

The regular meeting of the Andover Contributory Retirement Board was called to order by Chairman Cuticchia on Thursday, October 27, 2016 at 8:00 a.m. in the Board of Selectmen's Conference Room located in the Town Offices. Present were: The Chairman, Jim Cuticchia, Elena Kothman, Tom Hartwell, Tony Stankiewicz, and Donna Walsh. Also present were Administrative Assistant, Helen Armano and Board Counsel, Michael Sacco.

Mr. Cuticchia took the meeting out of order, moving to agenda item #10 and introduced Seth Lynn from Dahab Associates to present results of a recent Asset Allocation Study of the Andover Contributory Retirement System and turned the floor over to Mr. Lynn.

Dahab Associates

Mr. Lynn discussed the preliminary results of the asset allocation study and commented the study used the actuarial report dated 01/01/2016 to project the next 20 years of cash flows and ran 74K asset mix combinations with over 2M simulations through 8 return scenarios to get a probability-distributed array of expected returns. Next, Mr. Lynn reviewed the various 8 return scenarios.

Mr. Hartwell asked for clarification on the numbers used in PRIT's asset mix, specifically, Private Equity, and stated it should be 10.8, not 2.5. Mr. Hartwell stated Real Estate was off by 4% and commented all of the numbers seemed to be off. Mr. Lynn will check and report back to the Board. A lengthy discussion ensued regarding the 7.25% rate of return and Mr. Lynn feels it is a reasonable and viable number for the plan, however, Mr. Hartwell is concerned the plan only earned 4% over the past 15 years and stated the Town will not be able to pay \$300M over the next 15 years. Further discussion took place regarding hedge funds and Mr. Lynn suggested the Board ask PRIT to defend their use of hedge funds when they attend the December Retirement Board meeting. At this time, Mr. Hartwell asked Mr. Lynn if he could provide the Board with a brief description of the 8 different scenarios used.

Next, Mr. Lynn informed the Board Mr. McNeillie is working on an Investment Policy Statement to be reviewed by the Board. At this time, Mr. Cuticchia reviewed the Board's objectives for hiring an investment consultant which included assisting writing an investment policy, getting recommendations for investments, and whether or not to stay in PRIT fund, continue to be invested with PRIT but use sleeves, or move out of PRIT. Mr. Cuticchia noted the Board will need to consider the cost associated with moving out of PRIT and investing in sleeves. Mr. Cuticchia asked Mr. Lynn what the next step is in the process. Mr. Lynn stated he will be making corrections to the asset allocation study, provide the Board with information about the various scenarios, and submit a draft investment policy statement for the Board to review. Next, Mr. Cuticchia asked Mr. Lynn to forward explanations on the various scenarios and thanked Mr. Lynn for his presentation. Mr. Lynn left the meeting as this time.

Minutes

The Board reviewed the minutes for the meeting held on August 25, 2016. It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell and voted 4-0-1 to approve the minutes of the meetings held on August 25, 2016 (Ms. Walsh abstained).

Monthly Payroll, Salaries, Stipends

It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell and voted 5-0 to approve the monthly retirement payroll for October 2016 as follows:

Annuity	188,246.55
Pension	<u>920,032.39</u>
Total	1,108,278.94

It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell and voted 4-0-1 to approve the monthly salaries for October paid as follows (Ms. Kothman abstained):

Elena Kothman (Oct 2016)	8,837.55
Helen Armano	<u>5,320.15</u>
Total	14,157.70

It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell voted 4-0-1 to approve the monthly stipends paid as follows (Ms. Walsh abstained):

David J Reilly	10/31	250.00
Donna M Walsh	10/31	250.00
Net adjustment for payments in Sept		<u>81.01</u>
Total		418.99

Expenses

It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell and voted 4-0-1 to approve the following expenses for the month (Ms. Kothman abstained):

