

SALEM RETIREMENT BOARD
OPEN SESSION MEETING MINUTES
SEPTEMBER 26, 2023
12:00 P.M.

In attendance at this regular meeting of the Salem Retirement Board (“the Board”), via Teams webinar, were Anna E. Freedman (Chair) Robert W. Callahan, Sarah M. Hayes, Lisa J.B. Peterson, and Matt Veno. Also in attendance were Board Attorneys Tom Gibson and Gerald McDonough, ADR applicant Patrick Hagen and his attorney Dan Napolitano, Attorney Judson Pierce representing ADR applicant Charles Jeffery, as well as Deputy Director Jamie Godjikian and Executive Director Paul Findlen.
Absent: Matt Veno

Remote Participation Announcement

Ms. Freedman announced that, “pursuant to Governor Baker’s March 12, 2020 Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, §20, and the passage of Section 4 of Chapter 107 of the Acts of 2022 on July 16, which includes an extension, until March 31, 2025, as amended by the passage of Chapter 2 of the Acts of 2023, of the remote meeting provisions of his March 12, 2020, Executive Order Suspending Certain Provisions of the Open Meeting Law, this meeting of the Salem Contributory Retirement Board is being conducted via remote participation. No in-person attendance of members of the public will be permitted, but every effort will be made to ensure that the public can adequately access the proceedings as provided for in the Order. Persons who would like to listen or view this meeting while in progress may do so by visiting <https://microsoft.com/microsoftteams>, entering meeting ID # ‘274 380 915 214’ as directed on the webpage, and clicking ‘Join’. Follow the on-screen instructions to join the meeting. You can also dial a toll-free phone number at 1-872-212-4377 to join the meeting. When prompted, enter Phone Conference ID # ‘255 733 452#’ and then follow the instructions to join the meeting. All votes taken by this body shall be by roll call vote. To offer public comment, participants may click the ‘Raise Hand’ button or, if on the phone, may press *5 to raise their hand to speak.”

V. Regular Matters of Business (taken out of order)

Monthly Warrants

On a motion made by Mr. Callahan and seconded by Ms. Hayes, the Board voted by roll call: Mr. Callahan, yes, Ms. Freedman, yes, Ms. Hayes, yes, to approve the September Cash Disbursements as submitted.

Applications to Purchase Service

There were no applications to purchase service that required the Board’s attention.

Recent Enrollments

All recent new enrollments for the month of September will be reviewed at the October regular meeting of the Board.

Benefit Calculation Results

All benefit calculation results for the month of September were reviewed. On a motion made by Mr. Callahan and seconded by Ms. Hayes, the Board voted by roll call: Mr. Callahan, yes, Ms. Freedman, yes, Ms. Hayes, yes, to approve the September benefit calculation results for James F. Johnson; Michael P. Levesque; Edward S. Vaillancourt; Jonathan S. Bedard; Victor Ruiz Jr.; Daniel Saffer; Anne Linger; and Delinda L. Dell’Orfano.

Ms. Peterson joined the meeting at approximately 12:15 p.m.

Meeting Minutes

The minutes of the previous Board meeting, held on August 30, 2023, were reviewed. On a motion made by Mr. Callahan and seconded by Ms. Hayes, the Board voted by roll call: Mr. Callahan, yes, Ms. Freedman, yes, Ms. Hayes, yes, Ms. Peterson, yes, to approve the August regular meeting minutes as amended.

VI. Treasurer’s Report (taken out of order)

The Board will review the August reconciliation at the October meeting of the Board.

Attorney Gibson joined the meeting at approximately 12:18 p.m.

III. Electronic Signatures

Attorney McDonough gave the Board an overview of the Supplemental Regulation on Electronic Signatures. Attorney McDonough noted that, if the regulation were accepted, “the board is not obligated to accept electronic signatures from anyone at any time”, and that “it’s up to the board to decide when and for what reasons and who should be allowed to submit something with an electronic signature”. Mr. Callahan asked if the Board were to start off only authorizing electronic signatures in certain instances, and then wanted to expand the use of electronic signatures, would the expanded use of electronic signatures need to be approved by PERAC. Attorney Gibson indicated that the expanded use of electronic signatures would need to be approved by PERAC, as the regulatory authority. On a motion made by Mr. Callahan and seconded by Ms. Freedman, the Board voted by roll call: Mr. Callahan, yes, Ms. Freedman, yes, Ms. Hayes, yes, Ms. Peterson, yes, to continue this discussion at a later meeting.

