BOARD OF TRUSTEES
Division of Public Works Retirement System
Meeting Minutes
September 27, 2016

A meeting of the Board of Trustees, Public Works Retirement System was held at 11:30 a.m. on Tuesday, September 27, 2016 in the Large Conference Room located at 9 Riverside Street. Chairman, Frank Anderson presided.

Trustees Present: Frank Anderson, Mayoral Appointee
Paul Bergeron, BPW Commissioner Representative
Ben Bausha, Employee Member
Kathie Berube, Employee Member
Michael O'Brien, Aldermanic Liaison

Trustees Absent: None

Others in Attendance: David Fredette, City Treasurer
Lucien Roy, Retiree
Dory Clarke, Deputy Corporation Counsel
Ted Sullivan, Fleet Foreman
Mary Woods, Administrative Assistant

Expected Visitors:

None

Minutes of the Meeting:

The minutes of the August 30, 2016 meeting were presented for review and acceptance.

MOTION BY: Trustee, Michael O'Brien moved to accept, place on file, and approve the minutes of the August 30, 2016.
SECONDED BY: Trustee, Kathie Berube
MOTION CARRIED: Unanimously
DISCUSSION: Trustee, Michael O'Brien wanted to mention that in Mr. Anderson's absence last month, Trustee Kathie Berube did a great job in running the Trustee Meeting. Trustee Anderson thanked Trustee Berube for stepping in to take charge of the meeting.

Personnel:

The resignation of Ms. Carol Maxfield was presented to the Trustees effective September 2, 2016, after 3.71 yrs. of service. She worked for the Solid Waste Department.

MOTION BY: Trustee, Ben Bausha moved to approve the Lump Sum Option for Ms. Carol Maxfield.
SECONDED BY: Trustee, Michael O'Brien
MOTION CARRIED: Unanimously
DISCUSSION: Trustee O'Brien asked when an employee transfers their money from our account to another account; do they get any additional monies? Mr. Anderson said that they get their money plus 4% interest to roll over into another account if they so choose.

Old Business:

Mr. Ted Sullivan, current DPW employee, came to the meeting for an update on the question of "earned time pension reduction at the time of retirement". Trustee Anderson said the question is why, when you retire, the vacation that you have saved up that you want to get paid for (after you have left the employment of the City) are the pension contributions still taken out. Mr. Fredette said that for AFSME employees, they get paid for "vacation and sick time" whereas with the UAW your pension deduction gets taken out of just "earned time". Mr. Sullivan clarified that he can use that as vacation or sick but the pension payments only come out of earned time. Mr. Sullivan wants to know, "who benefits from pension payments being taken out of his earned time"? Does the fund need that extra money to survive? Mr. Sullivan said he believed he was getting his 10 extra weeks earned time without those "pension deductions". Mr. Fredette said that the information in the pension booklet represents the ordinance. Trustee Anderson thought the real issue was the question "is this the appropriate way to handle something like this". Trustee Anderson thinks this is "Pension Law".

Ms. Dory Clarke from the Legal Department tried to clarify the question by saying that the ordinances don't go into a lot of detail but they say that your deductions are a percentage of your salary or wages and they say that there is a standard weekly deduction. She said she looked at what the practice has been (as far back as they could see) and found that if you leave (resign or retire) either as a merit, ASFSME or UAW, you are entitled to your vacation or earned time. Because your vacation is considered part of your salary a deduction is taken. If you take it during the course of your employment or at the end of your employment its part of your regular salary. In terms of sick time, or in UAW, members are able to put time in a "sick bank", in the contracts there are some negotiations for payments if you resign you get some of your sick leave pool. In some of the contracts, there have been negotiations that they have not been taking payments out of some of those because you are not entitled to those under State law. She thinks it's just a long standing interpretation of what a "regular salary or wage is". She thinks it could be changed. She recommends that if you wanted to change it, you would want to ascertain what the financial impact on the plan would be and make sure that payroll could implement it and what an appropriate effective date would be so that all members would be treated consistently. Mr. Sullivan said that what that means to him is that "it isn't something that has to be

done". Ms. Clarke responded that "no, it is something in the structure of the system". The board could vote to change it if they wanted to. She hopes that it is viewed as part of regular salary or wages. Trustee Anderson said he interprets it as that if an employee has 10 weeks of vacation and takes it a little bit at a time, it would be taken out at the standard rate. The issue is that if someone has the same 10 weeks of vacation/earned, that has not used it and is getting paid for it when they retire, why is the pension deduction coming out then when they are no longer employed.

