

SALEM RETIREMENT BOARD
OPEN SESSION MEETING MINUTES
APRIL 15, 2025
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), Lisa J.B. Peterson, Sarah M. Hayes, Matthew Veno and Robert W. Callahan. Also in attendance were Lisa VanDermark from Segal Actuarial Consulting, Deputy Director Jamie Godjikian and Executive Director Paul Findlen

Remote Participation Announcement

Ms. Freedman announced that, “pursuant to the March 12, 2020, Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, §20, and the passage of Chapter 2 of the Acts of 2025 on March 28, which includes an extension, until June 30, 2027, 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 # ‘267 347 808 211’ 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 # ‘284 324 665#’ 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.”

I. Revised Funding Schedule

The Board reviewed and discussed the Revised Funding Schedule presented by Lisa VanDermark from Segal Actuarial Consulting. Mr. Callahan expressed his concern with decreasing the annual percentage increase and the potential impact it may have on the system becoming fully funded. Ms. Freedman commented that this would very likely be a unique circumstance, as there will be better controls going forward to ensure that funding schedule department results are provided to SCRB employers well in advance of their budgeting season. Ms. Freedman asked Ms. VanDermark for clarification as to why certain SCRB employers, such as the City of Salem and Essex Technical High School, experienced appropriation assessment increases beyond the annual percentage increase assumption established by the system’s funding schedule. Ms. VanDermark explained that each employer’s percentage of the accrued liability and normal cost is recalculated with each full valuation. The recalculation could result in each department’s accrued liability and normal cost either increasing or decreasing based on the current participant population. On a motion made by Mr. Veno and seconded by Mr. Callahan, the Board voted by roll call: Ms. Hayes, yes, Mr. Callahan, yes, Ms. Peterson, yes, Mr. Veno, yes, Ms. Freedman, yes, to approve the Revised Funding Schedule.

Ms. VanDermak left the meeting at approximately 12:43pm

II. Scheduling of FY2026 COLA Vote

The Board discussed the scheduling of the FY2026 COLA Vote, and the compliance requirements set forth by M.G.L. Chapter 32, ss. 103(c) and (i). On a motion made by Mr. Callahan and seconded by Mr. Veno, the Board voted by roll call: Ms. Hayes, yes, Mr. Callahan, yes, Ms. Peterson, yes, Mr. Veno, yes, Ms. Freedman, yes, to schedule the FY2026 COLA vote for the May regular meeting of the Board, to be held on Wednesday, May 28th, 2025, and that proper notice be sent to City Council.

III. 4(2)(b) Reserve Service

Mr. Findlen gave the Board a brief history of the service that has been awarded to members under Section 4(2)(b) of Chapter 32. Mr. Findlen offered his opinion regarding Section 4(2)(b) service by saying that there is a strong argument to be made that the reason that Section 4(2)(b) is silent on a payment structure for purchasing reserve police and firefighter service is because the original intent was to award this service at no cost to members who are subsequently appointed to a police or fire department. Mr. Findlen noted that sections of Chapter 32 that were codified contemporaneously with Section 4(2)(b), such as Section 4(2)(c), were explicit in prescribing a methodology for devising a payment structure to allow for the award of service credit for other types of prior non-membership service, which seems to suggest that a payment mechanism was intentionally omitted from Section 4(2)(b). Mr. Findlen also expressed his opinion that the lack of clear logic guiding the decision to introduce a payment structure to Section 4(2)(b) and the uncertainty created by the back-and-forth interpretation of the statute may contribute to an erosion of trust. Mr. Findlen noted that the members of the retirement system have contributed to the system in good faith and may understandably take the point of view that tone deaf decisions are being made behind closed doors that directly affect the lives and well-being of the system's members. Mr. Findlen provided an overview of the court decisions that have impacted the manner in which retirement boards may award service credit for reserve police and firefighter service, beginning with 2013, in which the Contributory Retirement Appeal Board (CRAB) ruled in *MacAloney v. Worcester Regional Retirement Board and PERAC*, CR-11-19 (CRAB 2013), that contributions were required in order for service as a call firefighter or reserve police officer to be credited under Section 4(2)(b) of Chapter 32. CRAB's decision determined that such members could be entitled to up to five years of creditable service, but the cost to purchase said service would be equal to the amount that would have been withheld for each year as retirement deductions from any compensation received while employed as a call fire fighter or reserve police officer. As a result of the *MacAloney* decision, PERAC issued Memo #22/2013, which determined that members who were granted creditable service for call fire fighter or police reserve service under Section 4(2)(b) and who were not retired as of June 21, 2013, were now required to pay the retirement contributions for the creditable service, including service that was previously granted. PERAC established a hypothetical \$3,000 annual payment for years where no services were rendered and ordered all retirement boards to seek contributions from members for said creditable service. Based on two CRAB decisions handed down in 2016 in the cases of *Grimes v. Malden Ret. Bd. & PERAC*, CR-15-5 (CRAB 2016) and *Gomes v. Plymouth Ret. Bd. & PERAC*, CR-14-127 (CRAB 2016), PERAC issued Memo #29/2016, in which PERAC instructed retirement boards to return any payments made by members who purchased uncompensated 4(2)(b) service using the "hypothetical \$3,000" method. Boards were instructed to charge members who were compensated for their service, but to charge them only based on their actual earnings and to award full years of service, regardless