I. Executive Session (taken out of order)

On a motion made by Ms. Hayes and seconded by Mr. Callahan, the Board voted by roll call to enter into Executive Session under Purpose 7 of the Open Meeting Law and in compliance with exemption (c) of the Public Records Law (G.L. c. 4, s. 7(26)(c)) exempting personnel and medical files or information and other materials or data relating to a specifically named individual, the disclosure of which may constitute an unwarranted invasion of personal privacy. On roll call, the vote was as follows:

VOTED:	Robert W. Callahan	Yes
	Chair Anna E. Freedman	Yes
	Sarah M. Hayes	Yes
	Lisa J.B. Peterson	Yes

At approximately 12:23 p.m. the Board went into Executive Session. The Chair stated that the Board would return to Open Session.

At approximately 12:47 p.m. the Board reconvened in Open Session and the Chair announced the Board's actions during Executive Session on the following items:

ACCIDENTAL DISABILITY RETIREMENT

1. Patrick S. Hagen

The Board reviewed an application for Accidental Disability Retirement benefits submitted on behalf of Patrick S. Hagen, Facilities Foreman for the South Essex Sewerage District, along with a statement submitted by Mr. Hagen's employer, an official job description, a statement submitted by Mr. Hagen's treating physician, as well as an injury report and various medical records. The Board also reviewed the medical panel results submitted on behalf of Mr. Hagen. Attorney Gibson provided the Board with his recommendation. On a motion made by Ms. Peterson and seconded by Ms. Hayes, to accept the medical panel certifications submitted on behalf of Patrick S. Hagen, Facilities Foreman for the South Essex Sewerage District, and approve the application for Accidental Disability Retirement, the roll call vote was as follows:

VOTED:	Robert W. Callahan	Yes
	Anna E. Freedman	Yes
	Sarah M. Hayes	Yes
	Lisa J.B. Peterson	Yes

Attorney Napolitano and Mr. Hagen left the meeting at approximately 12:35 p.m.

2. Charles Jeffery

The Board reviewed an application for Accidental Disability Retirement benefits submitted on behalf of Charles Jeffery, Junior Building Custodian for the City of Salem School Department, along with a statement submitted by Mr. Jeffery's employer, an official job description, a statement submitted by Mr. Jeffery's treating physician, as well as an injury report and various medical records. Attorney Gibson provided the Board with his recommendation. On a motion made by Mr. Callahan and seconded by Ms. Peterson, to accept the application submitted on behalf of Charles Jeffery, Junior Building Custodian for the City of Salem School Department and petition PERAC to appoint a regional medical panel, the roll call vote was as follows:

VOTED:	Robert W. Callahan	Yes
	Anna E. Freedman	Yes
	Sarah M. Hayes	Yes
	Lisa J.B. Peterson	Yes

Attorney Pierce left the meeting at approximately 12:47 p.m.

IV. Legal Update (taken out of order)

Attorney Gibson informed the Board that Mr. Usovicz would be appealing the decision handed down by DALA, which DALA affirmed the Board's decision to deny Mr. Usovicz request to be awarded service credit under the "year for a day" rule, which had been subsequently eliminated prior to Mr. Usovicz's application for retirement benefits. Mr. Usovicz's appeal will now be heard by CRAB. If CRAB affirms DALA's decision and Mr. Usovicz then appeals that decision, the appeal would be heard by the Superior Court. Attorney McDonough updated the Board on the potential changes to the purchases of military service under section 4(1)(h), as a result of the *Gouck v State Board of Retirement* CR-19-0311 decision. Attorney McDonough reported that DALA's decision reinterprets the timeline in which a veteran must purchase up to four years of their prior military service. The previous interpretation was that a veteran had 180 days from the time they were notified by their retirement board of their eligibility to purchase their prior military service in which to purchase or enter into an agreement to purchase their military service. DALA's decision asserts that the veteran has 180 days from the time they were notified by their retirement board once they have been vested. In *Gouck v State Board of Retirement* CR-19-0311, the State Board had sent notice to Mr. Gouck after he had accrued six years of service credit. DALA opined that the 180-day clock did not start at that point, because Mr. Gouck was not yet vested at the time the notification was sent to him. Attorney Gibson also updated the Board on some of the technical changes to the process for members applying for ADR benefits on the basis of PTSD. These changes appear to indicate that an incident report does not constitute an injury report and that an injury report must be made in order to file a complete application for ADR benefits on that basis. Attorney Gibson also informed the Board of PERAC Executive Director John Parsons announcement of his plans to retire in March of 2024.

