

FRANKLIN REGIONAL RETIREMENT SYSTEM  
BOARD MEETING MINUTES  
November 23, 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 8:02 a.m. by Board Chair, Sandra Hanks with Board Members Paula Light, Paul Mokrzecki, and Mary Stokarski present. Also present were Executive Director Dale Kowacki, Assistant Director Susan Bobe, and Auditor Deb Frentzos. Greg McNeillie, Dahab joined the meeting at 8:45 a.m. and Thomas Sharp, joined the meeting at 10:08 a.m.

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 M. Stokarski and second by P. Light, the Board voted unanimously to approve the minutes of the regular meeting held on October 27, 2015.*

**Payroll, Refunds, Transfers and Bills Warrants**

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

<i>Retirees Payroll</i>		<i>\$722,837.38</i>
<i>Refunds</i>		<i>18,597.80</i>
<i>Transfers</i>		<i>87,893.27</i>
<i>Invoices 11-15W</i>		<i><u>45,766.10</u></i>
<i>    Operating</i>	<i>32,819.19</i>	
<i>    Investments</i>	<i>12,946.91</i>	
<i>    3(8)c pmts to other Boards</i>		
<i>For a total of:</i>		<i>\$875,094.55</i>

**Cash Transfer between Investments and bank**

*On a motion made by M. Stokarski and second by P. Mokrzecki, the Board voted unanimously to transfer \$590,000 from PRIT Core Fund to Unibank to cover next month's warrants if assessment receipts are not confirmed by 11/30/2015.*

**Visitor**

Thomas Sharp, inactive member Town of Erving, was a visitor and spoke with the Board later in the meeting regarding his situation

## **Membership**

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

### **New Members**

Bump, Roger L	08/18/2015	100%	MOH	Grounds/Janitor
Centrella, Janna L	10/06/2015	100%	MOH	Para Professional
Chadwick, RoseAleta M	08/31/2015	100%	MOH	Sped Aide
Coutu, Stephanie L	8/31/2015	100%	MOH	Para Professional
Fitzgerald, Eric J	10/12/2015	100%	DER	EMT-Paramedic
Fritz, Debora W	09/01/2015	90%	LEV	Teacher's Aide
Hadsel, Leeanne P	09/10/2015	100%	MOH	Para Professional
Helmreich, John R	08/31/2015	100%	MOH	Para Professional
Henry, Tiffany M	09/03/2015	100%	MOH	Para Professional
Johnson, Marlene M	11/04/2015	80%	DER	Senior Center Director
Lovett, Karen A	08/31/2015	80%	MOH	Cafeteria Manager
Meservey, Julia M	08/31/2015	100%	MOH	Para Professional
Nelson, David K	08/31/2015	100%	MOH	Para Professional
Noschese, Jason R	11/02/2015	90%	LEV	Treasurer/Collector
Noyes, Pamela J	09/11/2015	100%	MOH	Para Professional
Pheeny, Frances N	10/19/2015	100%	FCH	Executive Director
Posl-Lumbis, Leah M	09/01/2015	100%	MOH	Para Professional
Ram, Emma C	09/16/2015	100%	MOH	Para Professional
Scully, Janet S	08/31/2015	100%	MOH	Para Professional
Shaney, Brittany N	8/31/2015	100%	MOH	Para Professional
Sliwoski, Christina M	08/31/2015	100%	MOH	Para Professional
Smith, Douglas S	10/05/2015	100%	STB	Highway Employee
Thayer, Shawn L	09/02/2015	100%	MOH	Para Professional
Weiss, Gail L	10/13/2015	100%	OGE	Accountant
Weiss, Gail L	10/13/2015	20%	STB	Accountant
Wenger, Alexander E	09/28/2015	100%	SND	Instructional Assistant
Williams, Martha A	09/01/2015	90%	PNR	Instructional Assistant

### **New Retirees:**

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

Goff, Nancy - the retirement package has been submitted to PERAC to retire Nancy J. Goff for a Superannuation, Option B retirement allowance. Her last day of work was July 20, 2006 and her retirement benefit will begin on November 1, 2015. Mrs. Goff was a group 1 member working as the Homeland Security Grants Manager for the Franklin Regional Council of Governments, accruing 16 years, 7 months of creditable service. The Greenfield Retirement System holds liability for 8 years, 9 months, 18 days of the total service and the State Board of Retirement holds liability for 6 years, 1 month, 28 days of the total service.

