

FRANKLIN REGIONAL RETIREMENT SYSTEM
BOARD MEETING
May 27, 2009

A meeting of the Franklin Regional Retirement Board duly posted to be held in the Planning Department Conference Room, on the first floor of 278 Main Street, Greenfield, MA. on the above date was called to order at 8:32 AM by Board Chair, Sandra Hanks with Board members, Herbert Sanderson, David Gendron, Mary Stokarski and Paul Mokrzecki 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.

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 April 28, 2009.

On a motion made by H. Sanderson and second by M. Stokarski, the Board voted unanimously to approve the minutes of the Executive Session meeting held on May 12, 2009.

On a motion made by H. Sanderson and second by P. Mokrzecki, the Board voted unanimously to approve the minutes of the special meeting held on May 12, 2009.

Payroll, Refunds, Transfers and Bills Warrants

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

<i>Retirees Payroll warrant in the amount of</i>	<i>\$423,507.45</i>
<i>Refunds warrant in the amount of</i>	<i>\$7,849.15</i>
<i>Transfers warrant in the amount of</i>	<i>\$0.00</i>
<i>Bills warrant in the amount of</i>	<i><u>\$44,515.73</u></i>
<i>For a total of:</i>	<i>\$475,872.33</i>

New Members

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

<u>NAME</u>	<u>UNIT</u>	<u>DATE OF HIRE</u>
Agapov, Andrei	FCH	4/27/09
Bizjak, Frank J.	OGE	4/27/09
Foster, Matthew E.	STB	4/21/09

Existing Members – Different Units:

Poirier, Lawrence R.	MOH	3/18/09
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New Retirees

On a motion made by H. Sanderson and second by D. Gendron, the Board voted unanimously to approve the following retirees:

Johnson, Mary – PERAC approval has been received for a 12(2)(d) survivor allowance effective 01/09/2009. Inactive member Peter M. Johnson worked for the Towns of Ashfield, Plainfield and Shutesbury as Administrative Assistant from January 1, 1989 thru June 30, 1999. Total creditable service is 10 years.

Turati, Walter – PERAC approval has been received for a Superannuation, Option C benefit effective April 30, 2009. Mr. Turati served as the Custodial Supervisor in the Shutesbury Elementary School for 28 years.

Brown, Leslie – has applied for a 12(2)(d) survivor allowance effective 4/19/2009. Inactive member Robert Brown was an elected official for the Town of Erving from 1989 through 2007, and purchased military service of 3 years, 10 months.

Sullivan, Margaret – PERAC approval has been received for a Superannuation Option B benefit effective February 28, 2009. Ms. Sullivan served in two consecutive positions, one as the Purchasing agent in FRCOG and the other as Treasurer in the Town of Erving. She is retiring with 27 years, 1 month creditable service.

Herzig, Carl – has applied for a Superannuation Option C retirement. Mr. Herzig served as the police chief in the Town of Colrain and is required by M.G.L. Chapter 32, to retire at age 65. Mr. Herzig turned 65 in July 2005. As such his creditable service must terminate at the end of July 2005 and his actual retirement date will be January 12, 2009. When we were in discussions for his retirement he decided to purchase creditable service that had been previously approved by the Board. The application was sent to PERAC on February 18, 2009. PERAC's review of the calculation included a legal concern regarding Mr. Herzig's make-up of creditable service pursuant to IRS Code 415. Approval was delayed beyond 90 days of submission of the request and as such, a retirement allowance has been processed according to MGL, c.32, §5(3)(d) – *"In the event that the public employee retirement administration commission fails to approve such superannuation application within ninety days after the board forwards the calculations to the commission of said allowance, the member shall commence receiving the payment as determined by the board subject to the final determination by the commission;"*.... Mr. Herzig's retirement allowance, payable from 1/12/09 through 5/31/09 has been determined without the additional creditable service calculated into his benefit. On May 22, 2009, after the payroll warrant for May had been completed, tentative approval from PERAC was received for the retirement allowance as submitted if certain conditions were met by Mr. Herzig. Staff is working with Mr. Herzig to confirm that these conditions will be met before seeking final approval from PERAC and increasing his allowance.

Accept Liability for Buybacks through other Systems:

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

Weeks, Barbara –the Northampton Retirement System has asked FRRS to accept liability for a make-up of creditable service for this former member who was erroneously excluded from membership in Sunderland between 5/27/88 and 9/30/88. FRRS will accept 2 months, 14 days creditable service upon payment to Northampton Retirement Board. Creditable service has been determined based on ‘actual service rendered’ as described in the Supplemental Regulations for that time period. Ms. Weeks later became a member of this system (9/18/95 to 6/16/00) and her accumulated deductions were transferred to the Northampton Board on 10/26/00.

Bracciotti, Paul – the State Board of Retirement, on behalf of former member, requests FRRS to accept liability for creditable service of 6 months, 6 days, upon payment to the State for refund of contributions given 05/25/1993 for \$1,337.72 for service with the Franklin Regional Council of Governments between 09/21/1992 and 03/26/1993.

Buy Backs and Make-ups:

Cummings, Elizabeth – staff is requesting revision to creditable service that was approved October 27, 2005 because it was realized that the last three school years of her make-up calculation were originally counted as hours worked, when in reality they should be considered as full years because she should have been a member but was erroneously excluded because the position was grant funded. The make-up has not been done by the member yet, so the amount has been updated as well.