II. Software Vendor Review (taken out of order)

Mr. Findlen provided background on the evolution of the public pension software market in Massachusetts, leading up to the current environment in which PTG has emerged as the lone competitor among municipal and regional retirement boards. Mr. Findlen described the split that occurred between PTG and their software developers, HR Mecca. Mr. Findlen noted that, based on his experience and the experiences shared by other retirement systems, that "it has become quite clear to us that PTG is simply not able to provide the same level of service and the same level of support of their product that they once were." Mr. Findlen went on to say, "they have said that they are developing a new product, called Pension Pro Plus and this is sort of their 2.0 version of PTG. It's unclear as to when that will come on the market and to be honest it's been difficult to pinpoint from them what that product is going to be able to do. So, for those reasons we've taken a few meetings with Chris Wallace, as well as Paul Wallace, who seem to be the main architects of this new software." Mr. Findlen informed the Board that the SCRB staff had also taken meetings with PTG, including one on May 10th with Stephan Georgacopoulos, to address the concerns and frustrations the staff has been experiencing with PTG. Mr. Findlen reported that "we've found that even after those meetings a lot of our concerns were still not being attended to. There have been several instances where we've reached out to them looking for support and they've simply told us that they couldn't provide it." Mr. Findlen also indicated that Ms. Godjikian had solicited PTG for price quotes on their new software and was told that the quotes were not yet available. Mr. Findlen recommended to the Board that they discontinue their relationship with PTG and sign on with Bay State Pension Solutions. Mr. Callahan asked, "Attorney Gibson, do you have any take on the new company is opposed to the older company?"

Attorney Gibson replied that, "I can tell you that in my view both the spokespersons for PTG and Bay State Pension are essentially salespersons as well as perhaps hands on operators of the system. And Paul and I have had a long conversation about this and Paul actually opened my eyes to a lot of things I was not aware of. This has been an issue in other retirement systems as well." Attorney Gibson went on to say that "Paul and Jamie are the ones that have to work every day with PTG and has to work for them and it has to work for our members and beneficiaries", and that "my main concern and Jerry's concern as Board counsel is that we're not going to be in the middle of some litigation at some point in time or the subject of a correct letter or audit finding that somehow we changed providers without going through some type of fiduciary role in a competitive process." Attorney Gibson added that PTG is changing their platform and that their new product will not be ready until the first quarter of 2025, at the earliest, and that "In the meantime their service has suffered a lot. They've made some changes that brought in a new CEO and new COO. They've joined partners with another company that's supposed to give them additional funding and more money to go forward, but they do have a more national view as well as just being Massachusetts based and I think they expect to lose some customers." Attorney Gibson gave his opinion that "I think the confidentiality agreement that I reviewed last night that Paul sent to me will cover the board against any type of disclosure and there are indemnification provisions in there as well." Attorney Gibson noted that PERAC has been very vocal about the importance of conducting a competitive process when there is more than one vendor in a particular market. Attorney Gibson gave his opinion that having the proposal from Bay State Pension Solutions would satisfy that requirement because "you have a proposal from one vendor and you have either [an] existing contract or a new proposal from another vendor [and] that's something that you can look at and that's something that you can compare and that's something that you can make a decision on." Ms. Freedman asked Attorney Gibson if the process was exempt from MGL chapter 30B, to which Attorney Gibson replied that "every retirement board is expressly exempt from the Uniform Procurement Act and that is right in the statute." Ms. Freedman asked Attorney Gibson if there would be any issues with the Board discontinuing its relationship with PTG, and Attorney Gibson responded by saying that the contract with PTG lapsed in 2016, and while there was a pricing agreement that was an exhibit to that contract which extended the pricing out to 2026 and was signed by PTG, it was never signed by any SCRB members or staff. Mr. Callahan asked Mr. Findlen if he had a proposal from Bay State Pension Solutions, and Mr. Findlen indicated that he had received the proposal from Bay State Pension Solutions on September 25th. Attorney Gibson addressed Mr. Callahan and offered clarification by saying that the proposal was the formal proposal that "reduces to writing, Bob, everything that Paul and Jamie have been dealing with him over the past several months... it just reduces to writing everything that you've already discussed and talked about", the terms of which were also reflected in the Software Vendor Review memo presented to the Board. Ms. Peterson asked if more information was available on some of the other vendors listed in the memo, and Mr. Findlen clarified that the vendors were included in the memo to memorialize the process that was undertaken in conducting a competitive process. Mr. Findlen went on to say that all of the other vendors, outside of Bay State Pension Solutions and PTG, were either unable to provide a product that would satisfy the Board's needs, and were very clear about their inability to do so, or, as indicated in the memo, were quoting prices that were far outside of the scope of what could be reasonably expected. Mr. Findlen concluded that the purpose of eliminating those other vendors was done to "narrow the focus for the sake of efficiency to down to the two [vendors] that we saw as really viable options". Mr. Findlen informed the Board that, while

