

MINUTES
HULL CONTRIBUTORY RETIREMENT BOARD MEETING
October 30, 2013

The regular meeting of the Hull Contributory Retirement Board, duly posted to be held in the selectman's meeting room, Town Hall, Hull, MA on the above date was called to order at 9:03 a.m. Present were, Members, Marcia Bohinc, Gregory Galvin, Leonard Colten, Phil Lemnios and Retirement Administrator Lauren Durham. Brian Thompson was absent.

In accordance with the open meeting law, the Chair was notified and it was announced that Lauren Durham was making an audio recording of the meeting.

Paul Todisco was present to review the PRIM Board and provide an Investment Update. Mr. Todisco provided a hand out for the Board and began his presentation explaining that overall for 2013 we were up 12% YTD, however the market saw a bumpy 2nd quarter and 1st month of the 3rd quarter. Mr. Todisco dedicated a portion of his presentation to reviewing the Organization chart of the PRIM Board and highlighted many changes made over the past year. Many holes were filled and the PRIM Board is now almost fully staffed.

As requested in previous years, Marcia Bohinc asked if the PRIM board would provide the Hull Retirement Board with a worksheet showing the detail of how the monthly management fees are calculated each month to the Board. Mr. Todisco offered the PRIM Board budget reports for the information we were seeking, specifically located on the Open Checkbook website. Mr. Todisco also promised a follow-up to this request providing the Board with this information.

Minutes:

Greg Galvin made a motion, seconded by Phil Lemnios to approve the minutes from September 25, 2013 regular Board meeting as presented.

Unanimously Voted

Payments:

Leonard Colten made a motion to approve and sign the Bill Warrant for October 2013, seconded by Greg Galvin.

Unanimously Voted.

Greg Galvin made a motion to approve and sign the Payroll Warrant for October 2013, seconded by Leonard Colten.

Unanimously Voted.

New Members:

The Board recognized the following employees as members of the Retirement System:
Robert Greene- Hull Police Department- Start Date 9/9/2013, Group 1
Patricia Vencel- Hull School Department- Start Date 9/3/2013, Group 1

Hull Contributory Retirement Board Meeting
Minutes
October 30, 2013
Page 2 of 5

Refund:

Greg Galvin made a motion to approve refunds in the name of:

Michael Marceillo, former member of the Hull Fire Department (term date 6/29/2013) who had retirement deductions withheld from sick and vacation time in error. The Breakdown of the partial refund as follows: \$527.23 in regular deductions, \$135.39 in 2% deductions, total refund in the amount of \$662.62. \$132.52 is payable to the IRS for federal tax with holdings, \$530.10 payable to Mr. Marciello.

Richard Billings, member of the Hull Police Department, who had retirement deductions withheld from sick and vacation buyback (August 2012) in error. Breakdown of partial refund as follows: \$146.07 in regular deductions, \$41.73 in 2% deductions, total refund in the amount of \$187.80, payable to Mr. Billings.

Unanimously Voted.

Marcia Bohinc pointed out that this was a payroll error and has been addressed moving forward.

Parker Elmore from Odyssey Advisors has prepared a presentation to discuss Pension Obligation Bonds. The Retirement Board has invited Parker Elmore to this meeting to discuss Pension Obligation bonds.

Phil Lemnios has opened the discussion to Pension Obligation Bonds to begin addressing the question of what is the Retirement Board doing to reduce the unfunded liability.

POB's are an option to reduce or eliminate the current unfunded liability, but with the current system that is in place, the question then turns to how do we eliminate an unfunded liability in the future. The discussion changed course a bit to a hypothetical exercise of using a POB to fund the unfunded liability that currently exists for retirees and current members and then potentially looking into forming a defined contribution plan for new employees. Parker offered to run the numbers to compare the cost of 2 different plans, recognizing that the town moving toward a defined contribution plan would not only include an employer contribution of generally, at least 3%, but Social Security and other costs the employer would then be responsible for including investment manager fees.

Parker will perform the exercise of switching to a 401 (k) type plan, the cost associated with that for approximately \$4,000.00-\$5,000.00.

The Board has also requested a proposal for Actuarial Valuation services for 1/1/2014 from Odyssey Advisors.

10:40 a.m. the Board has decided to break due to Board Members availability and reconvene on Tuesday, November 5, 2013 at 9:15 to complete the business on the agenda.

November 5, 2013 at 9:20 a.m. the Board reconvened. Present were Chairperson Marcia Bohinc, Members, Phil Lemnios, Greg Galvin, Lenny Colten, Brian Thompson and Retirement Administrator Lauren Durham.