of how much they received in compensation. Then, in 2019, the Supreme Judicial Court affirmed in *Gomes* (Plymouth Retirement Board v. CRAB and PERAC, 483 Mass. 600 (2019)), that members are required to pay retirement contributions to purchase such service and, further, in order to obtain a full year of creditable service subsequent to July 1, 2009, such members had to receive compensation of no less than \$5,000 per year, pursuant to Section 4(1)(o) of Chapter 32. Following *Gomes*, PERAC issued Memo #11/2020 on February 11, 2020, which advised all retirement boards, in pertinent part, to: “identify all active members who have been awarded Section 4(2)(b) service, verify that the members have paid for such service, and make sure that all service awarded after June 30, 2009, was the result of a member having received at least \$5,000 in payment for a calendar year.” PERAC further advised that: “[i]f the active member paid for compensated service which no longer qualifies because of the ‘Under \$5,000 Rule,’ all contributions should be returned to the member, without interest. ... All creditable service for such time must be removed.” In PERAC Memo #38/2020, dated December 21, 2020, PERAC provided further clarification to retirement boards, in pertinent part: “if a person is ineligible for Section 4(2)(b) service, he or she may still be eligible to buy back such prior service on a prorated, or day for day basis, depending upon the rules of a given retirement board.” Mr. Findlen indicated that Attorney Gibson had conferred with PERAC and determined that the only way in which members could protect 4(2)(b) service credit that had been vacated as a result of the *Gomes* decision would be through a Home Rule petition, such as the one that had been granted to the members of the Revere Retirement Board, via Chapter 298 of the Acts of 2022. Mr. Findlen clarified that, while the Board may not file a home rule petition, the Board may wish to seek a way to support the petition in order to remedy this situation. Mr. Callahan suggested that the Board consider not adopting PERAC’s recommendation as a way for the Board to show support for its members and their 4(2)(b) service credit. On a motion made by Mr. Callahan and seconded by Mr. Veno, the Board voted by roll call: Ms. Hayes, yes, Mr. Callahan, yes, Ms. Peterson, yes, Mr. Veno, yes, Ms. Freedman, yes, to table a vote on accepting PERAC’s recommendation to vacate Section 4(2)(b) service for those members affected by the *Gomes* decision.

IV. Regular Matters of Business

Meeting Minutes

The minutes of the previous regular Board meeting, held on March 26, 2025, were reviewed. On a motion made by Ms. Hayes and seconded by Mr. Callahan, the Board voted by roll call: Mr. Callahan, yes, Ms. Freedman, yes, Ms. Hayes, yes, Ms. Peterson, yes, Mr. Veno, yes, to approve the March regular meeting minutes as submitted.

Executive Session Minutes

The minutes of the Executive Session, held on October 30, 2024, were reviewed. On a motion made by Mr. Callahan and seconded by Ms. Hayes, the Board voted by roll call: Mr. Callahan, yes, Ms. Hayes, yes, Ms. Peterson, yes, Ms. Freedman, yes, Mr. Veno, yes, to approve the October Executive Session minutes as submitted.

Executive Session Minutes

The minutes of the Executive Session, held on November 20, 2024, were reviewed. On a motion made by Mr. Callahan and seconded by Ms. Hayes, the Board voted by roll call: Mr. Callahan,

yes, Ms. Hayes, yes, Ms. Peterson, yes, Ms. Freedman, yes, Mr. Veno, yes, to approve the November Executive Session minutes as submitted.