Annear, Dennis – the retirement package has been submitted to PERAC to retire Dennis M. Annear for a Superannuation, Option A retirement allowance. His last day of work was August 31, 2015 and his retirement benefit will begin on September 1, 2015. Mr. Annear was a group 4 member working as the Fire Chief for the Town of Orange accruing 29 years, 4 months of creditable service.

**Accept Liability for Buybacks and Makeups Through Other Systems:**

*On a motion made by P. Mokrzecki and a second by P. Light, the Board voted unanimously to accept liability for the following buybacks through another system:*

Rathbun, John A – Montague Retirement Board has asked FRRS to accept creditable service liability if their current member, John A Rathbun, re-deposits a refund taken from this system. The refund, taken on 10/26/2011 was for \$21,359.28 in deductions, \$2,636.93 interest (calculated at 3%) for a total of \$23,996.21. The position was in building maintenance for the Town of Erving and creditable service was determined to be 7 years, 3 months, 27 days of service, 7/28/2003 -11/24/2010.

Stetson-Looman, Amy – a Massachusetts Teachers' Retirement System member has asked FRRS to accept creditable service liability if their current member, Amy Stetson-Looman, re-deposits a refund taken from this system. The refund, taken on 8/31/1996 was for \$1,456.32 in deductions, \$0 interest. She served as a substitute from March to June 1992 and paraprofessional from 9/21/92 to 3/25/1994 for Buckland-Colrain-Shelburne district and Mohawk Trail Regional School District. Creditable service has been determined to be 1 year, 10 months, 11 days of service.

**Buybacks and Makeups**

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

Tuttle, Cathleen – Current member from Pioneer has asked for a make-up of service for the following time periods:

9/1/1999-6/30/2000 – Cafeteria Helper, 3 hours per day, non-membership service allows actual hours worked for a make-up of service. Total cost is \$672.71 if paid by 12/31/2015 for 4 months, 27 days of creditable service calculated using 12 months allowance for 10 month contract.

9/1/2000-6/30/2007 – Cafeteria Helper, 5.5 hours per day. This is time when she should have been a member. Total cost is \$6,656.41 if paid by 12/31/2015 and includes cost of deductions only. Interest will begin to accrue if not paid by 12/31/2015. Allowable service is 7 years.

#### **4(2)(b) Police and Fire Service Credit:**

*On a motion made by M. Stokarski and a second by P. Mokrzecki, the Board voted unanimously to approve the following 4(2)(b) Police and Fire Service Credit:*

Gralenski, Michael – update 4(2)b allowable service to 5 years for service between 1/1/1982-12/31/1986 from the original approval of 1 year, 1 month, 19 days between 3/10/1983-12/31/1986. Total cost of purchase is \$1,850 based on annual earnings of \$5000. Member paid original service purchase of \$2,153.85. No additional funds required. See below for more information.

This current member of FRRS, also a member of the State Board of Retirement, requested a review of his 4(2)b service granted and purchased in 2007. Mr. Gralenski was originally granted 1 year, 1 month, 19 days for actual service rendered and documented by payroll records. Further documentation was found for Mr. Gralenski's service in the Erving Annual Reports where he was listed as a police officer for calendar year beginning in 1982. Under the current Board regulations Mr. Gralenski may be allowed up to 5 years of 4(2)b service if he was on a 'respective list' and later appointed to a permanent, membership eligible position. In May of 2006 he was elected to the Erving Board of Health and became a contributing member of the retirement system. His deductions stopped in 2012 due to the legislative reform that eliminates service accrual for positions paying less than \$5000 per year. The total cost of the newly calculated 4(2)b service is based on a minimum earnings base of \$5000 per year for each year beginning 1/1/1982 and ending 12/31/1986. Total cost of the purchase is \$1850. The Board determined that interest should be calculated on these purchases as of 1/1/2014 but interest has not been added to this purchase because the funds were already on record. To date, the Board has reserved the option of giving refunds on prior purchases that have been changed due to the MacAloney ruling but has not allowed refunds to date pending potential legal appeals during a reasonable cooling off period of the issue.

LaClaire, Mitchell – current member through the Town of Erving, requests creditable service through c.32, §4(2)(b) for service with the Millers Falls Fire and Water District between 1/1/1983 and 12/31/1987. Total service is 5 years at a cost of \$2,050.09 if paid by 12/31/2015. Cost of the service is based on deductions for earnings based on the minimum \$5,000.

