

MINUTES

MEETING OF THE PEABODY RETIREMENT BOARD WEDNESDAY, AUGUST 22, 2018 – 7:00 A.M.

Chairman Yagjian called the meeting to order at 7:00 A.M. Board members present were Ms. Linda Cavallon, Mr. Joseph DiFranco, Mr. Michael Gingras, and Mr. Edward Lomasney. Public Attendees at the meeting were Mrs. Kristina Frizzell, Mr. David Frizzell, and Attorney Michael Akashian.

ON MOTION BY MR. DiFRANCO, 2ND BY MS. CAVALLON, IT WAS VOTED UNANIMOUS TO ACCEPT THE MINUTES OF THE JULY 17, 2018 RETIREMENT BOARD MEETING.

DISABILITY RETIREMENTS:

Ms. Kristina Frizzell. The Board reviewed the Medical Panel Certificates and accompanying narratives from the three independent physicians assigned to the panel and **ON MOTION BY MR. DiFRANCO, 2ND BY MS. CAVALLON, IT WAS VOTED UNANIMOUS TO APPROVE THE ORDINARY DISABILITY APPLICATION.**

Mr. Michael Hayes. The Board reviewed the Medical Panel Certificate and accompanying narrative. Relying on the expert opinion of the assigned physicians to the regional medical panel, **ON MOTION BY MR. DiFRANCO, 2ND BY MS. CAVALLON, IT WAS VOTED UNANIMOUS TO DENY THE ACCIDENTAL DISABILITY APPLICATION.**

Ms. Sharon Druhan. The Board reviewed the Medical Panel Certificates and accompanying narratives from the three independent physicians assigned to the panel. Relying on the expert opinion of the assigned physicians to the regional medical panel, **ON MOTION BY MS. CAVALLON, 2ND BY MR. GINGRAS, IT WAS VOTED UNANIMOUS TO DENY THE ORDINARY DISABILITY APPLICATION.**

SUPERANNUATION RETIREMENT:

The Board reviewed the Application for Voluntary Superannuation Retirement and Choice of Retirement Option Form at Retirement for each member listed and **ON MOTION BY MS. CAVALLON, 2ND BY MR. DiFRANCO, IT WAS VOTED UNANIMOUS TO APPROVE THE FOLLOWING SUPERANNUATION RETIREMENTS:**

Susan Selbovitz	Paraprofessional	65 years old	14 years 3 months	09/01/2018
James McGinn	Librarian	69 years old	24 years 5 months	10/13/2018

NEW MEMBERS:

The following candidates for membership have completed their New Member Enrollment Form, Beneficiary Selection Form, been physically cleared, and provided birth certificates for themselves and applicable beneficiaries and **ON MOTION BY MR. DiFRANCO, 2ND BY MS. CAVALLON, IT WAS VOTED UNANIMOUS TO APPROVE.**

William Aylward	PMLP Commissioner	Group 1	07/18/2018
Marshal Simpson	PMLP Asst. Super Metering	Group 4	07/23/2018
Christopher Ingalls	PMLP Equip. Maint. Electrician	Group 4	08/13/2018
Norman Landano, Jr.	PMLP Yardman II	Group 1	08/13/2018

ROLLOVERS:

ON MOTION BY MS. CAVALLON, 2ND BY MR. GINGRAS, IT WAS VOTED UNANIMOUS TO APPROVE THE FOLLOWING ROLLOVER. Ms. Paula Carey worked for the School Department having 1 year 7 months of creditable service. She is rolling over her annuity into an IRA with Institution for Savings in the amount of \$1,578.92.

ON MOTION BY MS. CAVALLON, 2ND BY MR. GINGRAS, IT WAS VOTED UNANIMOUS TO APPROVE THE FOLLOWING ROLLOVER. Mr. William Carey worked for the School Department having 6 years 11 months of creditable service. Mr. Carey passed away on December 5, 2017 leaving his spouse Paula Carey as beneficiary. She is rolling over the annuity into an IRA with Institution for Savings in the amount of \$18,348.37.

ON MOTION BY Ms. CAVALLON, 2ND BY Mr. GINGRAS, IT WAS VOTED UNANIMOUS TO APPROVE THE FOLLOWING ROLLOVER. Mr. John J. McGinn is a former member of the Peabody Retirement Board, School Committee and City Counselor with 27 years 10 months of creditable service. Mr. McGinn is rolling over his annuity into an IRA in the amount of \$9,783.20.

BUYBACK:

ON MOTION BY Ms. CAVALLON, 2ND BY Mr. LOMASNEY, IT WAS VOTED UNANIMOUS TO APPROVE THE FOLLOWING BUYBACK. Mr. Ronald Shah is a Peabody Building Inspector and is requesting to buyback time he worked in State Auditor's Office from April 13, 1976 through July 8, 1977, 1 year 2 months of creditable service totaling \$4,233.52.