Trustee O'Brien wanted to bring up that other counterparts in the City within the NH Retirement System say that your last paycheck is for any sick or vacation time you pay into the pension system. He had a question for Ms. Clarke, "if we change this, what is our liability to the people that this has happened to in the past"? He suggested that maybe we should make the beneficiaries completely understand this going forward. Mr. Sullivan said that if two people worked the same amount of time but one had saved his earned time, this person has to put in more money into the pension plan. Mr. Anderson said that you are still getting paid your salary. Mr. Fredette said that part of the problem he thinks is that when this ordinance went into effect, there was no "earned time" everyone got "vacation time". Mr. O'Brien pointed out that there are some financial benefits to staying employed unless you want to negotiate an escalator. Mr. Anderson said that it is still a paycheck. Trustee Bergeron said he agrees with Mr. Sullivan but said that it still is a "paycheck". The benefit is that it is "benefitting" the plan as a whole. But it's benefitting everyone in the plan. If we did decide to eliminate the deduction how do we attempt to go back and adjust that? Trustee Anderson wanted to understand Mr. Sullivan's point but wanted to note that he wouldn't be the same as the person who started the same day is that you are getting "paid" for your earned time. You have the cash in your pocket. Trustee Bergeron said that right or wrong the Board is here to strengthen the plan, not to take anything away from anyone. Mr. O'Brien wanted to ask Mr. Sullivan as a query to his question, "Are you asking that your lump sum be included in your last paycheck"? Mr. Sullivan said no he understands that this is not included in your last paycheck and that an earned time check is totally separate. It is not a payroll check, it is a check for the time he earned while working and chose not to take. His understanding was that it would mean 100% of his earned time dollars (minus deductions). Trustee Anderson wants to make sure from a legal standpoint that this isn't illegal to do and to clarify that this is not something this board decided to do, it is an ordinance. Ms. Clarke said that it has been a long standing interpretation of what regular salary or wages are. Mr. Sullivan asked if this was the first time this question has come up and Mr. Fredette said the question has been asked before but thinks because most people don't have as much earned time as Mr. Sullivan has for a payout, that it has never been an issue. Trustee Anderson wanted to know what the employee handbook says; do we need to clarify this. Also, he would like to ask Hooker & Holcombe or RBC what the effect to the plan is and also are we unique as far as municipalities go with this situation. Trustee O'Brien asked, "Should this have been more of an issue with the Union as a negotiable item"? Attorney Clarke responded that no, she doesn't believe so since all the members of the Public Works Division are required to participate in the Public Works Retirement System. This board of trustees is in charge of the rules, so as a board they would be required to make any changes to both Merit and Union Employees. Trustee Anderson would like to get more clarity. Mr. Sullivan started to poll employees and they have no idea what he was talking about. It's not until you go to retire do you realize the issue. If there are no changes, Mr. Anderson said that there needs to be changes to the handbook either way.

Regarding the question on Medicare Deductions, the law is that if you were an employee with the City prior to April, 1986 you were not required to pay into Medicare

and there was no choice given. There used to be stipends of $25/week given if the employee chose not take the medical benefits. Mr. Fredette said this is an IRS issue and we have approximately 12 employees that this affects.

New Business:

Approval of the current disbursement of funds for the period of August 1, 2016, thru August 31, 2016 in the amount of $242,810.95 was presented to the Board. The Trustees reviewed the detail.

MOTION BY: Trustee, Paul Bergeron moved to approve the current disbursement of funds for the period of August 1, 2016, thru August 31, 2016 in the amount of $242,810.95.
SECONDED BY: Trustee, Ben Bausha
MOTION CARRIED: Unanimously
DISCUSSION:

Possible draft of GASB 67/68 disclosure report. Mr. Fredette said by November 15th we should have the Actuarial Report. The GASB 67/68 is different than the Actuarial Report. Hooker & Holcombe will provide this as the two year Actuarial Report.

Trustee Bergeron asked what the fund balance was to which Mr. Fredette said he believes it is in the mid 80's. Trustee Anderson said that he thinks we are pretty solid if we are in the mid 80's.

Period for Public Comment:

Mr. Lucien Roy brought a copy of an overview of an Annual Report from 1997-1999. Mr. Fredette said that we will be doing another one for employees with an overview of what happened during the year and on the back what is in the fund. Mr. Roy said it would be nice to know where the fund is for all the retirees. Trustee Bausha asked if this should be done on a yearly basis and Mr. Fredette responded yes, it should.

Items by the Trustees:

None

Next meeting is set for Tuesday, October 25, 2016.

MOTION TO ADJOURN: Trustee, Frank Anderson moved to adjourn at 12:26 pm.
SECONDED BY: Trustee, Kathie Berube
MOTION CARRIED: Unanimously

Minutes Transcribed by: Mary Woods