

The Beverly Retirement Board held a teleconference meeting on meet.google.com/fmf-purv-dea on Thursday, September 24, 2020 at 6:00 p.m. Call in number was 1-563-538-1646 with pin: 150-685-660#. Board members present were Richard Pierce, Carol Augulewicz, Kevin Smith, Bryant Ayles and Chuck Kostro. All Board members and the administrator are participating remotely. The meeting was called to order at 6:03 p.m. Kevin Smith left the meeting at 6:10 p.m.

Chairman Pierce started the meeting by welcoming Stephan Georgacopoulos from PTG and stated that the administrator would like to give an update prior to any questions for Stephan. The administrator informed the Board that since the August meeting PTG was able to connect to her computer and retrieve the accounting. Working with PTG staff the administrator was able to balance the 12/31/19 accounting and input the 2020 financial information which is in balance each month through June 2020. The administrator has had a conversation with Meaghan regarding her comfort level using the PTG software and she and the administrator feels that by October 1 – 15 we will move to going live with PTG rather than run parallel with both programs. The administrator informed the Board that we have been working in PTG with members and retirees and she feels that the accounting is easy to use and we are balanced every month. Carol asked the administrator what makes her so comfortable to not run parallel and she stated that she feels we don't need to run parallel because everything is matching perfectly and it is just extra work. We are duplicating everything we put in Tyler to PTG and it is matching perfectly. Carol stated so you have done some parallel input and the administrator stated yes since July. Chuck asked the administrator if after going live with PTG would we still have access to our data in Tyler in case we need to go back and look something up and the administrator stated yes the data is stored on a server and we would have access to the data in Tyler. Chuck stated that Essex Regional did a similar thing for several years so he could go back to see what was in there. Bryant asked the administrator that she stated the data was stored on a server and is that server in house or is it stored to the Cloud and the administrator stated that the server is in house. Chuck asked Stephan if we are about to go live with PTG soon and Stephan stated that PTG leaves it up to the staff and board when they are comfortable with the conversion and more importantly that the numbers match up and in this case they do so the choice would be left to the staff and board. Sometimes there is a need to go back and fix something but at this point everything is balancing so PTG would defer to staff and the board. Chuck asked Stephan that prior to the update he was asked to attend the meeting to find out at what point we would go live and now hearing the update we are at that point and when the staff is comfortable in proceeding. Stephan agreed and stated that PERA is not like the old RET32 with only one database as PERA has multiple databases and so once the data is converted to PensionPRO and everything balances it is the basis for going live. The administrator stated that the Accounting in PTG is very easy to use and is user friendly and that it is condensed as the board probably noticed after receiving June 2020 accounting from the PTG program this month. Bryant thanked Stephan for attending the meeting and stated that like Chuck said the board didn't know where we were at with the conversion and it seems like we are at a good place and he appreciates the work Stephan has put into the conversion. Stephan stated no problem he is glad we have gotten to this point and going 100% live is also a good feeling. Carol asked Stephan what the date was that the board signed a contract with PTG and Stephan stated PTG had a system called Q & A up and running last October and then in March more conversions were done. COVID hit in March which slowed things down some. Stephan stated the board signed the contract on April 1, 2019. Chairman Pierce thanked Stephan and he left the meeting at 6:15 p.m.

Chairman Pierce stated the next order of business is the PERAC letter regarding the Funding Schedule for the January Actuarial and asked the administrator if there was any discussion needed and the administrator stated yes you will need to vote on which Alternative funding schedule the Board would like to approve as PERAC has provided three choices. Chuck asked the administrator if we would need to set the discount rate and the administrator stated yes. Chuck and Bryant stated the discount rate is set at every valuation. Chuck stated that he was more focused on the discount rate but he would yield to the finance staff of the city for the annual percentage increase and what they feel comfortable with. Carol asked Chuck what he meant by the discount rate and Chuck stated Investment Rate of Return and Carol asked the administrator what our Investment Rate of Return is currently and the administrator stated that off the top of her head she doesn't know. Chuck stated he thought it was 7.25% and Carol agreed that she feels it is something in that range. Bryant stated that our current Investment Rate of Return is 7.35% and that PERAC is recommending 7.15%. Bryant states the he remembers a few years ago PERAC had suggested the Boards start to bring their percentages down and if the boards weren't comfortable taking a pretty drastic hit we could phase it in over a couple of years and I think this is the follow up to that to bring it down another quarter percent to get it down more in line with where our peers are and where the actuary's feel that rate of return will be at. Bryant doesn't have a problem personally or from a finance perspective with adjusting the discount rate. Bryant stated his major concern is the affordability of a funding schedule and obviously we would want to pay it down as quickly as we can but we realize the city budget is only increasing even with all our new growth by 3% a year so that anything that is an annual increase of above 3% means that that additional funding needs to come from somewhere else. So something else in the budget needs to increase less than 3% to make up for it. Chuck stated that at 7.35% that Beverly is in good shape compared to other boards. A lot of boards are bringing it down and are trying to get to 7.35% or 7.15%. Chuck feels that we should take PERAC's recommendation of 7.15% so that we can stay going in the direction that everybody else is heading but I also don't have a problem picking the lowest annual increase in the budget because I don't want to see the retirement appropriation become a burden on the rest of the city services. Chuck noted that our fully funding date is 2033 if I'm correct which does give us some years down the road if we ever need to push it out to give us some relief in the funding schedule. In the past the board has set a pretty aggressive full funding date to your benefit we could push it out a year or two. It is not something you would particularly want to do but it is better than putting an undue burden on the city. Bryant states he appreciates those sentiments but part of the balance that we try to do in the Treasury Department is to look at how reasonably aggressive we can get and what we can reasonably commit to in an effort to have the rating companies like Standard & Poors and Moody's look at us as being aggressive by paying down this unfunded liability. So Bryant hesitates to adjust the funding schedule and draw it out anymore because that can be seen as kicking the can down the road a little bit more so there really is a balance there. As I look at these schedules is that the sweet spot in these alternatives is number 2 where we have reduced the discount rate down to 7.15% and we increased the annual percentage increase to 4.50% from 4.45% and in doing that we are able to maintain the liquidation date that we had in our previous valuation so there is no adjustment there. And if you look at the annual contributions for the next two years which is really all we are talking about here is the next two years until we re-evaluate it is only about \$10,000 more per year to kind of stay the course and I think that is a small price to pay because the city has enjoyed pretty regularly bond ratings increases and the result of that has been far more than \$10,000. Bryant would like to make the recommendation that the Board commit to Alternative 2. Carol agreed that his recommendation makes perfect sense and she would second that motion.

