# *MINUTES*

## *MEETING OF THE PEABODY RETIREMENT BOARD*
## *TUESDAY, JULY 17, 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.

**ON MOTION BY MR. DIFRANCO, 2ND BY MS. CAVALLON, IT WAS VOTED UNANIMOUS TO ACCEPT THE MINUTES OF THE JUNE 19, 2018 RETIREMENT BOARD MEETING.**

**ON MOTION BY MR. LOMASNEY, 2ND BY MR. DIFRANCO, IT WAS VOTED UNANIMOUS TO ACCEPT THE MINUTES OF THE JULY 13, 2018 SPECIAL MEETING OF THE PEABODY RETIREMENT BOARD.**

**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 MR. DIFRANCO, 2ND BY MR. GINGRAS, IT WAS VOTED UNANIMOUS TO APPROVE THE FOLLOWING SUPERANNUATION RETIREMENTS:**

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|---|---|---|---|---|
| Richard F. Duggan | Golf Course Superintendent | 66 years old | 19 years 6 months | 08/12/2018 |
| AnnMarie Stevens | Paraprofessional | 62 years old | 16 years | 09/04/2018 |
| Susan Liggiero | Paraprofessional | 64 years old | 16 years | 09/15/2018 |

**SECTION 101 SURVIVOR BENEFIT:**
Mrs. Beatrice Leo has filed a Section 101 Survivor Benefit Application. Mr. Donald Leo passed away on 18 June 2018. At the time Mr. Leo retired there was no option to provide for a surviving spouse, therefore Mrs. Leo is entitled to a Section 101 benefit at the rate of $12,000.00 annually. The Board reviewed the written request and Affidavit by Spouse Seeking Member Survivor Benefits Application submitted by Mrs. Leo and **ON MOTION BY MS. CAVALLON, 2ND BY MR. LOMASNEY, IT WAS VOTED UNANIMOUS TO APPROVE.**

**NEW MEMBERS:**
The following candidates for membership have completed their New Member Enrollment Form, Beneficiary 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.**

| | | | |
|---|---|---|---|
| Kevin Becker | Firefighter | Group 4 | 10/30/2017 |
| Tammy Jones | Clerk | Group 1 | 12/18/2017 |
| Steven Linnane | DPW Laborer | Group 1 | 02/12/2018 |

**WARRANTS:**
**ON MOTION BY MS. CAVALLON, 2ND BY MR. DIFRANCO, IT WAS VOTED UNANIMOUS TO APPROVE THE FOLLOWING WARRANT:**

| | | | |
|---|---|---|---|
| #062818 | 06/28/2018 | Pension Payroll | $1,614,315.63 |

**ON MOTION BY MR. LOMASNEY, 2ND BY MR. DIFRANCO, IT WAS VOTED UNANIMOUS TO APPROVE THE FOLLOWING WARRANT:**

| | | | |
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| #071218 | 07/12/2018 | Miscellaneous Bills | $40,704.40 as follows: |

$25,633.64 - 3(8)(c) Haverhill Retirement System
$ 5,474.80 - Nationwide Solutions - Rollover for Maria C. Silva
$ 5,454.75 - Ameriprise Trust Company - Rollover for Lisa Berlangieri
$ 3,481.91 - 3(8)(c) Stoneham Retirement System
$ 351.00 - Attorney Sacco
$ 174.00 - Bank of America - BoardPaq
$ 134.30 - W.B. Mason - Office supplies

**BOARD & STAFF PAYROLL:**
**ON MOTION BY MS. CAVALLON, 2ND BY MR. DIFRANCO, IT WAS VOTED UNANIMOUS TO APPROVE THE FOLLOWING BOARD AND STAFF PAYROLLS TOTALING $12,493.81:**
06/20/2018 for $6,138.10 and 07/03/2018 for $6,355.71

**CASH BOOKS:**
**ON MOTION BY MR. DIFRANCO, 2ND BY MR. GINGRAS, IT WAS VOTED UNANIMOUS TO RECEIVE AND APPROVE THE MAY 2018 CASH BOOKS CONTAINING THE FOLLOWING DOCUMENTS:**

