

FRANKLIN REGIONAL RETIREMENT SYSTEM  
BOARD MEETING MINUTES  
December 22, 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 8:01 a.m. by Board Chair, Sandra Hanks with Board Members David Gendron, Paula Light, Paul Mokrzecki, and Mary Stokarski present. Also present were Executive Director Dale Kowacki, Assistant Director Susan Bobe. Greg McNeillie, Dahab joined the meeting at 8:45 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 P. Mokrzecki and second by P. Light, the Board voted unanimously to approve the minutes of the regular meeting held on November 23, 2015.*

**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>\$719,236.42</i>
<i>Refunds</i>	<i>8,072.76</i>
<i>Transfers</i>	<i>13,356.54</i>
<i>Invoices 12-15W</i>	<i>40,068.53</i>
<i>Invoices 00-16W</i>	<i><u>6,398.57</u></i>
<i>    Operating</i>	<i>32,087.77</i>
<i>    Investments</i>	<i>14,379.33</i>
<i>For a total of:</i>	<i>\$787,132.82</i>

**Cash Transfer between Investments and bank**

*On a motion made by D. Gendron and second by P. Light, the Board voted unanimously to transfer \$660,000 from Polen to Unibank to cover next month's warrants.*

**Visitors**

There were no visitors in attendance

## **Membership**

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

### **New Members**

Eastman, Ryan I	08/31/2015	100%	MOH	Instructional Assistant
Ellis, Jennifer L	10/02/2015	100%	SND	Instructional Assistant
Hutkoski, Wayne M	10/02/2015	50%	WTY	Water Superintendent
Jalbert, Eric S	11/30/2015	100%	MOH	Para Professional
Loftus, Joseph P	11/01/2015	100%	MOH	Para Professional
Lovett, Shannon M	09/01/2015	100%	HAW	Para Professional
Markham, Chelsea A	11/09/2015	100%	SND	Individual Aide
Shero, Amanda L	08/31/2015	100%	MOH	Para Professional
Worden, Colleen D	11/01/2015	70%	COL	Office Clerk

### **Additional Positions**

Shoemaker, David A	11/09/2015	new total % 100%	STB	Police Officer
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### **New Positions**

Butler, Sarah L	10/26/2015	60%	DER	After School Bookkeeper
Galluzzo, Rebecca A	11/16/2015	100%	OGE	Individual Aide
Trinque, Amie L	10/26/2015	100%	SND	Instructional Assistant

### **New Retirees:**

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

**Putnam, Marilyn** – the retirement package has been submitted to PERAC to retire Marilyn J. Putnam for a Superannuation, Option B retirement allowance. Her last day of work was October 15, 2015 and her retirement benefit will begin on October 16, 2015. Mrs. Putnam was a group 1 member working as a school secretary for the Town of Leverett, accruing 22 years, 2 months of creditable service.

**Civello, DeeAnn** – the retirement package has been submitted to PERAC to retire DeeAnn Civello for a Superannuation Option A retirement allowance. Her last day of work was October 31, 2015 and her retirement benefit will begin on November 1, 2015. Ms. Civello was a group 1 member working as the Treasurer/Collector for the Town of Leverett, accruing 35 years, 4 months of creditable service.

**Boss, Susan** – the retirement package has been submitted to PERAC to retire Susan Boss for a Superannuation Option B retirement allowance. Her last day of work was November 25, 2015 and her retirement benefit will begin on November 26, 2015. Ms. Boss was a group 1 member working in the school

department for the Town of Leverett, accruing 23 years, 4 months of creditable service of which MTRB holds liability for 6 years, 6 months.

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

*On a motion made by P. Mokrzecki and a second by D. Gendron, the Board voted unanimously to accept liability for the following buybacks and makeups:*

Carey, Jason – Worcester Regional Retirement Board has asked FRRS to accept creditable service liability if their current member, Jason Carey, re-deposits a refund taken from this system. The refund, taken on 6/30/1995 was for \$6,726.91 in deductions, \$259.61 in interest for a total of \$6,986.52. The position was in the Town of Orange Cemetery and creditable service was determined to be 5 years, 4 months, 22 days of service, 12/28/1989-5/19/1995.

**Buybacks and Makeups:**

Hodsden-Mayo, Lynda: current member in the Town of Gill has requested a service purchase to cover her most recent term as the Town Clerk prior to her secondary enrollment effective 5/18/2015. Ms. Hodsden-Mayo also works as the Assessor's Clerk for the Town of Gill. Each position is 20 hours per week. Since 2013 she has been a member and contributing on the Assessor's Clerk earnings but due to c.32 legal restrictions, could not contribute on her elected position earnings until her successful election on 5/18/15. This purchase would allow a benefit to be calculated on her full earnings from the Town of Gill should she choose to retire prior to the end of the current term. It will also insure that her benefit, should she wait until the end of the current term or later, is not restricted by the anti-spiking rules. Service purchase for the period beginning 5/21/2012 through 5/17/2015 would be 2 years, 11 months, 27 days for \$4,877.10 if paid by the end of December, 2015. Interest will continue to accrue at a rate allowed by law.

