

FRANKLIN REGIONAL RETIREMENT SYSTEM
BOARD MEETING MINUTES
June 24, 2015

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 8:05 a.m. by Board Chair, Sandra Hanks with Board Members Paula Light, Mary Stokarski and David Gendron present. Also present were Executive Director Dale Kowacki, Assistant Director Susan Bobe and Auditor, Deb Frenzoz, Paul Mokrzecki arrived at 8:09.

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 D. Gendron and second by P. Light, the Board voted unanimously to approve the minutes of the regular meeting held on May 27, 2015.

Paul Mokrzecki arrived at 8:09 a.m.

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:

<i>Retirees Payroll</i>		<i>\$708,183.08</i>
<i>Refunds</i>		<i>32,123.57</i>
<i>Transfers</i>		<i>0.00</i>
<i>Invoices 04-15W</i>		<i><u>308,631.86</u></i>
<i>Operating</i>	<i>45,698.75</i>	
<i>Investments</i>	<i>3,804.59</i>	
<i>3(8)c pmts to other Boards</i>	<i>259,128.52</i>	
<i>For a total of:</i>		<i>\$1,048,938.51</i>

Cash Transfer between Investments and bank

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

Membership

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

New Members

Mosher, Susan F.	05/11/2015	100%	STB	Town Clerk
Brandl, Timothy S.	06/08/2015	100%	PNR	Custodian
Carlson, Nathan R.	06/15/2015	100%	PNR	Custodian

Existing Members

Zaranek, Amy	04/27/2015	90%	WTY	Instructional Aide
Baronas, Tracy	04/01/2015	100%	ROW	Accountant

New Retirees

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

Crown, Vincent - the retirement package has been submitted to PERAC to retire Vincent Crown for a Superannuation, Option B retirement allowance. His last day of work was May 29, 2015 and his retirement benefit will begin on May 30, 2015. Mr. Crown was a group 1 member working as a custodian for the Pioneer Valley Regional School District, accruing 14 years, 8 months of creditable service.

Buybacks and Makeups

On a motion made by M. Stokarski and second by D. Gendron, the Board voted unanimously to approve the following buyback of creditable service:

DuCharme, Christine – current member with the Pioneer Valley Regional School District has requested a buyback of a refund in the amount of \$8,601.11 taken on October 18, 1991 from the State Board of Retirement. The State Board of Retirement will accept 6 years, 8 months, 7 days of creditable service for work between August 29, 1984 and July 2, 1985, August 31, 1985 and June 30, 1986 and August 31, 1986 and September 1, 1991. Using the full actuarial rate, the amount of repayment is \$50,826.00 if paid by July 31, 2015; otherwise interest will accrue as allowed by law.

Accept Liability for Buybacks and Makeups through other Systems:

On a motion made by M. Stokarski and second by D. Gendron, the Board voted unanimously to accept liability for the following buybacks through other systems:

Taylor, Suzanne – MTRB on behalf of former member requests FRRS to accept liability for service upon redeposit of a refund taken on 7/30/85 for \$334.36. She was employed with the Mohawk Regional School District. Her hire date was 10/19/83 and she resigned on 11/21/84. Based on deductions received, her

actual periods of employment were 10/19/83 to 4/13/84 and 9/1/84 to 11/21/84. Service liability for this board is 10 months, 5 days, based on a 12 for 10 calculation.

Coll, Jr., Joseph – MTRB on behalf of former member requests FRRS to accept liability for service upon redeposit of a refund taken on 2/28/1994 for \$1,041.04. He was employed with the Shutesbury Elementary School working a full year as a classroom aide and then as a substitute from September-December 1993. Service liability for this board is 1 year, 20 days based on a 12 for 10 calculation.

A second refund was taken 7/31/1998 for \$491.16, when he was employed with the Pioneer Valley Regional School District as a one-on-one aide from 1/9/97-6/30/97. FRRS will accept 6 months, 4 days of creditable service based on a 12 for 10 calculation.