Andover Copy Center, 2 cases of copy paper, Retirement Newsletter	88.94
Helen Armano, mileage reimbursement, PTG User Group training	13.28
Dahab Associates, invoice for period 07/01-09/30/2016	6,250.00
Henry's Jewelry & Awards, Nameplate Board Atty	16.00
Elena Kothman, reimbursement for ET digital access (Sept)	19.99
Elena Kothman, reimbursement for refreshments for seminar 10/20	23.98
Ricoh, monthly copy machine expense (Nov)	126.57
Ricoh, Toner Cartridges (3)	112.77
The Hartford, renewal Workers Comp/Business Owners	1,359.00
The Law Offices of Michael Sacco, September 2016	2,571.00
The Segal Company	<u>4,500.00</u>
Total:	15,081.53

Receipts:

The Board was informed of the following receipts:

Employee Contributions - September 2016:

Town	245,093.11
School	107,132.34
AHA	<u>3,773.62</u>
Total	355,999.07

Misc Receipts:

Lump sum rollover makeup pmt rec'd	724.63
------------------------------------	--------

Refund:

It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell and voted 5-0 to approve the following refund:

Emily Kearns, Town, Cr Serv = 0y, 10m, 26d 10/05/2015-09/01/2016

Intent to Retire

It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell and voted 5-0 to approve the following intent to retire form submitted:

Margaret O'Brien, Town, DOR 10/23/2016, Cred Serv = 16y, 1m, Superannuation

Deaths

Harold J. Daigle, Fire, DOD, 10/01/2016, DOR 11/08/1980, DOE 04/28/1968

Debra Hancock, spouse of retiree Ronald E Hancock, Jr, DOD 10/10/2016

Retirement Allowance Calculations (Not Approved by PERAC):

William Ouellette, Police, DOR 09/18/2016, Cred Serv = 33y, 7m, Superannuation

Monthly Allowance: \$7,598.46 Annual Allowance: \$91,181.52

Mark Conlon, Fire, DOR 10/02/2016, Cred Serv = 28y, 0m, Superannuation

Monthly Allowance: \$4,621.80 Annual Allowance: \$55,461.60

Deborah Navarro, School, DOR 10/09/2016, Cred Serv = 20y, 1m, Superannuation

Monthly Allowance: \$1,093.37 Annual Allowance: \$13,120.44

Retirement Allowance Calculations (Approved by PERAC):

Kim A Glesmann, School, DOR 09/01/2016, Cred Serv = 15y, 0m, Superannuation

Monthly Allowance: \$776.10 Annual Allowance: \$9,313.20

James J Palen, Town, DPW/Water, DOR, 09/01/2016, Cred Serv =36y, 3m, Superannuation

Monthly Allowance: \$4,240.38 Annual Allowance: \$50,884.56

Ronald J Argenbright, School, DOR 09/08/2016, Cred Serv = 13y, 7m, Superannuation

Monthly Allowance: \$810.27 Annual Allowance: \$9,723.24

PRIT

It was moved by Ms. Kothman, seconded by Mr. Hartwell and voted 5-0 to note receipt of the PRIT statement for the period ending 09/30/2016.

It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell and voted 5-0 to confirm \$7.5M wire transfer to PRIT fund.

It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell and voted 5-0 to approve transfer of \$400,000 for September operating expenses.

It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell and voted 5-0 to approve transfer of \$800,000 for October operating expenses.

PowerPoint slide shows from Tom Hartwell:

Mr. Cuticchia informed the Board that Mr. Hartwell made a presentation to the Board of Selectmen and is attending PERAC's investment committee meeting to give a presentation. Mr. Cuticchia asked Mr. Hartwell to include a disclaimer before making his presentation stating it is his opinion and not the opinion of the Retirement Board. Mr. Cuticchia stated he watched the Board of Selectmen's meeting and stated he felt some of Mr. Hartwell's comments during his presentation regarding the Retirement Board were inappropriate and unprofessional. Ms. Kothman stated the Board decided on 7.25%, keeping the funding schedule at year 2032, however, Mr. Hartwell's presentation recommends the discount rate be no higher than 6.75% which would increase the unfunded liability and asked Mr. Hartwell whether or not his recommendation is to extend the schedule out past 2032. Mr. Hartwell responded yes.