Recent Enrollments

The recent new enrollments were reviewed and acknowledged by the Board.

Member Deaths

All recent deaths were reviewed and acknowledged by the Board.

Service Purchases

The Board reviewed applications to purchase military service, pursuant to M.G.L. c. 32 § 4(1)(h), submitted on behalf of Gerard Frechette and Robert Monk. On a motion made by Mr. Callahan and seconded by Ms. Hayes, the Board voted by roll call: Mr. Callahan, yes, Ms. Hayes, yes, Mr. Veno, yes, Ms. Peterson, yes, Ms. Freedman, yes, to approve the applications as submitted.

V. Treasurers report

Mr. Findlen presented the Board with the March cash reconciliation report. On a motion made by Ms. Hayes and seconded by Mr. Callahan, the Board voted by roll call: Mr. Callahan, yes, Ms. Hayes, yes, Ms. Freedman, yes, Mr. Veno, yes, Ms. Peterson, yes, to acknowledge the Treasurer's report.

VI. Executive Director's Report

Mr. Findlen presented the Board with a report on all cash receipts for the month of March and a monthly expenditure report for the month of March. Mr. Findlen noted that there are only three outstanding 3(8)(c) reimbursement payments for calendar year 2024, and that those are expected to be submitted by the State, Boston, and Melrose retirement boards. Mr. Findlen presented the Board with a monthly expenditure report for the month of March. On a motion made by Mr. Veno and seconded by Ms. Peterson, the Board voted by roll call: Mr. Callahan, yes, Ms. Hayes, yes, Ms. Peterson, yes, Mr. Veno, yes, Ms. Freedman, yes, to acknowledge the Executive Director's Report.

VII. PERAC Memos

The Board reviewed and discussed PERAC memos 12 and 13.

VIII. 2024 Annual Statement

Mr. Findlen presented the Board with the 2024 Annual Statement of the Financial Condition of the Salem Contributory Retirement Board. Mr. Findlen briefly outlined the methodology used to perform the annual statement balance tests and gave the Board an overview of the accounting procedures used to account for the activity that takes place within each fund from year to year. Mr. Findlen gave a brief explanation of the six funds that represent the total assets of the SCRB, and the manner in which they are impacted by the Board's disbursements and receipts. Mr. Findlen also noted the relationship between the Expense Fund Disbursements account and the SCRB's operating budget. Mr. Findlen noted the continued growth to the 3(8)(c) Reimbursements from Other Systems received by the Board over the last two calendar years, since the re-organization of the SCRB office. On a motion made by Mr. Callahan and seconded

by Mr. Veno, the Board voted by roll call: Ms. Hayes, yes, Mr. Callahan, yes, Ms. Peterson, yes, Mr. Veno, yes, Ms. Freedman, yes, to accept the 2024 Annual Statement of the Financial Condition of the Salem Contributory Retirement Board.

IX. Old Business

There were no old business matters to discuss.

X. New Business

The Board discussed the scheduling of its next regular meeting. On a motion made by Mr. Veno and seconded by Mr. Callahan which will be held on Wednesday, May 28, 2025, at 12:00 p.m. On a motion made by Mr. Veno and second by Mr. Callahan, the Board voted by roll call: Ms. Hayes, yes, Ms. Peterson, yes, Mr. Veno, yes, Mr. Callahan, yes, Ms. Freedman, yes, to adjourn the meeting at 1:48 p.m.

Anna E. Freedman, Chair

Lisa J.B. Peterson

Robert W. Callahan

Sarah M. Hayes

Matt Veno

- Agenda for April 15, 2025, SCRB Board meeting
- March 26, 2025, Minutes
- October 30, 2024, Executive Session Minutes
- November 20, 2024, Executive Session Minutes
- March Cash Disbursements
- March Refund, Roll Over and Transfer Warrant
- New Enrollments
- Deceased Report
- 4(1)(h) MIL SCP for G. Frechette
- 4(1)(h) MIL SCP for R. Monk
- March Cash Reconciliation
- March Cash Receipts
- March Trial Balance
- March monthly expenditure report
- PRIM Board Update
- PERAC Memo 12.2025
- PERAC Memo 13.2025
- SCRB Revised Funding Schedule