Thurston, Tony – Greenfield Retirement System, on behalf of former member requests FRRS to accept liability for service upon redeposit of a refund taken on 3/30/07 for \$4,691.77. He was employed with the Shutesbury Elementary School. His hire date was 9/17/2003 but deductions did not begin until the pay on 2/13/2004. Mr. Thurston's total service has been adjusted for missed service between 5/9/2005 and 6/30/2005. He resigned on 9/17/2006. Based on deductions received service liability for this board is 2 years, 5 months, 11 days, based on a 12 for 10 calculation.

Change of service previously transferred/approved:

On a motion made by P. Mokrzecki and second by P. Light, the Board voted unanimously to change service for the following service previously transferred/approved:

Brower, Sharon – current member of MTRB, Ms. Brower was a member of this system intermittently beginning in 1982 through June 2003 as a substitute teacher, an aide and a coach in the Mohawk District and then the Pioneer Valley Regional School District. In 2005 her record was transferred to Mass Teachers' with FRRS accepting 3 years, 3 months, 18 days of service. After researching this service, it is recommended that the FRRS liability be reduced to 2 years, 8 months, 0 days. The reduction in service is due to recognizing early years of substitute teacher work as actual days worked and not allowing a month of service for each month in which deductions were received and also recognizing the coaching service as actual hours worked based on an hourly rate equal to 2x the Massachusetts Minimum wage for the time period. MTRB will be notified of the service correction upon Board approval.

Lively, Marilyn – Current member in the Mohawk Trail Regional School District, Ms. Lively asked for a review of her service. It was noted that she worked part time in Colrain and paid into FRRS from 10/14/1985 through 9/14/1987 and she refunded in September 1988. In 2002 Ms. Lively redeposited her refund and was erroneously given 1 year, 10 months of full-time creditable service for her part-time Colrain work. The FRRS regulations between 1965 and 1988 state that a member working in a part-time position accrues service as actual hours worked. This member's service purchase should be reduced to 9 months, 14 days.

Deaths:

Swem, Janet – option B retiree since 04/30/2009, Mrs. Swem was an accountant for the towns of Ashfield and Deerfield and for the FRCOG, accruing 27 years, 4 months of creditable service. DOD was 06/13/2015 at the age of 64. Her husband Paul will be receiving the balance in her annuity account.

Kostanski, Walter Jr. – Option C retiree since 01/04/1995, Mr. Kostanski worked for the State DPW accruing 2 years, 10 months creditable service. He held several elected positions including State Legislator, accruing 15 years creditable service and was the elected Register of Deeds for Franklin County, accruing 25 years creditable service. Total creditable service was 42 years, 10 months. DOD was 6/15/15 at the age of 91. His wife Virginia is his Option C beneficiary.

General Business:

Appointment of Fifth Member of the Board

Paul Mokrzecki has served as the appointed fifth member of the board ever since the position was required by Section 24 of Chapter 306 of the acts of 1996. He affirmed that he would like to continue as the appointed fifth member.

Hearing no other nominations for the position:

note: Paul Mokrzecki recused himself from the following vote:

On a motion made by D. Gendron and second by M. Stokarski, the other members of the Board, voted unanimously to reappoint Paul Mokrzecki to the 5th position on the Board for a five-year term from July 1, 2015 through June 30, 2020.

Survivor beneficiary of Duane Nelson

Duane Nelson became a member of the retirement system in 1991 when the membership eligibility included 'any employee earning wages.' He served as call fire fighter for the town of Bernardston. He picked up a meter reading position for the Bernardston Water Department on 10/1/2000 and was an elected Water Commissioner as of 11/2005. He maintained all of these part-time positions up until his death in March 2015. Additionally, on 10/21/2002 Mr. Nelson was hired by the Franklin County Housing Authority as a full-time carpenter and worked in this capacity until he was laid off on 9/30/2010. Deductions on wages have been received continuously beginning in 1991 through 10/21/2011 when there was confusion regarding his positions and the \$5,000 rule. It has been determined by

staff that deductions should have continued through the end of his 2009-2012 term as Commissioner and these deductions will be collected.