In addition, Mr. LaClaire has 13 days of service available for purchase based on work between 1991 and 6/30/1992 determined by calculating actual hours worked and payroll records provided. Cost of the service is \$110.87 if paid by 12/31/2015 otherwise interest will accrue as allowed by law.

This current member first started as a call firefighter with the Millers Falls Fire and Water District. In 1991 the Town of Erving and the Millers Falls Fire and Water District negotiated dissolution of the district and on 7/1/1992 (member's

date of membership with FRRS) the Town of Erving absorbed all district assets and personnel into the already existing Erving fire department. Subsequently, Mr. LaClaire was appointed to Fire Chief 1/7/2003. Per Board Attorney Michael Sacco, by the Town of Erving absorbing the Millers Falls Fire and Water District assets on 7/1/1992, this service was essentially rendered to the Town of Erving and thereby allows this purchase (with FRRS accepting the liability).

**Buybacks and Makeups – Extra Discussion Needed:**

*On a motion made by M. Stokarski and a second by P. Mokrzecki, the Board voted unanimously to have staff seek clarification as to whether the Board has the authority to consider a long-term substitute position to be defined as temporary or intermittent and therefore eligible for purchase under 4(2)(c).*

MGL 32, section 4(2)c addresses non-membership service purchase for a current member specifically allowing the Board to determine *service ‘for any previous period of part-time, provisional, temporary, temporary provisional, seasonal or intermittent employment or service rendered by him after such a retirement system becomes operative and while he was not eligible for membership’*. The term ‘substitute’ is not used in this section which has been inferred to mean it is not an allowable purchase, most notably because the term ‘substitute’ is specifically referred to in Section 3(5) as an allowable position for service purchase if that non-membership service had been performed for a unit in a different retirement system. In other words, a current member may purchase substitute service from this Board if it was performed in Greenfield, but may not purchase such service from this Board if it was performed in Orange. The staff at FRRS would like the Board to consider the terminology being used in these legal sections and consider whether a long-term substitute position may alternatively be defined as temporary or intermittent and therefore eligible for purchase under 4(2)c.

This issue was a subject at the 2013 MACRS conference. We asked Michael Sacco to clarify the issue for us and in most circumstances the issue of substitute service is not of a significant time period but occasionally it is, as in the case of Mohawk employee, Linda Lang detailed below. Here is Michael’s opinion on the subject from a June 6, 2013 email:

*Section 3(5) primarily pertains to a member in your system who wants to purchase non-membership service rendered in another system. Your Board would only have to allow such a purchase (and I would argue as fiduciaries you should only allow such a purchase) if that member rendered service in a temporary, provisional or substitute capacity. Now those terms are not defined in Chapter 32, but they have meanings distinct from part-time, reserve, permanent-intermittent, etc. So, if your member rendered service in the City of Greenfield in a part-time capacity (say 15 hours per week) and was not a member of Greenfield and came to your system and wanted to buy that time back, I would recommend you deny it. Conversely, if a member of your system*

*is a paraprofessional and worked as a substitute teacher for a year in Greenfield, you would have to allow that member to purchase the service and there would be no 3(8)(c) billing.*

*When a member buys back non-membership service rendered in a member unit of your retirement system, that purchase is being made pursuant to Section 4(2)(c) - the significance of this is really that the categories of service are more broad - but ironically, don't include substitute service -*

Lang, Linda- current member with the Mohawk Trail Regional School District, Linda has requested a service purchase for time when she was a substitute in the School as follows:

12/14/10 to approximately 1/13/11 – substitute @ \$70 per day

1/13/11-6/20/11 – substitute on the teaching salary at \$204.23 per day

9/16/11-6/30/12 – substitute on the paraprofessional salary scale

7/1/12-8/28/12 – summer school program

If allowed, creditable service will be allowed for actual hours worked based on a 7.5 hours day and a 180 day contract year for total service of 1 year, 5 months, 4 days at a cost of \$3,597.37 if purchased by 12/31/2015 otherwise interest will continue to accrue on the purchase.

### **Deaths:**

Cleveland, Charlotte – died on 10/31/15 at the age of 85. Charlotte was the option C survivor of Stanley who retired from the Town of Orange on January 31, 1989 where he worked as the superintendent of the Water Department, accruing 41 years, 6 months of creditable service. Stanley died on January 23, 2009 at the age of 79.