Additionally, Ms. Hodsden-Mayo should be granted a service purchase make-up for the period between 5/18/2015 through 9/30/2015 due to a delayed start of deductions being withheld on the Town Clerk earnings. Purchase is deductions only for a total of \$635.23 payable by January 22, 2016 otherwise interest will begin to accrue on the unpaid balance at a rate allowed by law.

Smith-Zeoli, Aimee: Current member with the Town of Deerfield, Early Childhood Aftercare Coordinator, took a refund from the State Board of Retirement on 7/4/1997 for \$1,825.16. If she chooses to redeposit the funds plus interest to this Board, the State Board will accept 11 months of creditable service liability for service worked between 6/30/1996-5/29/1997. If payment is made or payment plan is in place as of 8/26/16 interest on the service purchase will be one half the actuarial rate of interest as allowed by law.

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

On 11/23/15 the Board instructed the Executive Director to seek clarification as to whether they had the authority to re-define a long-term substitute as a temporary or intermittent position for the purpose of allowing a service purchase under 4(2)c. Dale sought an opinion from Attorney Sacco. The correspondence is included herewith as part of the minutes:

Hi Michael,

We presented the following to the Board members, and before they decide, they would like your opinion as to whether or not the Board has the power to overlook the use of the word "substitute" by schools when describing a long-term fill-in position. In talking with school administration, we learned that long term subs are appointed to one position for an extended period of time, whereas regular subs are on call and work random days. We note that when a town appoints someone to fill-in long term, they don't use the word substitute, and thus we allow a purchase of 4(2)(c) service. Barring the use of "substitute" in the description, we would likewise allow the school employee to purchase the service. The Board wants to know if it has the power to consider it thus and allow the purchase of such service.

Thank you, Dale

Hi Dale -

As I said in my 2013 email, substitute is not defined but I think you can distinguish between a day-to-day substitute and a long-term substitute if you wanted to split that legal hair, as the common understanding of "substitute" would be a day-to-day, on-call type substitute. My experience – which as you know includes 10 years at the Teachers Retirement System – is that most long-term substitutes end up becoming teachers and members of the TRS, and they buyback the time there, so it seems a rare occurrence that a long-term sub would become a member of your system, although I suppose the long-term sub could end up as a paraprofessional, aide or some other position that qualifies for membership in your system. I don't want to advise the Board that it is impermissible to allow such a purchase, although I would specifically characterize a long-term sub as a "temporary" employee rather than a "substitute" to draw the distinction, and since you are not asking my opinion whether the Board should draw such a distinction I will refrain from offering one. I don't know if there is any anecdotal evidence to see how many long-term subs end up in your system vs. Teachers, but that would be one way of assessing the liability that you could avoid by lumping long-term substitutes in with substitutes, rather than drawing the distinction as I noted.

Best, Michael

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From November 23, 2015 board meeting:

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.

*Based on the opinion of Attorney Sacco with regard to acknowledging a 'long term substitute' as a temporary or intermittent employee,*

*D. Gendron, made a MOTION, seconded by P. Mokrzecki, to approve the service purchase request by Linda Lang for service as an appointed substitute between 1/13/11 and 8/27/2012.*

*Upon further discussion, D. Gendron withdrew the above motion until the Board is presented with, and approves, the changed policy wording defining a*

*'long term substitute' as a temporary or intermittent employee for the purpose of service purchases under 4(2)c.*

**Deaths:**

Gorzocoski, Eileen – Option A retiree since 4/1/1995, Mrs. Gorzocoski was the nurse for the Town of Northfield, accruing 24 years, 1 month of creditable service. DOD was 12/1/15 at the age of 89.

**General Business:**

Thomas Sharp update from November 2015 meeting

Dale presented the Board with the only outstanding issue for Mr. Sharp which is the determination of his membership status. Attorney Sacco has opined that Mr. Sharp is an inactive member despite his administrative leave agreement and as such, is not eligible to purchase past service.

*On a motion made by D. Gendron and a second by P. Mokrzecki, the Board voted unanimously on the advice of Attorney Sacco to deny the request of Thomas Sharp to purchase service based on his status of 'inactive member'.*

Board meeting schedule for next year - The Board agreed to the 2016 monthly meeting schedule as presented, choosing December 21, 2016 as the meeting date for that month. (should addend copy)

Schedule for investment manager quarterly meetings - The Board agreed to the 2016 investment manager schedule as presented. (should addend copy)

Review and perhaps approve 4(2)(b) refunds – On the advice of Attorney Sacco, the Board will not issue refunds on 4(2)b service purchase payments at this time but will continue to monitor the progress of DALA/CRAB cases in regard to this issue.