WARRANTS:

ON MOTION BY Ms. CAVALLON, 2ND BY Mr. DiFRANCO, IT WAS VOTED UNANIMOUS TO APPROVE THE FOLLOWING WARRANT:

#072818 07/28/2018 Pension Payroll \$1,622,718.07

ON MOTION BY Ms. CAVALLON, 2ND BY Mr. DiFRANCO, IT WAS VOTED UNANIMOUS TO APPROVE THE FOLLOWING WARRANT:

#081618 08/16/2018 Miscellaneous Bills \$47,824.31 as follows:
 \$18,348.37 - Institution for Savings – Paula Carey, beneficiary of William Carey, IRA Rollover
 \$ 9,783.20 - Fidelity Investments - McGinn IRA Rollover
 \$ 8,500.00 - Sherman Actuarial - Start of 2018 Study
 \$ 7,619.36 - City of Peabody - Employee Health Insurance
 \$ 1,578.92 - Institution for Savings - Paula Carey IRA Rollover
 \$ 1,000.00 - Sherman Actuarial - Completion of 2018 Study
 \$ 398.31 - W.B. Mason - Office Supply
 \$ 250.00 - Attorney Sacco - Legal Services
 \$ 174.00 - Bank of America - BoardPaq
 \$ 141.76 - Business Copy Associates - Copy overage
 \$ 30.39 - Michael Hatzipetros - Reimbursement. IRA rollover for military service time purchase exceeded the buyback amount by \$30.39

BOARD & STAFF PAYROLL:

ON MOTION BY Mr. DiFRANCO, 2ND BY Mr. LOMASNEY, IT WAS VOTED UNANIMOUS TO APPROVE THE FOLLOWING BOARD AND STAFF PAYROLLS TOTALING \$27,541.09:

07/18/2018 for \$6,355.71, 08/01/2018 for \$13,980.48, and 08/15/2018 for \$7,204.90

CASH BOOKS:

ON MOTION BY Mr. LOMASNEY, 2ND BY Ms. CAVALLON, IT WAS VOTED UNANIMOUS TO RECEIVE AND APPROVE THE JUNE 2018 CASH BOOKS CONTAINING THE FOLLOWING DOCUMENTS:

Pooled fund worksheet and PRIT General Allocation Account #1199
 Cash Receipts Report for the period 1-30 June totaling \$578,132.39
 Cash Disbursements Report for the period 1-30 June totaling \$1,748,032.01
 Adjusting Journal Entries for the period 1-30 June totaling \$1,970,616.22
 Trial Balance Report for the period ending 30 June
 General Ledger for the period ending 30 June
 Budget Report for the period ending 30 June
 Treasurer Bank Reconciliation Report - Eastern Bank June 2018
 Eastern Bank Statements (Checking & Payroll) June 2018
 Budget to Actual Expense through 30 June
 Cash Flow Forecast through July 2018

PERAC CORRESPONDENCE:

ON MOTION BY Ms. CAVALLON, 2ND BY Mr. GINGRAS, IT WAS VOTED UNANIMOUS TO RECEIVE THE FOLLOWING PERAC CORRESPONDENCE:

PERAC Memo #22/2018 - Public Records Law Side Letter Provisions. This is not applicable to Peabody Retirement System at this time as all investments are currently with PRIT/PRIM.
 Email - Vendor Procurement Approval of Attorney Sacco

PERAC PRESS RELEASE - Administrative Sub-Committee meeting on 8/8/18 to develop a process for search and selection for new Executive Director. Administrative Sub-Committee Amended Agenda.

PERAC Memo #23/2018 - Reinstatement to Service from Superannuation/Termination Retirement Under G.L. 32 Section 105.

PERAC Memo #24/2018 - COLA for Supplemental Dependent Allowance Paid to Accidental Disability Retirees and Accidental Death Survivors.

PRIT/PRIM:

ON MOTION BY MR. GINGRAS, 2ND BY MS. CAVALLON, IT WAS VOTED UNANIMOUS TO RECEIVE THE FOLLOWING CORRESPONDENCE:

June 2018 Summary of Account Activity and Investment Update

MISCELLANEOUS:

- **PMLP Light Commissioners:**

The Massachusetts House of Representatives and the Senate have passed, and Governor Baker has signed legislation increasing the salary paid to PMLP Light Commissioners to \$5,100.00 annually. Light Commissioners are now eligible for membership in the Peabody Contributory Retirement System. **ON MOTION BY MS. CAVALLON, 2ND BY MR. GINGRAS, IT WAS VOTED UNANIMOUS TO RECEIVE.**

- **Final 2018 Actuarial Study:**

Following the selection of Option A as the funding alternative of employer appropriation for the unfunded actuarial liability voted at the July 2018 Retirement Board Meeting, Sherman Actuarial has completed the 2018 Study. **ON MOTION BY MS. CAVALLON, 2ND BY MR. LOMASNEY, IT WAS VOTED UNANIMOUS TO RECEIVE.**