At this time, Mr. Stankiewicz requested there be an agreement between Retirement Board members that any member giving a presentation to another Town Board, notify the Executive Director in a timely manner of such presentation and its contents, including a disclaimer stating presentation is their opinion and not the opinion of the Retirement Board.

Mr. Stankiewicz further requested any member of the Board planning to give a presentation to an outside organization should contact the Executive Director who will then send an email to the representative of the organization, requesting confirmation receipt, informing them the presentation is the member's individual opinion and not an official representation or opinion of the Andover Retirement Board.

Open Meeting Violation

Attorney Sacco reviewed his letter to the Attorney General regarding Andover Retirement Board, Open Meeting Law Violation, to inquire whether or not there was any further actions the Andover Retirement Board needed to take and/or whether or not Mr. Hartwell needed to take regarding the infraction he caused by his conduct. Attorney Sacco informed the Board he received a call from the Attorney General's Office who opined the remedial steps Mr. Hartwell took to cure the violation such as announcing the violation and the contents of the email during open session was appropriate and unless a complaint is filed with the Attorney General's Office on the matter, no further action needs to be taken.

Report from Executive Director - Other Business

- a. PERAC - Memos 24-26/2016, email re: Board member training credits ytd - Ms. Kothman reminded Board members to review their completed training courses and let her or Ms. Morrison know of any discrepancies.
- b. NCPERS - *The Monitor* October 2016, PERSist Fall 2016
- c. Mass Retirees - *The Voice* November 2016
- d. Misc - PTG User's Group meeting, 10/19/16 at Topsfield Library - Ms. Armano attended. Retirement Newsletters, Active and Retirees' edition
Draft 2017 Budget - The Board reviewed the draft budget. It was moved by Mr. Hartwell, seconded by Mr. Stankiewicz and voted 5-0 to accept the budget as presented.

Cash books:

July 2016 (2nd reading)

It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell and voted 5-0 to approve the trial balance, cash receipts, cash disbursements, adjusting journal entries, and bank reconciliation for the month of July 2016.

August 2016 (1st reading)

The Board conducted a first reading of the August 2016 cash books and vote will be taken at the November meeting.

Cash balance

It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell and voted 5-0 to approve the cash balance as of October 27, 2016 as follows: Bank of America - \$20,533.96.

Next meeting

It was moved by Mr. Hartwell, seconded by Mr. Stankiewicz and voted 5-0 to confirm the next Retirement Board meeting will be held on Thursday, November 17, 2016 at 8:00 a.m.

At this time, audience member, Dan Guillet, asked if the Board had a policy outlining the procedure for an individual Retirement Board member giving a presentation to another Town Board.

Mr. Cuticchia stated the Board previously discussed the process and explained when an individual Board member gives a presentation that is not of the opinion of the entire Retirement Board, there needs to be a disclaimer which states the presentation is their individual opinion and not the opinion of the entire Board.

Next, audience member, Jameson Lockhart, thanked the Retirement Board for their due diligence and work they do in representing the members and retirees. Mr. Lockhart commented he finds it troubling that presentations are being given by individual members that are not representative of the Retirement Board as a whole and further commented he is concerned when he watches the Board of Selectmen meetings and there's discussions about Retirement Board member's terms and expiration dates. Mr. Cuticchia suggested to Mr. Lockhart that he address his concerns to the Board of Selectmen.

Adjourn

It was moved by Mr. Stankiewicz, seconded by Mr. Hartwell and voted 5-0 to adjourn the meeting at 9:24 a.m.

James A. Cuticchia

Anthony K. Stankiewicz, Esq.

Thomas P. Hartwell

Donna M. Walsh

Elena M. Kothman