

HULL CONTRIBUTORY RETIREMENT BOARD MEETING

May 10, 2006

10:00 a.m. (Selectmen's Meeting Room)

The special meeting of the Hull Contributory Retirement Board, duly posted to be held in the Selectmen's Meeting Room, Town Hall, Hull, MA on the above date was called to order at 10:00 a.m. Present were Leonard Colten, Chairperson, Members Maurice Murphy, Marcia Bohinc, Arthur Flavin, Gerald Ball, and Retirement Administrator Jennifer Miller. Also present were retired disability veterans Robert Abbott, Francis Yannizzi, James Muncy and Christopher Haraden, Hull Times.

Chapter 157 of the Acts of 2005 Section 2

After being criticized for the events that had taken place at the Annual Town meeting, the Hull Retirement Board met to explain how and why Chapter 157 of the Acts of 2005 Section 2 became an ineligible vote on May 2, 2006.

The meeting began with Marcia Bohinc presenting a synopsis (attached) of events, beginning with excerpts from the December 21, 2005 minutes. This synopsis was read out loud to all present and included the following:

- Excerpts from the December 21, 2005 minutes, which discussed PERAC Memo 36/2005 re: Chapter 157 of the Acts of 2005 Section 1 and 2 and the Board votes.
- Excerpt from December 22, 2005 holiday letter, informing retirees of December 21st votes on Chapter 157.
- Excerpts from the March 29, 2006 minutes, relating to Chapter 157 of the Acts of 2005 and the Board votes.

The following attached items were also included with the synopsis:

- Town Meeting Warrant – Article 22
- PERAC Memo 36/2005

During the interval of the synopsis the Board answered the following questions:

Question: Why was both sections placed on the warrant if the retirement board did not accept both sections?

Answer: The Board voted to accept both sections in December to be sure they did not miss the window to place the articles on the May Annual Town Meeting warrant. However, based on the preliminary cost for Section 2, they felt it was going to be too costly. The Board did not have actual numbers. Actual numbers were going to be calculated before the board could make any recommendations on either section.

Question: Why did the Retirement Board not allow Section 2 to be voted on at Annual Town Meeting?

Answer: PERAC Memo 36/2005 states “a retirement board must have a majority vote on each section of Chapter 157 for that section to be accepted” Section 2 did not have the majority vote and therefore was ineligible for town meeting vote.

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Upon conclusion of the synopsis Lenny Colten gave the reasons for why he voted against section 2, even though he is a veteran:

- Out of 106 boards in the state, Hull is the lowest funded
- The law requires all the boards to be fully funded by 2028
- When you're the lowest funded \$89,000.00 looks like a million
- He had to put his hat on as a retirement board member and not as a veteran
- His fiduciary responsibility is to stabilize the retirement fund
- The retirement system had bad investment returns up until 2003
- They struggled to bring the funds to be where they are today
- Emotionally, it hurt him to vote against it, but as a member of the retirement board it was his duty and fiduciary responsibility to vote no

Arthur agreed with Lenny and added:

- The way the legislation is written, it allows them to protect the retirement system
- The Retirement Board has to take their position on where they stand
- It is the Retirement Boards fiduciary responsibility to determine whether they can afford to pay this benefit
- The retirement system is not in the position to afford to pay that kind of money
- He had to vote no

Upon conclusion there was another question and answer session as follows:

Question: Does the money come out of the retirement fund or the Town money?

Answer: Retirement

Question: Does it have to come out of the retirement fund?

Answer: Yes.

Question: Why does the Town have to vote if it comes from the retirement?

Answer: Its part of the law. The Town is ultimately affected by the status of the retirement system. Right now it is a big burden on the Town of Hull to pay the retirement appropriation. The retirement appropriation, on an annual basis takes a big piece of the town budget. Because the retirement system is under funded, the scheduled payments increase dramatically from year to year in order to be fully funded by 2028. We start this year with an appropriation payment of almost 2 ½ million dollars, this bill is due July 1st. The retirement system needs this payment in order to get in shape to pay all their benefits by 2028. These appropriation payments only escalate going forward, ultimately removing the 2 1/2 million or plus from other town services such as teachers, firemen and police officers. The size this burden is a concern and puts a lot of

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stress on the Town of Hull. If the retirement system was fully funded the appropriation would be about 6 hundred thousand, but they're under-funded and the cold result is 2 ½ million plus a year. Paying this money out would affect the funding schedule by decreasing the current retirement fund and thus placing a further burden on the Town as a whole.

Marcia then continued with the synopsis and upon conclusion Lenny gave the following analogy:

- The firemen and policemen of the Town of Hull deserve a 10% pay raise, but the Town can not afford to give them that kind of money so they end up getting a 2% or 3% pay raise instead. As such, you people also deserve Section 2 of the veterans benefit, but the retirement system does not have the money to give it.

Frank Yannizzi pleaded the following case:

- He understood it was when the Fair Solder Act was past, that legislation neglected to put the veteran benefit in with the accidental disability retirees; and that it was a mistake to neglect the veterans with the benefit.
- All the other veterans got their veterans benefit, so therefore this money is due to them
- The governor voted for this benefit
- This is something they earned, and something that the Town should be allowed to vote on
- This is not something that should be voted on by two or three people.
- They're not asking for something extra
- They were supposed to be included the first time
- This is something they earned and are entitled to it just as the rest of the veterans who got it

After further arguments the Retirement Board was asked to revote on the issue of Section 2.

No motion was made by the Board to re-open Section 2 for a vote.

Maurice Murphy felt that where a prior board had made the vote of December 21, 2005, the present board should have taken a vote to reconsider the December 21, 2005 vote; therefore the prior boards vote should have gone in with the article and not the vote of March 29, 2006.

Marcia's response was the first was vote was to simply to meet the deadline to submit the article for the warrant. The second vote was to determine whether the Board was in support of Sections 1 and 2. They were both independent votes and for independent purposes.

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At the conclusion of this meeting the Board did not make any motion to re-open the vote of March 29, 2006 and no action stands on the vote of Section 2 of Chapter 157 of the Acts of 2005.

Meeting adjourned: 10:55 a.m.

Leonard Colten, Chairman

Marcia D. Bohinc

Arthur Flavin

Maurice Murphy

Gerald Ball