Pooled fund worksheet and PRIT General Allocation Account #1199
Cash Receipts Report for the period 1-31 May totaling $562,603.63
Cash Disbursements Report for the period 1-31 May totaling $1,646,227.63
Adjusting Journal Entries for the period 1-31 May totaling $4,445,227.97
Trial Balance Report for the period ending 31 May
General Ledger for the period ending 31 May
Budget Report for the period ending 31 May
Treasurer Bank Reconciliation Report - Eastern Bank May 2018
Eastern Bank Statements (Checking & Payroll) May 2018
Budget to Actual Expense through 31 May
Cash Flow Forecast through June 2018

**PERAC CORRESPONDENCE:**
**ON MOTION BY MS. CAVALLON, 2ND BY MR. LOMASNEY, IT WAS VOTED UNANIMOUS TO RECEIVE THE FOLLOWING PERAC CORRESPONDENCE:**
PERAC Memo #19/2018 - Tobacco Company List
PERAC Memo #20/2018 - PROSPER and Compliance with 91A Process
Emerging Issues Forum - September 13, 2018 at College of the Holy Cross, Worcester.
PERAC Memo #21-2018 - Mandatory Retirement Board Member Training - Third Quarter

**PRIT/PRIM:**
**ON MOTION BY MS. CAVALLON, 2ND BY MR. GINGRAS, IT WAS VOTED UNANIMOUS TO RECEIVE THE FOLLOWING CORRESPONDENCE:**
May 2018 Summary of Account Activity and Investment Update

**MISCELLANEOUS:**

- **Engagement Contract for Legal Services**:

Following the unanimous vote at the May 16, 2018 meeting to award the Legal Services Contract to the Law Office of Michael Sacco, Attorney Sacco has prepared for your review and acceptance an engagement contract for the period January 1, 2019 through December 31. 2025. **ON MOTION BY MS. CAVALLON, 2ND BY MR. DIFRANCO, IT WAS VOTED UNANIMOUS TO RECEIVE.**

- **Attorney Sacco Correspondence:**

Attorney Sacco has advised the Board that the Division of Administrative Law Appeals (DALA) has reached a decision in the matter of Priscilla Bakula v. Peabody Retirement Board and concluded Mrs. Bakula has not stated a claim for which relief may be granted and allowed the Retirement Board's Motion to Dismiss. Attorney Sacco will further advise the Board if Mrs. Bakula files an objection/appeal to the Contributory Retirement Appeal Board (CRAB). **ON MOTION BY MS. CAVALLON, 2ND BY MR. GINGRAS, IT WAS VOTED UNANIMOUS TO RECEIVE.**

- **Attorney Sacco Correspondence:**

Attorney Sacco delivered written correspondence to the Board on the Gomes Superior Court Decision and Vernava Update. Attorney Sacco advised that he has received authorization from three regional retirement boards clients to file a declaratory judgment action in Superior Court to challenge PERAC's interpretation of the SJC decision in the Vernava case. Following the SJC decision in Vernava, PERAC released Memo #12/2018 informing retirement boards that sick leave and vacation leave taken in conjunction with Workers' Compensation payments shall not be considered regular compensation and effective immediately (February 13, 2018) no retirement deductions shall be taken from supplemental sick leave and vacation leave payments made to a member who is on Workers' Compensation. On April 9, 2018 PERAC released Memo #17/2018 superseding Memo #12/2018, essentially reversing its prior direction, and states the Vernava