Chuck also stated that he was comfortable voting for Alternative 2. A motion was made by Bryant Ayles and seconded by Carol Augulewicz to approve Alternative 2 of the PERAC 1/1/2020 Actuarial Valuation and the administrator will inform PERAC. On a Roll Call Vote: Rick Pierce – Yes, Carol Augulewicz – Yes, Bryant Ayles – Yes, Chuck Kostro – Yes, Vote 4 to 0 in favor.

OPEB: Bryant Ayles stated the only minor update that he has is that they have gotten all the information to the Actuaries KMS out of New Hampshire and right now they are just crunching the numbers and they will get the required reporting to Powers & Sullivan to include in our annual financial statement and I will also share that report with the board.

A motion was made by Chuck Kostro and seconded by Bryant Ayles to accept the Minutes of the August 31, 2020 meeting. On a Roll Call Vote: Rick Pierce – Yes, Carol Augulewicz – Yes, Bryant Ayles – Yes, Chuck Kostro – Yes, Vote 4 to 0 in favor.

A motion was made by Carol Augulewicz and seconded by Bryant Ayles to approve the Superannuation Retirement Barbara Tuttle – Paraprofessional – 23 years 3 months of creditable service – Option A – September 25, 2020. Barbara initiated her creditable service Carol asked the administrator if there was someone else on a previously sent agenda and the administrator stated yes Lora Bassett but in finalizing the agenda found that the Board had voted in August on that retirement. On a Roll Call Vote: Rick Pierce – Yes, Carol Augulewicz – Yes, Bryant Ayles – Yes, Chuck Kostro – Yes, Vote 4 to 0 in favor.

A motion was made by Bryant Ayles and seconded by Chuck Kostro to transfer the funds of Diane Gallant – School Dept. – 7 years and 11 months to Newburyport Retirement Board. On a Roll Call Vote: Rick Pierce – Yes, Carol Augulewicz – Yes, Bryant Ayles – Yes, Chuck Kostro – Yes, Vote 4 to 0 in favor.

A motion was made by Carol Augulewicz and seconded by Chuck Kostro for reviewing the June 2020 Trial Balance, Cash Receipts, Cash Disbursement, Adjusting Journal Entries and Cash Reconciliation and Bank Statements and approving them. Chuck asked the administrator that he notice two \$5000 entries on the cash reconciliation and would like to know what they represented and the administrator informed him that they were for W/C lump sum settlements for two disabled retirees. On a Roll Call Vote: Rick Pierce – Yes, Carol Augulewicz – Yes, Bryant Ayles – Yes, Chuck Kostro – Yes, Vote 4 to 0 in favor.

There was no wire transfer needed this month.

A motion was made by Carol Augulewicz and seconded by Chuck Kostro to approve the monthly warrants of \$1,384,892.97. On a Roll Call Vote: Rick Pierce – Yes, Carol Augulewicz – Yes, Bryant Ayles – Yes, Chuck Kostro – Yes, Vote 4 to 0 in favor.

The Chairman informed the Board of the ELECTION SCHEDULE: Notice of Election went out 9/4/20, Deadline for filing nomination papers: 10/26/20, Mailing Ballot by 11/20/20 and the Election Day will be 12/10/20 with ballots being in by 4:30 pm and the counting to start at 5 pm. Announcement will be on 12/14/20.

OLD BUSINESS: None

NEW BUSINESS: None

The Board Members discussed the Distributed Items: PERAC Memo #27/2020 – Regular Compensation and Creditable Service Status of Certain Leaves, PERAC Memo #28/2020 – Tobacco Company List, Open Meeting Law Checklist, PRIM Board Meeting (Remotely) Wednesday – September 9, 2020 at 9:30 am, MACRS Back from Hiatus Go Vote, MACRS Presents Virtual legal Panel, September 3rd, MACRS Our Annual Meeting, MACRS Join Us Tomorrow at the Virtual Emerging Issues Form, MACRS Reminder: Virtual Emerging Issues Forum is this Thursday, MACRS – Join us for today's big meeting, Michael Sacco letter to Powers & Sullivan.

The next Board Meeting will be held on October 29, 2020, at 6:00 p.m.

As there is no further business to come before the Beverly Retirement Board the meeting was adjourned at 6:31 p.m. on a motion made by Chuck Kostro and seconded by Bryant Ayles. On a Roll Call Vote: Rick Pierce – Yes, Carol Augulewicz – Yes, Bryant Ayles – Yes, Chuck Kostro - Yes. Vote 4 to 0 in favor.

Respectfully submitted,

Barbara Wells,
Administrator

Carol Augulewicz, Ex Officio

Bryant Ayles, Appointed Member

Richard Pierce, Elected Member – Chairman

Charles E. Kostro, Fifth Member

Kevin Smith, Elected Member