Board regulations perhaps amended for service granted part time positions – The service percentage chart for less than 20 hours in the current board regulations has proven problematic in that the described method often results in unrealistic total service for members working multiple positions. Staff suggested removal of the chart, and simplification where the reported hours of all the member's positions will be summed and the resulting total used to determine creditable service using the service percentage chart for greater than 20 hours.

*On a motion made by P. Mokrzecki and a second by M. Stokarski, the Board voted unanimously to modify its regulations regarding service granted for part-time positions as presented to the Board and made part of these minutes below:*

**Creditable Service:**

New members of the Franklin Regional Retirement System shall receive creditable service, for **the total of all each** positions worked, in prorated increments, **not to exceed 100%**, in the following manner:

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Primary membership positions		
Weekly hours worked are:		Creditable service
not less than	not greater than	percentage given
20	22.99	50%
23	25.99	60%
26	28.99	70%
29	31.99	80%
32	34.99	90%
35	40	100%

Additional and/or individual positions		
Weekly hours worked are:		Creditable service
not less than	not greater than	percentage given
0	4.99	10%
5	9.99	20%
10	14.99	35%
15	19.99	45%

Investment Consultant

Greg McNeillie, Vice Chairman and Principal with Dahab Associates joined the meeting at 8:45 a.m. to present the research done by Dahab in regards to the Large Cap Manager bids.

*On a motion made by D. Gendron and a second by M. Stokarski, the Board voted unanimously to retain the services of O’Shaughnessy Asset Management and engage in a 7 year contract.*

In addition, the Board discussed Daruma’s investment performance. Greg presented a QTD return of 12.7 which is above the Russell 2000 benchmark and suggested further discussion following the February 2016 Daruma presentation.

Set 2016 stipend amount for Board Chair - The Chair relinquished the meeting to the Vice Chair David Gendron for the purpose of discussion and vote on this topic. Board members thanked their Chair Sandra Hanks for the additional time commitment and responsibilities required of her position.

*On a motion made by D. Gendron and a second by M. Stokarski, the Board voted unanimously to increase the Chair’s annual stipend by \$1,940 for a total annual stipend of \$9,940.00.*

Vice Chair Gendron turned the meeting back to the Chair.

Staff evaluations – Both staff members and Board members agreed that the revised evaluation process using a simpler form and relaxed approach was successful and an improvement on the previous method. After discussion regarding the process, and the positive performance and team work by all, and the favorable feedback received from the members and retirees, the Board determined a merit raise for staff.

*On a motion made by D. Gendron and a second by P. Mokrzecki, the Board voted unanimously to approve a merit increase of 3% for staff.*

Litigation strategy

*At 10:17 a.m., the Board voted in the affirmative, by roll call vote, to move into Executive Session. Mary Stokarski – aye; Paula Light – aye; Sandra Hanks – aye; David Gendron – aye, Paul Mokrzecki - aye.*

As of June 1, 2012 it was determined that Mr. Randall had been overpaid by \$19,952.78. The monthly benefit payment has been withheld beginning with the June 30, 2012 payment in action to recover the overpayment. As of November 30, 2015 \$8,023.38 has been recovered.

*On a motion by D. Gendron, and a second by P. Light, the Board voted by roll call vote to reject the proposal offered by Attorney Quirk on behalf of George Randall to reduce the remaining balanced owed on an overpayment of his 12(2)d benefit. Roll call vote: David Gendron – aye; Paula Light – aye; Mary Stokarski – aye; Paul Mokrzecki – aye; Sandra Hanks – aye*

*A motion to come out of executive session was made at 10:24 a.m. and accepted by roll call vote. Roll call Vote: Mary Stokarski – aye; Paula Light – aye; Sandra Hanks – aye; David Gendron – aye, Paul Mokrzecki - aye.*

Pay second third of the past due 3(8)(c) bill to the State Retirement :  
No action, or votes, taken at this time.

Progress report on Elizabeth Bell benefit application (David Bell)  
No further information presented nor action necessary on this business.

Progress report on Michael Pellin disability application  
Michael Sacco's office has received the subpoenaed MEGA worker's compensation records regarding this case and will present an opinion for the Board in time for the January 26, 2016 meeting.

Adjournment



*On a motion made by P. Light and a second by M. Stokarski, the Board voted to adjourn the meeting at 10:50 a.m.*

Respectfully submitted,

**THESE MINUTES WERE APPROVED ON JANUARY 26, 2016**

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Dale C. Kowacki, Executive Director

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Sandra A. Hanks, Chair and Treasurer

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Paula J. Light, Council Member

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David R. Gendron, Vice Chair

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Mary A. Stokarski, Board Member

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Paul J. Mokrzecki, Board Member

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