decision will have no applicability to any member retiring under any section of Chapter 32 other than Section 7. PERAC also recommended that payroll departments develop a new pay code to utilize when a supplemental payment is being taken in conjunction with Workers' Compensation and to withhold regular retirement deductions from these supplemental payments and that if a member ultimately retires under Section 7 of Chapter 32, those payments would not be considered regular compensation and the deductions would need to be refunded to the member without interest. Memo #17/2018 also directs retirement boards to correct errors as far as practicable, but also determined recalculating every accidental disability retirement since 1946 is not practical, the alternative is for self-identification. If a retired member becomes aware of the Vernava decision and asks for their retirement allowance to be recalculated the retirement board would be required to act. Following much feedback from this change in practice, PERAC issued Memo #18/2018 on the topic acknowledging the fact that not all retirement boards agree but are legally required to follow PERAC Memoranda ...."*PERAC has board statutory authority to oversee the public pension system in Massachusetts....Retirement Boards must follow PERAC's directives because of the statutory grant of power to PERAC to issue such directives in order to ensure that the more than one hundred retirement systems in the Commonwealth operate efficiently and apply uniform rules and policies. It would be wholly impractical to require PERAC to interpret and administer the retirement law solely by issuing individual rulings regarding individual retirement board determinations. If a retirement board disagrees with the interpretation of the retirement law adopted in a PERAC memorandum as applied to a particular case, it may request a ruling from PERAC, which would be appealable by an aggrieved party under G.L. Chapter 32, Section 16(4) ....*". Currently, against the advice of Attorney Sacco, the Peabody Retirement Board is following the mandate of Memo 17/2018. We have two members of the School Department out on Workers' Compensation who are using sick and vacation time with retirement deductions being taken from the supplemental payment. Does the Peabody Retirement Board wish to participate in this litigation? **ON MOTION BY MS. CAVALLON, 2ND BY MR. LOMASNEY IT WAS VOTED UNANIMOUS TO AUTHORIZE THE PENSION ADMINISTRATOR TO LIAISE WITH ATTORNEY SACCO ON AN ESTIMATED COST OF THE LITIGATION AND APPROVE UP TO $1,000.00.**

- **2018 Actuarial Study**.

Board to make a decision on the funding alternatives provided by Mr. Sherman at the June 2018 meeting. The Board will recall Mr. Sherman delivered the preliminary results of the 2018 actuarial study which included side-by-side review of the assumptions/projections compared to the January 2016 study. He also provided and briefed the Board on four options and analysis of funding alternatives of employer appropriation to fully find the unfunded actuarial liability before 2036. **ON MOTION BY MR. GINGRAS, 2ND BY MS. CAVALLON IT WAS VOTED UNANIMOUS TO SELECT FUNDING OPTION A AND NOTIFY SHERMAN ACTUARIAL TO COMPLETE THE 2018 STUDY.**

**NEW BUSINESS:**

- **Staff Salary:**

The Pension Administrator respectfully requests the Board consider a salary increase for the Administrative Assistant that is commensurate with the average salary paid by similar sized retirement systems. While Ms. Hopkins official title is Administrative Assistant the functions performed far exceed that and are more in line with an Assistant Administrator, which is a term more commonly used by PERAC. A salary survey was conducted in early 2018 with just under half of the Commonwealth's 104 retirement systems participating. The average salary of the assistant administrator at similar sized boards is $62,487.76 and the average salary for the assistant administrator of all participating retirement boards is $63,923.83. After deliberations and **ON MOTION BY MS. CAVALLON, 2ND BY MR. DIFRANCO IT WAS VOTED UNANIMOUS TO APPROVE A TEN PERCENT SALARY INCREASE FOR THE ADMINISTRATIVE ASSISTANT AND PENSION ADMINISTRATOR RETROACTIVE TO JANUARY 1, 2018.**

- **August Retirement Board Meeting**:

The next regular scheduled meeting of the Peabody Retirement Board will be Wednesday, August 22, 2018 at 7:00 a.m. in the Lower Level Conference Room, Peabody City Hall.

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

ATTESTED TO BY:

Richard A. Yagjian, Chair

Edward J. Lomasney, III, Appointed Member

Michael Gingras, Ex-Officio Member

Joseph P. DiFranco, Elected Member

Linda Cavallon, Elected Member

Respectfully submitted:

James W. Freeman, Pension Administrator