

ESSEX RETIREMENT BOARD
Regular Meeting
December 2, 2014
Meeting Room B

Present

Retirement Board Members: Ethan Goller, Stacia Libby, Fred Vollono, Ellen Whaley-Wexler.

Others Present

Betsy McLaughlin, Retirement Board Clerk
Kelly Sterner, Finance Director

Ellen Whaley-Wexler called the meeting to order at 5:03 p.m.

Review/Approval of Prior Minutes

A motion was made by Stacia Libby to approve the minutes of the August 27, 2014 Work Group meeting. Kelly Sterner seconded the motion, it was unanimously approved. Motion carried.

A motion was made by Stacia Libby to approve the minutes of the October 14, 2014 regular Board meeting. Ellen Whaley-Wexler seconded the motion, it was unanimously approved. Motion carried.

Review/Approval of Bills

None.

Update on Investment Advisor – Custodial Services Transition

Kelly Sterner provided an update on the investment advisor – custodial services transition. All of the contracts have been signed and the full actuarial transition work has been completed with TPS. Hooker & Holcombe completed the tie out to TPS for all of the Town's retirement plans. Hooker & Holcombe identified a plan liability difference of 1.4%. They provided an opinion that this was acceptable, as the standard they consider to be good is anything under 2%. The primary difference is because a different mortality table was used.

The restated pension liability will report a net pension liability total for all plans of \$1,912,215. The Town's prior year liability was slightly over One Million. Hooker & Holcombe footnoted the reasons for the variance to the Board as a change in methodology, which included going from the unit method to the entry age normal actuarial cost method (the more common method and the one that is mandated under GASB reporting requirements), a different interest rate assumption, and an industry standard mortality table. It was noted that practically this is more of an accounting impact than a material financial impact, and the funding level remains on a very firm basis.

The GASB disclosures are being worked on and are expected soon.

The three custodial contracts have been signed and everything is moving forward on schedule. The liquidation instructions have been sent to Bank of America/Merrill Lynch and Schwab. The assets will be liquidating on December 15 and wiring to Charles Schwab on December 16.

It was also noted that Schwab had agreed to treat the plans as a single account for the Town of Essex which will save on ongoing administrative fees.

Ellen noted that the Town was required by Schwab to sign a fiduciary form recognizing the Town as the fiduciary. Ellen signed the fiduciary document as Chairman of the Board as acting fiduciary on behalf of the Board as a whole. There was discussion about the Board's role as fiduciary and Ellen suggested that we pass a resolution so that it is abundantly clear to current and future members of the Board that they have fiduciary responsibility.

Fred Vollono will work with Kelly Sterner to prepare wording for a resolution to be reviewed at the next meeting.

Fiduciary Liability Coverage Update

We received two quotes for fiduciary liability coverage: one from Travelers thru CCM for an annual premium of \$3,183; the other from AIG for an annual premium of \$7,940. The quotes were reviewed and discussed. Both companies would only quote One Million dollar coverage; otherwise the quotes appear to provide the same coverage. Stacia Libby was asked to review the quotes and come back with a recommendation for the next meeting.

A motion was made by Ethan Goller to defer a decision on the fiduciary liability coverage to the next meeting, and Kelly and Stacia will look further into it in the meantime. Fred Vollono seconded the motion, it was unanimously approved. Motion carried.

ERB Webpage

Ellen Whaley-Wexler will be reviewing the members only web page instructions with Rick Audet prior to his departure from the Town, and this item was deferred to the next meeting.

Requests for Retirement Benefits

A request was received from a Town employee to initiate his normal retirement benefits. A motion was made by Stacia Libby to approve the request for normal retirement benefits. Ethan Goller seconded the motion, it was unanimously approved. Motion carried.

We received an inquiry about retirement benefits through the Fire Department in July of this year regarding two individuals and their retirement benefits under the Merit Service Plan. The Board provided a written response directly to the individuals directing them to provide additional information in order for the Board to properly review their requests. One of the individuals has subsequently passed. The issues pertaining to the other individual's request were discussed, which include break in service and proper documentation for years of service. The Board reviewed the written request and determined that follow-up with the individual needed to occur as the documentation provided was insufficient to act on the request by the Board. Ellen reminded the Board that it needed to always be mindful of administering any request in strict accordance with the Merit Service Plan eligibility criteria, as it is required that all participants are held to the same standards. Further, any Board decision cannot be made in a manner that would be seen as interpreting eligibility for the benefit of a single person.

Ethan Goller agreed to look further into this and let the people involved know that we are working on the request. He will report back to the Board on his findings at the January meeting. Ellen suggested that if the Fire Department does not have the agreed-upon documentation that meets the standards as set forth in the plan, the Board would have to discuss options with them and possibly have any alternate documentation tested for validity by a third party to ensure that the Board meets its fiduciary obligations in administering the Plan rules appropriately and without favor.

Other Business

A draft copy of the written notice that would be sent to retirees about the change in the administrative provider for the Town Retirement Plans was provided and discussed. The Board had no objections to the notice. It was discussed that there are retirees who continue to request a bank draft and that the cost is greater to provide the benefit payments by check than it is by direct deposit. This will be discussed at the next meeting.

The 2015 meeting schedule which has been filed with the Town Clerk was distributed and discussed.

A motion was made by Ethan Goller to leave the 2015 meeting schedule as currently posted, and the Board would move to an alternate month meeting schedule commencing with the January 13, 2015 meeting. Fred Vollono seconded the motion, it was unanimously approved. Motion carried.

A motion was made by Ethan Goller to adjourn the meeting at 5:54 p.m. Stacia Libby seconded the motion, it was unanimously approved. Motion carried.

Respectfully submitted,

**Betsy McLaughlin
Retirement Board Clerk**