

Advisory Council Meeting
April 26, 2023
Topsfield Town Hall, Public Hall

A meeting was held by the Advisory Council of the Essex Regional Retirement System on Wednesday, April 26, 2023 at the Topsfield Town Hall, Topsfield, MA. The following individuals were in attendance:

Advisory Council Members:

Chuck Kostro, Essex Regional Retirement System
Kevin Merz, Town of Ipswich
Jacqueline Cuomo, Town of Topsfield
Leslie Davidson, Town of Lynnfield
Diane Doyle, Town of Newbury
Ellen Guerin, Town of Boxford
Kimberly Mackie, Town of North Andover
Carol McLeod, Town of Merrimac
Peggy McLoughlin, Town of Hamilton
Karen Summit, Town of Rowley

Other Attendees:

Lori O'Donnell, ERRS Executive Assistant
Kevin Harutunian, Town of Topsfield

Opening Statement by the Chair

Kevin Merz called the meeting to order at 10:04 a.m. Mr. Merz stated that the Massachusetts Open Meeting Law permits meetings to be recorded and states that the Chair shall inform attendees at the beginning of the meeting of any such recording. Therefore, I am informing everyone that this meeting is being recorded. If anyone else is recording the meeting, please identify yourself at this time. Mr. Merz reminded the Advisory Council members who wish to speak that they should identify themselves and the unit they represent prior to speaking. This will assist the retirement system staff in accurately recording the minutes of the meeting. Thank you.

Public Comment Period

There were no public comments.

Approval of the Minutes of the Advisory Council Meeting of September 28, 2022

Upon a motion by Ellen Guerin, Town of Boxford, seconded by Karen Summit, Town of Rowley, the Advisory Council voted seven in favor, none opposed and one abstention (Carol McLeod, Town of Merrimac, abstained); To approve the minutes of the Advisory Council meeting of September 28, 2022.

Retirement System Updates

Mr. Merz stated that the Essex Regional has a back log of disability cases so if one of the retirement counselors reaches out to the unit for information please respond as quickly as you can, so the Board is able to schedule these disability hearings and move these cases along. Mr. Merz also informed the Council that at the Monday, April 24th Board meeting there was a COLA Hearing, and the members approved a 3% COLA for retirees effective July 1st. Mr. Merz said the 3% COLA has been the standard for the last several years with the exception of 2020, when it dropped to 2%.

Mr. Merz informed the Advisory Council that there are two new members of the Board; the Chair, Mr. H. Joseph Maney, and First Member, Mr. Andrew J. Sheehan, have left the Board, which created two open seats. The two new members that were voted in by elections are Ms. Katherine E. Carleton, former Essex Regional Retirement employee, and Ms. Tracy A. Blais, Town Administrator from the town of Newbury. Ms. Blais was just voted in as the First Member and will be serving the remainder of Andrew Sheehan's current term, which expires in December. It is good to have them on the Board, but Mr. Merz recognizes that we lost a lot of experience. Mr. Merz stated there will be a bit of a transition, but Mr. Kostro is always available to assist the new members with any questions or concerns and will provide any guidance, if needed.

Mr. Kostro wanted to update the Advisory Council on recent changes to the Essex Regional Retirement Staff. He realizes that everyone has experienced a lot of transition over the past couple of years but starting on Monday May 1st our new Employee Reporting Representative will become the newest member of our team, and with this addition we will be fully staffed. Her name is Stephanie Croston, and she is the individual that most of your staff will have contact with, as she will manage posting retirement contributions and deductions, monitor member installment plans, coordinate the enrollment process, track transfer requests, and more. Mr. Kostro will be sending out an email with an updated staff directory shortly after May 1st. Mr. Kostro noted that despite being short-handed for over a year, ERRS has kept current with most things. He did note a backlog of transfer requests that existed, but since Michael Dougherty joined the staff in February, this backlog has been eliminated. Mr. Dougherty is presently working on moving service purchases forward and Mr. Kostro expects that the small backlog in this area will be eliminated soon as well. Mr. Kostro did state that the Board is considering a new regulation on the award of call firefighter and reserve police service, so he is not sure at this time how quickly these pending service purchases will move forward. Mr. Kostro was asked if this change was an ERRS change or a PERAC related change. Mr. Kostro said that this change is being initiated by the retirement Board, but it is subject to PERAC approval. The proposed change will affect how these types of service purchases will be calculated, if it is approved, but ERRS Counsel thought the new regulation would be more consistent with the statute.