Craven, Walter – Option C retiree since 10/23/2008, Mr. Craven was a highway worker for the Town of Conway accruing 21 years, 4 months of creditable service. DOD was 11/3/2015 at the age of 66. His wife, Debra, is his Option C beneficiary.

### **General Business:**

Progress report on Elizabeth Bell benefit application (David Bell)

Susan Bobe, Assistant Director reported to the Board that Elizabeth Bell has appealed the Board's decision to deny an accidental death benefit for her husband, David Bell. CRAB has received the appeal and forwarded it to DALA. A docket number has been assigned but no hearing date as yet. DALA continues to be significantly backlogged on cases.

No action, or votes, taken at this time.

Progress report on Michael Pellin disability application

Susan Bobe, Assistant Director reported to the Board that Michael Sacco's office is in process of filing a subpoena for MEGA worker's compensation records regarding this case. The Board did not act on the results of the PERAC medical panel at October meeting, deferring until these records can be reviewed.

No action, or votes, taken at this time.

Investment Consultant

Greg McNeille, Vice Chairman and Principal with Dahab Associates joined the meeting at 8:45 a.m. to review the 3<sup>rd</sup> quarter investment results, and present the research done by Dahab in regards to the Large Cap Manager bids.

After discussing the analysis done by Dahab Associates regarding the ranking of the respondents to the search, the Board asked to defer until the December meeting for full Board participation.

In addition, the Board discussed their concerns with our Investment Consultant, Greg McNeille around Daruma's performance. Greg suggested looking at their performance quarterly.

No action, or votes, taken at this time.

Thomas Sharp – request to meet with Board

Tom Sharp joined the meeting at 10:08 a.m. requesting the Board to reconsider the certain retirement calculation items denied: determination of active versus inactive membership status and the request to purchase previous service, payroll items excluded for 2015 (FY 2016), 2014 and 2011, and payments after his departure on July 10, 2015 as pensionable income.

Mr. Sharp, Administrative Coordinator for the Town of Erving signed an Administrative Leave and General Release Agreement with the Town, effective 7-11-2015 with the intent to retire on his 65<sup>th</sup> birthday - 1-13-2016.

Mr. Sharp requested to purchase prior service with Westfield Schools as a substitute teacher. Staff denied the request as he is presently inactive with the Town of Erving as of 7-10-2015 thus prohibiting him from purchasing service. A recent ruling by the Contributory Retirement Appeal Board ("CRAB") made it clear that unless a member was actively employed they would not be able to purchase service (see "Zavaglia"). The Board heard Mr. Sharp's concerns and told him there was nothing the Board could do about it because the Board believes it is accurately following the law and the instructions from PERAC and "Zavaglia", and he has the option to appeal DALA to allow the purchase of his prior service; further instructions as to how to appeal the Board's decision have been given to Mr. Sharp.

Staff identified three extraordinary amounts in Mr. Sharp's wage history and described them as bonuses, which are excluded from pension wages. Mr. Sharp

conceded that the amount identified as “2016” was clearly labeled “bonus” in the agreement with the town and thus it was removed from the discussion. He did however contend that the other two amounts were mischaracterized and in fact should be pensionable. The Board discussed the potential for misunderstanding and agreed to look at the salary excluded for 2014 and 2011. Staff was instructed to obtain detailed payroll records and contracts, prior to the board making any determination on the excluded salary.

At the start of the discussion, Mr. Sharp conceded that the payments after July 10, 2015 were “off the table”.

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

Susan Bobe, Assistant Director reported to the board that she spoke with Matt Smith from the State. Progress is being made; Susan and Matt addressed removing folks that shouldn't be on the invoice. A new invoice will be sent reflective of the above changes. Matt shared with Susan that nothing has changed with their technology. The staff sees no payment being made until January 2016.

No action, or votes, taken at this time.

**Adjournment**

*On a motion made by P. Mokrzecki and a second by M. Stokarski, the Board voted to adjourn the meeting at 11:39 a.m.*

Respectfully submitted,

**THESE MINUTES WERE APPROVED ON DECEMBER 22, 2015**

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Dale C. Kowacki, Executive Director

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Sandra A. Hanks, Chair and Treasurer

\_\_\_\_\_  
Paula J. Light, Council Member

\_\_\_\_\_ absent \_\_\_\_\_  
David R. Gendron, Vice Chair

\_\_\_\_\_  
Mary A. Stokarski, Board Member

\_\_\_\_\_  
Paul J. Mokrzecki, Board Member