419,283 | 1,000,000 | 11,566,241 | 5.75% | 11,566,242 | 39,813,807 |
| 2030 | 3,257,102 | 7,974,199 | 1,000,000 | 12,231,301 | 5.75% | 12,231,302 | 35,339,027 |
| 2031 | 3,371,100 | 8,563,501 | 1,000,000 | 12,934,601 | 5.75% | 12,934,602 | 29,951,985 |
| 2032 | 3,489,088 | 9,189,253 | 1,000,000 | 13,678,341 | 5.75% | 13,678,342 | 23,546,940 |
| 2033 | 3,611,207 | 9,853,640 | 1,000,000 | 14,464,847 | 5.75% | 14,464,847 | 16,007,855 |
| 2034 | 3,737,599 | 7,621,147 | 1,000,000 | 12,358,746 | -14.56% | 11,704,854 | 7,207,472 |
| 2035 | 3,868,415 | - | 1,000,000 | 4,868,415 | -60.61% | 5,299,356 | - |
| 2036 | 4,003,809 | - | 1,000,000 | 5,003,809 | 2.78% | 5,482,298 | - |
| 2037 | 4,143,942 | - | 1,000,000 | 5,143,942 | 2.80% | 5,672,558 | - |
| 2038 | 4,288,980 | - | 1,000,000 | 5,288,980 | 2.82% | 5,870,429 | - |
| 2039 | 4,439,094 | - | 1,000,000 | 5,439,094 | 2.84% | 6,076,215 | - |
| 2040 | 4,594,463 | - | 1,000,000 | 5,594,463 | 2.86% | 6,290,231 | - |
| 2041 | 4,755,269 | - | 1,000,000 | 5,755,269 | 2.87% | 6,512,808 | - |
| 2042 | 4,921,704 | - | 1,000,000 | 5,921,704 | 2.89% | 6,744,287 | - |
| 2043 | 5,093,963 | - | 1,000,000 | 6,093,963 | 2.91% | 6,985,027 | - |
| 2044 | 5,272,252 | - | 1,000,000 | 6,272,252 | 2.93% | 7,235,396 | - |
| 2045 | 5,456,781 | - | 1,000,000 | 6,456,781 | 2.94% | 7,495,780 | - |
| 2046 | 5,647,768 | - | 1,000,000 | 6,647,768 | 2.96% | 7,766,579 | - |
| 2047 | 5,845,439 | - | 1,000,000 | 6,845,439 | 2.97% | 8,048,210 | - |
| 2048 | 6,050,030 | - | 1,000,000 | 7,050,030 | 2.99% | 8,341,107 | - |
| 2049 | 6,261,780 | - | 1,000,000 | 7,261,780 | 3.00% | 8,645,719 | - |
| 2050 | 6,480,943 | - | 1,000,000 | 7,480,943 | 3.02% | 8,962,516 | - |
| Total | 123,511,415 | 93,661,552 | 29,725,800 | 246,898,767 | | 260,548,766 | |

C-2

| | Schedule C-2 | Baseline | Increase |
|--|----------------|------------|-----------|
| • Employer Normal Cost as of January | 2,394,100 | 2,415,314 | (21,214) |
| • Administrative Expenses | 600,000 | 550,000 | 50,000 |
| • Unfunded Actuarial Accrued Liability | 52,801,065 | 51,315,933 | 1,485,132 |
| • Funded Status: | 74.4% | 74.9% | |
| • Investment Return Rate: | 7.750% | 7.750% | |
| • Amortization Payments Increase | 4.00% | 4.00% | |
| • Limit on Annual Increase: | 5.75% per year | None | |
| • Fully Funded in Fiscal Year: | 2034 | 2034 | |
| • COLA Base: | 17,000 | 17,000 | |