Original approval - current member requests option to make-up for 6 years, 10 months, 23 days creditable service for work in the Mahar Regional School District from 9/1/67 to 6/30/82. Total cost of make-up is \$8,090.40 if paid by 11/30/2005.

New calculation – current member requests option to make-up for 7 years, 10 months, 15 days creditable service for work in the Mahar Regional School District from 9/1/67 to 6/30/1982. Total cost of make-up is \$7,051.73 if paid by 6/30/2009. Total cost changed due to recalculation of interest from 11/30/2005 to present.

General Business:

1) \$200 actions – Board Attorney, Michael Sacco has opined that the \$200 minimum earnings as noted in MGL c.32 §3(2)(d), was waived by the Board when it voted in 1991, “. . . [t]hat any employee earning compensation, . . . , must become a member of the Franklin County Retirement System . . . ”, thereby precluding any action to restrict or remove members who earned less than \$200 in any year during their active service from July 1, 1991 to May 28, 2008. The

minimum earnings requirement was re-established on 5/28/2008 by vote of the Board.

Based on the advice of counsel, H. Sanderson made a motion, with a second by P. Mokrzecki, and the Board voted unanimously to allow the membership of Peter James, Deerfield unit, which had been denied at the 5/28/08 meeting. D. Gendron and M. Stokarski abstained from voting.

Based on the advice of counsel, D. Gendron made a motion, with a second by P. Mokrzecki, and the Board voted unanimously to rescind a vote taken on 11/25/2008 to 'rescind membership and refund deductions received to the members in the system who did not meet the \$200 minimum annual salary at the time of the membership and continue to not meet the minimum.'

2) Creditable Service for Call Firefighters

On a motion by P. Mokrzecki and a second by D. Gendron, the Board voted unanimously to determine the actual hours worked for call firefighters, by dividing the earnings by the known hourly rate for those wages, and if the hourly rate is not known, to use the corresponding Massachusetts minimum hourly wage for each particular time period.

This vote assumes that call fire fighters are intermittent, unscheduled employees and accrue creditable service as actual hours worked.

Projects Reports

Fire Chiefs – Susan reported on the results of the survey of fire chiefs to determine eligibility for membership and creditable service. Please note that Deerfield supports a full-time position for fire chief and were not included in the survey. As of the meeting, 18 of the 23 fire chiefs have responded with the following results:

2 – chiefs are retired from other MA pensions systems and are not eligible for enrollment. These positions will be re-evaluated when the current chief resigns (Shelburne, Whately)

7 – chiefs are current members due to the 1991 supplemental regulations. Their positions are not eligible as per membership regulations voted 1/1/09. However, they will continue to be active members and earn full creditable service. Their successors will not be eligible for enrollment unless the position changes. (Bernardston, Charlemont, Gill, Heath, Monroe, Shelburne Falls Fire District, Sunderland).

2 – chiefs are current members due to the 1991 supplemental regulations and the position meets the 1/1/09 membership regulation. Full-time creditable service will be given to these members. Their successors will be eligible for membership and creditable service unless the position changes. (Conway, Leverett).

2 – chiefs are not current members but the position meets the 1/1/09 membership regulations. They are mandated to enroll and will receive pro-rated creditable service based on the 1/1/09 regulations. (Colrain, New Salem)

3 – positions are not current members and do not meet membership regulations. (Hawley, Warwick, Wendell)

1 – determined to be a separate district not part of FRRS (Buckland)

Deborah Frenzoz, Member Services/Accountant, joined the meeting at this time.

Audit of Older Retirement Calculations – Deb reported on the progress of the audit of calculations for current retirees as recommended in the Management Letter of the Independent Audit of 2007 Financials. Using the original allowance amount found on the approval letter from either PERA or PERAC, the retiree's allowance is adjusted for COLA's, changed regulations, and option C pop-ups. The result should match the current monthly payment for that retiree. Of the 420 current retirees, 143 audits have been completed with 98% determined to be accurate within pennies. The other 2% require additional review. The goal is to have at least half completed by July and the remainder by the end of the year.

Christine Rodriguez, Administrative Assistant, joined the meeting at this time.

Investment Consultant Fees – Chrissy surveyed other retirement systems to determine who served as the Board's investment consultant and at what cost. Of those surveyed FRRS pays one of the lowest fees. Some comments indicate that some fees paid by other Boards may be based on a percentage of the portfolio. The Board asked that further information be gathered in order to compare asset size, a return over 3 to 5 years, the number of managers engaged, and the fee as a percent of assets.

Pension Reform Legislation – Dale provided copies of written correspondence sent to and received from the Governor's office and the Office of Administration and Finance regarding current issues in legislative reform.

Adjournment

On a motion made by D. Gendron, and a second by P. Mokrzecki, the Board unanimously voted to adjourn the meeting at 10:55 a.m.

Respectfully submitted,

Dale C. Kowacki, Executive Director

These minutes were approved on June 30, 2009

Sandra A. Hanks, Chair

Herbert L. Sanderson Jr., Vice-Chair

David R. Gendron, Board Member

Mary A. Stokarski, Board Member

Paul J. Mokrzecki, Board Member