performing their research, the SCRB staff discovered that several other boards that are currently using PTG have been experiencing the same problems resulting from faulty service. In all these cases, the boards were told by PTG that these problems were unique to these individual boards. As Mr. Findlen pointed out, that is patently false and indicates a level of dishonesty in PTG's product support. Ms. Freedman asked what options would be available if any issues arose with Bay State Pension Solutions and the Board needed to resume its relationship with PTG. Attorney Gibson answered by saying that PTG has "indicated that they would continue service the boards who had terminated them and wish to come back." Attorney Gibson went on to note that many other systems are "facing the same issues that Salem has, and this is very healthy to have this discussion. It shows that the board is doing the right thing whether you make the right decision or wrong decision as long as you go through this process is the important thing." On a motion made by Mr. Callahan and seconded by Ms. Peterson, the Board voted by roll call: Mr. Callahan, yes, Ms. Freedman, yes, Ms. Hayes, yes, Ms. Peterson, yes, to change pension software vendors and enter into a contract with Bay State Pension Solutions.

Attorneys Gibson and McDonough left the meeting at approximately 1:58 p.m.

VII. Executive Director's Report

Mr. Findlen presented the Board with a report on all cash receipts for the month of August, as well as a trial balance for the month of August. Mr. Findlen also presented the Board with a monthly expenditure report for the month of August for the Board's review. Mr. Findlen reported that the Middlesex County Retirement Board paid their 2022 3(8)(c) invoice, which included \$152,673.56 in previously unbilled liability which was recently discovered by a staff audit of PERAC calculation approvals. This discovery will also add \$23,488.24 in annual 3(8)(c) liability billings. Mr. Findlen reported that the PRIT Core Fund experienced a loss of approximately 0.82% in the month of August, lowering the fund's return to 7.65% growth for the calendar year. On a motion made by Ms. Peterson and seconded by Ms. Hayes, the Board voted by roll call: Mr. Callahan, yes, Ms. Freedman, yes, Ms. Hayes, yes, yes, Ms. Peterson, yes, to acknowledge the Executive Director's Report.

VIII. PERAC Memos

The Board reviewed PERAC Pension News number 63, as well as other relevant recent PERAC news.

IX. Old Business

There were no old business matters that required the Board's attention.

X. New Business

The Board scheduled its next meeting of the Board for Wednesday, October 25th, at 12 p.m. On a motion made by Ms. Peterson and seconded by Mr. Callahan, the Board voted by roll call: Mr. Callahan, yes, Ms. Freedman, yes, Ms. Hayes, yes, Ms. Peterson, yes, to adjourn the meeting at 2:06 p.m.

Robert W. Callahan,

Sarah M. Hayes

Anna E. Freedman, Chair

Lisa J.B. Peterson

Documents used in SCRB Board meeting of September 26, 2023

- Agenda for September 26, 2023 SCRB Board meeting
- Open Session minutes of August 30, 2023 SCRB Board meeting
- New Member Enrollment Report
- August Cash Receipts
- August Trial Balance
- August monthly expenditure report
- PRIM August 2023 Statement
- PRIM August Performance Update
- PERAC Pension News No. 63
- Software Vendor Review Memo
- Draft Supplemental Regulation (Electronic Signatures)