- **2018 Adjusted Budget:**

As a result of staff pay raise approved at the July Board Meeting, our budget forecast for 2018 has changed. Staff Payroll has increased from 129,324.20 to \$142,256.70. Staff Pay Medicare has increased from \$1,912.70 to \$2,109.12. **ON MOTION BY MS. CAVALLON, 2ND BY MR. GINGRAS, IT WAS VOTED UNANIMOUS TO APPROVE.**

- **Attorney Sacco Correspondence:**

Attorney Sacco delivered written correspondence to the Board summarizing recent CRAB Decisions along with copies of those decisions. Joseph O'Leary v. Lexington Retirement Board and PERAC; James Holland v. Malden Retirement Board; Ross Ackerman v. Worcester Regional Retirement Board (CRAB and DALA Decision); and Raymond Mello v. Fall River Retirement Board. Only the CR-15-30 Decision (O'Leary v. Lexington Retirement Board and PERAC) has an impact to a policy of a department/agency in the Peabody Contributory Retirement System, the Peabody Housing Authority. To summarize, the case stems from the Lexington Retirement Board denying a police officer (O'Leary) sellback of unused vacation time as compensation for retirement benefit. O'Leary appealed the Board's decision to the Division of Administrative Law Appeals (DALA) who later affirmed the Retirement Board decision. The officer then appealed the DALA decision to CRAB who has affirmed the DALA decision. One of the major focal points in the CRAB decision is the legal definition of compensation and wages, both of which clearly exclude one-time lump sum payment in lieu of or for unused vacation or sick leave. PERAC MEMO #39/2012 allows retirement boards to classify recurring payments for unused vacation leave on an annual basis as regular compensation if a member of a collective bargaining unit has specific language in their contract and an ensuing required two-part analysis results in a determination by the retirement board that payments related to such vacation leave are regular compensation. To the contrary, in its ruling CRAB states "We do not adopt the reasoning of PERAC in its Memorandum #39/2012 (July 11, 2012) that payments for unused vacation time may constitute regular compensation." CRAB further notes the one-time lump sum payment language in Massachusetts General Law, Chapter 32, Section 1 that excludes such payment from regular compensation does not mean if the payments occurred in successive years they should be considered regular compensation. Currently the Peabody Housing Authority has an employee vacation buy back policy, but it is not included as wages and no retirement deductions are taken from the proceeds. **ON MOTION BY MR. GINGRAS, 2ND BY MS. CAVALLON IT WAS VOTED**

UNANIMOUS TO RECEIVE AND TO HAVE THE PENSION ADMINISTRATOR PREPARE CORRESPONDENCE TO THE PEABODY HOUSING AUTHORITY TO MAKE THEM AWARE OF THE CRAB DECISION IN O'LEARY.

• **Attorney Sacco Correspondence:**

Attorney Sacco, representing Peabody Retirement Board and others has filed a Declaratory Judgement Complaint to the Massachusetts Supreme Judicial Court against PERAC regarding the Vernava interpretation. **ON MOTION BY MR. GINGRAS, 2ND BY MS. CAVALLON IT WAS VOTED UNANIMOUS TO RECEIVE.**

NEW BUSINESS:

• **Annual PRIM Briefing:**

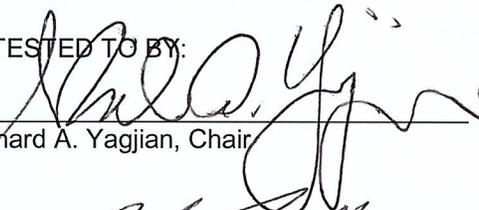
The Board requested the Pension Administrator coordinate an investment update briefing from PRIM on Wednesday, October 17, 2018 which will be the date of the October Retirement Board Meeting.

• **September Retirement Board Meeting:**

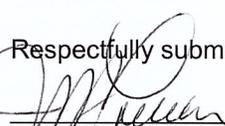
The next regular scheduled meeting of the Peabody Retirement Board will be Wednesday, September 19, 2018 at 7:00 a.m. in the Lower Level Conference Room, Peabody City Hall.

ON MOTION BY MS. CAVALLON, 2ND BY MR. GINGRAS IT WAS VOTED UNANIMOUS TO ADJOURN THE MEETING AT 7:45 A.M.

ATTESTED TO BY:

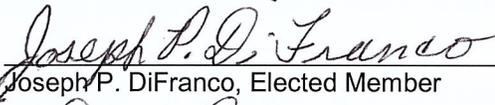

Richard A. Yagjian, Chair

Respectfully submitted:


James W. Freeman, Pension Administrator


Edward J. Lomasney, III, Appointed Member


Michael Gingras, Ex-Officio Member


Joseph P. DiFranco, Elected Member


Linda Cavallon, Elected Member