

**ESSEX RETIREMENT BOARD
REGULAR MEETING
March 8, 2011**

NOTE: Please be advised that at this time the following are strictly "Draft Minutes" until approved by the Essex Retirement Board

Present: Board Members-
Ellen Whaley
Normal Needleman
Carl W. Ellison

Also Present-
Bruce Barth
Kelly Sterner
Cheryl Morgan and Alex Marchuk from Bank of America

Ellen Whaley called the meeting to order at 5:00pm in the Essex Town Hall in Meeting Room B.

Attendance taken.

Review and Approval of Meeting Minutes from:

A motion was made and seconded to approve the minutes. The motion passed unanimously.

Update on Audit Recommendations and Town Status:

Update from Kelly Sterner.

Handout passed out and reviewed.

Ms. Sterner – We have listed most of the findings and have a status for each one. Some of them are straight forward and just need to update the information. The one I am working on the most is item number two regarding the hire date for employees did not agree with the census data. I am currently investigating that. It is a matter of going through some of the documents and data and trying to find a hire date and a plan date. I am making progress. A lot of them I have recommendation of dates that we can use.

Mr. Needleman - There was an informal review, etc, done in regards to hire dates, was there any record of all that work that was done that maybe could help you?

Discussion of who was involved in the review.

Ms. Sterner - I will take a look and see what I can find.

Mr. Ellison – during the period I was in the Town Hall, 1973-1977, there were people hired under the Cedar Funds grant program. There was a provision that we had to include them in the pension plan. I would be happy to come in and go over the information with you.

Mr. Needleman – do you have an estimated time line for finishing this? And since this came about from an inquiry from one employee, could you deal with that one employees questioning out of order so we can respond as a committee to that one person.

Ms. Sterner – we talked about finishing by the next meeting in a month. In regards to the current employee, I went back and did significant research and documentation to indicate that prior to the date currently listed for that employee, the hours had not been met.

Mr. Needleman – there were two parts to that letter. One part was questioning their start date and the other was that other individuals were treated differently. I would think that we would want a summary report that basically states 1 - that you are getting what you are entitled to in accordance with the dates and 2- address whether other people received similar treatment

Ms. Whaley – we should answer his question about the dates. In my opinion, he is not entitled to an opinion on other employees but we can address the discussion and explain that we are doing an audit. We will be monitoring this as a committee. We will also go over contact procedures, etc.

I would rather address things as they come and not wait for one big issue. On a regular basis we will get a report from Kelly on inquiries. My recommendation to the committee is that we treat the two things separately.

I gave the information I had to Nicole who gave it to the employee and their attorney and there has been no further communication in regards to an appeal.

Any questions on the status report at this point?
No.

The other thing that Kelly and I talked about is a contact procedure. We will it pass around. I think my recommendation would be that even if you all get contacted that this could be the contact form you would use. Who talked to who and when. These are personal, financial decisions and we need to set boundaries.

Mr. Needleman – I think this form should include who the contact person is. We can have a copy of this to reference but all questions should be directed to that one person.

Mr. Ellison – we can refer the people to Kelly if they contact us.

Cheryl Morgan - from Bank of America – we are issuing the pension checks and we can put a contact phone number if any questions.

Ms. Whaley – we will make those changes.

Discussion regarding contact and communication.

Ms. Whaley – it will be helpful to have version control if we add or delete categories of information it is documented.

We want to get this to Phil and get it out this week.

Review of Investment Report with Bank of America:

Cheryl from Bank of America

Discussion of Bank of America's role in the accounts.

Cheryl - Bank of America is trustee of plans and investment manager.

When Columbia was part of Bank of America they were considered proprietary funds and they are still in some ways. We are using Columbia as a sub advisor even though Columbia has been divested to Ameriprise. Bank of America has an agreement with Columbia that will be in effect for five years from the date of acquisition by Ameriprise.

Last year, Alex provided Linda with a proposal utilizing some additional funds just to further diversify the portfolio. We may consider that but that would alter the fee structure we currently have.

Alex from Bank of America, portfolio manager.

Handout given.

Discussion and review of plan, economy, and stock market.

Alex - Review of performance - year to Date, only one month, our portfolio is in the blue, that is our targeted benchmark. 2010 made a pretty good year, the portfolio was up 12.7 versus 12.12. We beat our benchmark for 2010. It looks pretty solid. You don't want to stray too far from the benchmark, a little higher is good.

Further discussion and review.

Recommendations reviewed.

Alex - before we do anything I want to make sure you are comfortable with this. I could run an analysis where you can see the analytical behavior of the portfolio, it can go back five or ten years.

Further discussion and review.

Ms. Whaley – I think we understand what you want to do and are supportive of you if we can get some sort of documentation of what you are doing so we can discuss.

A motion was made, seconded and unanimously passed to allow the investment manager to move forward.

Cheryl – I can email these reports to you quarterly via a secure channel.

Ms. Whaley - A question had come up regarding what the procedures are with Bank of America for eliminating a person from an account or making changes.

Mr. Needleman – I think the procedure we need to have in place is, who can authorize signers and who can authorize changes.

Cheryl – considering this is a Town plan we really need the Town Clerk to notarize that.

Mr. Needleman – we should document that.

Cheryl – I can't take direction from the committee, it would have to come from Ellen.

Mr. Needleman – I am not sure it should be the Town Clerk only.

Ms. Whaley – ok, we can decide on that internally.

A motion was made, seconded and passed unanimously to enter into executive session.

A motion was made, seconded, and passed unanimously to come out of executive session and re-enter the regular meeting at 6:35pm.

Ms. Whaley - I would like to get a recommendation to move the plan forward to the Selectmen with the notes prepared by the attorney. Those are the summary of proposed changes to the government employee retirement plan prepared by the attorney, definition of compensation issues, and spousal consent. We are moving this forward to the Selectmen for comment.

Mr. Ellison – I have a question, where the board no longer has the ability to appoint a trustee, does that extend to the actuaries too?

Mr. Needleman - No.

Mr. Ellison - The other question, under compensation, how would disability insurance income be handled?

Mr. Needleman - Anything paid by a third party is not covered.

A motion was made, seconded, and unanimously passed to move the plan and the attorney's notes to the Selectmen.

Ms. Whaley – we are going to set up something with the fire department for reporting their points in lieu of wages and have a standardized procedure. I'd like to put a motion on the table to authorize Kelly and I to put something together and reach out to the fire department and set up those procedures and notify the Selectmen.

A motion was made, seconded and unanimously passed to initiate and develop procedures with the fire department to track on a monthly basis, points in lieu of compensation for purposes of tracking plan value.

Ms. Whaley – there are two other plans that the attorney has not worked on and the intent was to go forward and update them. We would need a motion to authorize the attorney to go forward on the other two plans.

Mr. Needleman – two things, with respect to the police plan, I would prefer to wait to go forward on that until this plan is approved. And secondly, I don't have a copy of the fire plan so I don't even know what it looks like.

Ms. Whaley – ok, we will table that until we get the main plan through the Selectmen process.

Discussion regarding a clerk for the minutes.

Adjournment:

A motion was made, seconded and passed unanimously for adjournment at 6:45 P.M.

Respectfully submitted,

Sarah Judge