Hull Contributory Retirement Board Meeting
Minutes
October 30, 2013
Page 3 of 5

Review Discussion:

Fifth Member reappointment- On advice taken from PERAC, if the 5th member express interest in seeking another term, and the entire Board unanimously votes to re-appoint him, the Board need not post a Request for Response from potential candidates. The current 5th member term expires on January 24, 2014 therefore the Board needs to know the intentions of the 5th member now, in the even he does not express interest in being re-appointed, so there may be ample time for response from others.

Greg Galvin has informed the Board that he would be interested in seeking another term of two years as the appointed member of the Hull Retirement Board, effective January 25, 2014 thru January 24, 2017.

Phil Lemnios made a motion, seconded by Brian Thompson to re-appoint Greg Galvin as the 5th member of the Hull Retirement Board.

Marcia Bohinc- Yes

Leonard Colten- Yes

Phil Lemnios- Yes

Brian Thompson- Yes

Greg Galvin abstained

Unanimously Voted.

CY2014 Budget

A brief review of the 2014 Budget highlighted an increase in fiduciary insurance because we have a relatively new policy as well as an increase in actuarial fees from CY 2013 as the Board did not conduct a valuation in 2013.

Phil Lemnios made a motion, seconded by Brian Thompson to approve the CY 2014 Budget as presented.

Unanimously Voted.

Retirement Board Newsletter

The Board reviewed the Newsletter for Active and Retired members of the system and agreed that they were ready to be mailed with a couple of minor changes. Retirement Administrator Lauren Durham will make the changes and have these newsletters mailed as soon as possible.

MLBCPA, LLC- 12/31/2012 Audit

The Board reviewed the Financial Statements and Required Supplementary information for the year ended 12/31/2012 and reviewed in detail page 7, which is very similar to the monthly financial report that is reviewed by the Board each month.

The Board also reviewed in detail the Suggestions for Improvement in Accounting Procedures and Internal Control. Many of the items from the 12/31/2011 report had been addressed and will “fall off” the report next year. There are a couple of procedural findings that Phil Lemnios suggests the Board begin to address at each meeting, namely

Hull Contributory Retirement Board Meeting
 Minutes
 October 30, 2013
 Page 4 of 5

the General Board Policies as well as Investment Policies. The mechanical changes that need to be made will be addressed by Board staff, namely changing the way the annual

38(c) billing/receiving is completed. They will now be accounted for in the current year as receivables and payables as suggested by the auditors.

Phil Lemnios would like to make a motion congratulating Chair of the Board Marcia Bohinc and Board Administrator Lauren Durham on an excellent Audit.

Unanimously Voted. Marcia Bohinc abstained.

Updates

Phil Lemnios made a motion, seconded by Greg Galvin to authorize early payment for retirees for the Holiday season. Payments will be on November 20, 2013 and December 19, 2013.

Unanimously Voted.

The Board reviewed the Trial Balance for August 2013 as well as the PRIM Board update for September 2013.

Marcia Bohinc explained that the Board must file for a new Cycle C determination letter with the IRS. The Board had previously done this 5 years ago, and it is now time to do this again. One of the questions is related to pending court cases that have the potential of affecting the entire plan, rather than the individual (s) named in the case. According to Board Counsel, Hull has a pending case of this nature and therefore the determination letter must have a description attached from Michael Sacco describing the case. Once this is complete, Lauren Durham will send the completed form to Ice Miller by the December 2, 2013 deadline.

Phil Lemnios made a motion, seconded by Leonard Colten to authorize Lauren Durham to submit payment in the amount of \$2,500.00 payable to the IRS in order to file and maintain our Qualified Plan status.

Unanimously Voted.

The Board reviewed the following Information mail:

- a. NCPERS Research Series- May 2007- The Top ten advantages of Maintaining Defined Benefit Pensions
- b. PERAC Memo #23/2013- Cycle C Determination Letter
- c. Perac Memo #24/2013- Mandatory Retirement Board Member Training- 4th Quarter
- d. Michael Daley decision- October 4, 2013
- e. PERAC Memo #25/2013- Appropriation Data Due October 31, 2013-10-2
- f. PERAC Memo #26/2013- New Fraud Prevention Poster
- g. PERAC Memo #27/2013- Determination Letter Filing Trainings

Hull Contributory Retirement Board Meeting
Minutes
October 30, 2013
Page 5 of 5

The Board's next scheduled meeting is for Wednesday, November 20, 2013 at 9:00 a.m. In the Selectman's Meeting Room. Meeting adjourned: 9:57 a.m._____

Marcia Bohinc, Chairperson

Gregory Galvin

Phil Lemnios

Leonard Colten

Brian Thompson