First Member Election Schedule

Mr. Merz explained that the First Member is a Town Manager, Town Administrator, or highest ranking official within each member unit. The election is by them with a weighted vote. This

election is different than most retirement boards because of our special legislation that changed when we moved from Essex Retirement Board to Essex Regional Retirement System. Upon a motion by Karen Summit, Town of Rowley, seconded by Carol McLeod, Town of Merrimac, the Advisory Council voted unanimously; To appoint ERRS Advisory Council Chair, Kevin Merz, to act as the Election Officer, to supervise the counting of the ballots for the First Member, and to make such rulings as may be required, and to approve the schedule for this election as presented below:

September 11, 2023 – Notification of special election sent to all Chief Executives via regular and electronic mail. Nominations opened.

October 5, 2023 – Deadline for nominations.

October 6, 2023 – Count of active members per unit conducted. Weighted vote assigned to each unit based on the percentage share of active members currently employed in each unit as of this date.

October 11, 2023 – Candidate statements (not to exceed 200 words) due.

October 13, 2023 – Ballots sent to all eligible Chief Executives via regular mail. Notice to all eligible Chief Executives that ballots have been distributed will be sent via electronic mail.

November 2, 2023 – Deadline for ballots. All ballots must be postmarked or received by ERRS by the close of business on this date.

November 16, 2023 – Counting of the ballots.

November 20, 2023 – Board certifies results of First Member election and PERAC notified.

December 2, 2023 – Three-year term of First Member begins.

Annual Retirement Assessment Discussion

Mr. Merz noted the many questions the retirement system receives regarding the annual appropriation process and thought it would be a good time for Mr. Kostro to review this process for the Advisory Council. Mr. Kostro reviewed the appropriation process, noting that it starts with the valuation study, which each retirement board is required to conduct no less than every two years. From the valuation study a funding schedule is developed and the appropriation for each fiscal year is contained within the funding schedule. The funding schedule is approved by the Board and then must be approved by PERAC. Mr. Kostro reviewed the allocation of the appropriation, which is done annually and is based on the salary surveys completed by each unit. Mr. Kostro reviewed the ERRS salary survey process, noting that each unit should be submitting their deduction reports through September 30th of each year, which provides the actual salary totals. It has been the practice at ERRS to then develop a fourth quarter estimate for each unit so that all units are allocated their share equally, and there are no fluctuations due to the number of payrolls through September 30th, etc. PERAC sends out the appropriation letter in December with

each unit's appropriation amount, which ERRS sends to each unit. Bills are sent to the units in May of each year, and those units who pay the total appropriation amount on or about July 1st, receive a discount compared with those units who may pay in two installments. Mr. Kostro advised that ERRS, nearly every unit pays the full amount on or about July 1st each year. Mr. Kostro did say that for Fiscal Year 2024, PERAC calculated the appropriation allocation based on the September 30th salary amounts, which was a change from prior years. Mr. Kostro said that this created a lot of variables in the appropriation, as not everyone had submitted all of their salary surveys by this date. Mr. Kostro said that he has contacted PERAC and asked that they use the full year, adjusted totals going forward.

Ms. McLeod, from the Town of Merrimac, asked if the unit has lost employees and plans to replace that employee, should the unit include that salary in the estimate? Mr. Kostro said if the intent is to hire someone to fill that position, then yes, the anticipated salary should be included in the estimate. Mr. Merz asked Mr. Kostro if there is any recourse if a unit feels they have been over assessed? Mr. Kostro said if a unit feels they are over assessed, they can make a request to the Board to ask PERAC to make an adjustment. Ms. McLeod, from the Town of Merrimac, said that she handles Light, Electric and Water, and in the past, she has asked Essex Regional Retirement to give a breakdown. Is she still able to request that? Mr. Kostro said that Mr. Provensal would have to manually calculate the figures, and that he would be able to provide that information to her, as he has done in the past. Mr. Merz added that if your assessment jumps up, it could be because you gave salary increases or hired new employees, or because last year you had open positions and now those positions have been filled. Mr. Merz said there has been much more fluctuation than in years past.

Ms. Summit, from the town of Rowley, asked how the investments were doing this year. Mr. Kostro reviewed the recent PRIT Fund performance information for 1-, 3- 5- and 10-year performance.

To Adjourn the Meeting

Upon a motion by Ellen Guerin, Town of Boxford, seconded by Diane Doyle, Town of Newbury, the Advisory Council voted unanimously; To adjourn the meeting. The meeting was adjourned at 10:38 a.m.



Kevin A. Merz, Chair
Advisory Council-ERRS Board Member