Mr. Nelson named his mother as the beneficiary for a lump sum payment of his accumulated deductions. However, Ms. Nelson, the spouse, has applied for a 12(2)d benefit as is her right to do, superseding the member's named beneficiary. In preparing the calculation staff asked the PERAC Actuarial department for clarification on the limitation of the benefit allowance. PERAC answered the question but further instructed the Board to collect deductions they maintain were erroneously excluded up to his date of death.

After an extended conversation with Attorney Sacco, it has been confirmed that Ms. Nelson has a right to elect the Section 12(2)d survivor benefit; that Mr. Nelson was considered a non-contributing member in service, and that the annual benefit for the survivor is limited to the regular compensation last earned in 2012 when he was a contributing member.

Attorney Sacco has suggested that the Board should follow its own supplemental regulations and not collect deductions on earnings between 7/2012 and 3/28/2015 (approximately \$264) prior to allowing the survivor benefit of approximately \$1,100 annually.

On a motion made by D. Gendron and second by M. Stokarski, the Board voted unanimously to accept the opinion of its counsel to follow the Board's own Supplemental Regulations and not collect deductions on earnings between 7/2012 and 3/28/2015.

FRRS 10-year Policy re: Insurance for Staff Retirees:

Erving had a policy similar to ours that stipulated retirees had to have worked 10 years immediately prior to retirement in order to qualify for medical insurance, but earlier this year Erving was ruled against by the SJC and its policy was voided. Before we vacate our policy, Dale Kowacki, Executive Director asked Michael's opinion if he thought we were subject to the same law as the towns – MGL 32b.

On a motion made by P. Mokrzecki and second by P. Light, the Board voted unanimously to eliminate the following phrase - “. . . ten or more consecutive years for the retirement system immediately prior to their retirement . . .” from the FRRS personnel policy.

Michael also mentioned that the new law to cost share retirees' insurance is unclear if it includes retirement systems – so he suggests that we pursue clarifying legislation to get regional retirement systems included.

After further discussion, the Board asked Dale Kowacki, Executive Director to research/clarify whether retirement systems are included under the new law to cost share retirees' insurance.

In addition, the Board members would like to revisit the discussion of providing Health insurance for Board members.

Candidate Statements:

At the May meeting, it was asked that we discuss the status of the project to determine what's possible as far as providing access to candidate information during board elections.

At this point:

- ✓ The Advisory Council, as the "election board" has been apprised of the project.
- ✓ PERAC legal has been asked for its opinion and guidance.
- ✓ Past practice by this system has been researched and catalogued.

After a brief discussion, the Board members agreed to wait for an opinion and guidance from PERAC legal.

Annual review of Investment consultant's performance:

Currently the Board is satisfied with the performance of our investment consultant. Dale Kowacki, Executive Director is preparing the paperwork to fulfill the requirement that we pursue reauthorization from PERAC to retain Dahab, and expects to have it ready by the July meeting.

No action, or votes, taken at this time.

Annual review of legal counsel performance:

After a brief discussion, the Board members agreed that they are satisfied, and would like to continue with Michael Sacco as Board counsel.

No action, or votes, taken at this time.

Hand out "Standard Rules for Disclosure of Information"

An email was sent to staff and Board members reminding everyone to review the policy. This is done on an annual basis. There was no discussion on these regulations.

Pay second third of the past due State 3(8)C bill

The 2014 State Board invoice has been received with a new contact name on the cover letter and PERAC continues to make progress on the recalculations of 3(8)c liabilities. An email has been sent to the new contact in hopes of moving this invoice along. The goal is to have significant corrections made to the invoice so that a payment can be made in July.

No action, or votes, taken at this time.

Adjournment

On a motion made by M. Stokarski and a second by P. Light, the Board voted to adjourn the meeting at 9:35 a.m.

Respectfully submitted,

THESE MINUTES WERE APPROVED ON JULY 28, 2015

Dale C. Kowacki, Executive Director

Sandra A. Hanks, Chair and Treasurer

Paula J. Light, Council Member

David R. Gendron, Vice Chair

Mary A. Stokarski, Board Member

Paul J. Mokrzecki, Board Member

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