

SALEM RETIREMENT BOARD  
OPEN SESSION MEETING MINUTES  
JULY 27, 2016  
12:00 P.M.

**I. Regular Matters of Business**

In attendance at this regular meeting of the Salem Retirement Board (“the Board”) were Sarah A. Stanton (Chair), Sarah M. Hayes, and Robert T. Lutts

Also in attendance were Kathy Riley, Anthony J. Mento, Board Treasurer Kathleen McMahon, and Executive Director Paul Findlen

Absent: Dominick Pangallo

The meeting was called to order at approximately 12:03 p.m.

Meeting Minutes

The minutes of the previous Board meeting, held on July 7, 2016, were reviewed and, on a motion made by Mr. Lutts and seconded by Ms. Hayes, the Board voted 3-0 to approve the June meeting minutes as submitted.

Warrants

The warrants for the month of July were reviewed and, on a motion made by Ms. Hayes and seconded by Mr. Lutts, the Board voted 3-0 to approve the July warrants as submitted.

Applications to Purchase Service

The Board reviewed applications to purchase service submitted on behalf of Kevin J. McDonnell, Robert C. Monk, and Jessica D. Rondinelli, all of whom applied to purchase service pursuant to M.G.L. c. 32 § 4(2)(b). On a motion made by Ms. Hayes and seconded by Mr. Lutts, the Board voted 3-0 to approve all applications to purchase service.

Benefit Calculations

All benefit calculations for the month of July were reviewed. The Board voted 3-0 to acknowledge the July retirements as submitted.

Recent Enrollments

All recent new enrollments were reviewed. The Board voted 3-0 to acknowledge the new enrollments as submitted.

**II. Treasurer’s Report**

Board Treasurer, Kathleen McMahon, presented a comprehensive report on the monthly reconciliation performed by the Board Treasurer on behalf of the Board. The Board reviewed the reconciliation report for the month of June. Ms. McMahon noted the recurrence of Vance Hardwick’s repayment to the SCRB, as well as the monthly repayments made on behalf of Daniel McMahon, which will commence as of the July benefits payroll. On a motion made by Ms. Hayes and seconded by Mr. Lutts, the Board voted 3-0 to accept the Treasurer’s Report as submitted.

### **III. Executive Director's Report**

Mr. Findlen presented the Board with a report on all cash receipts for the month of June, as well as a trial balance for the month of Jun for the Board's review. Mr. Findlen also presented the Board with a monthly expenditure report for the month of June, as well as a report of all adjusting journal entries for the second quarter of 2016. Mr. Findlen reported on the growth experienced by the PRIT Fund in the month of June. According to PRIM's update, the "PRIT Fund returned 1.0%" for the month of June, raising the calendar year to date return to 3.8%. As Mr. Findlen noted, June had been marked by some uncertainty in the markets, but, as stated by PRIM, "U.S. equities ended June mostly positive because of the largest three-day rally since February 2016 after the 'Brexit' vote nearly wiped out earlier gains." On a motion made by Ms. Hayes and seconded by Mr. Lutts, the Board voted 3-0 to acknowledge the Executive Director's Report.

### **IV. PERAC Memos**

The Board reviewed and discussed PERAC memos #18, #19, and #20.

### **V. Actuarial Valuation**

Kathleen Riley, Senior Vice President and Actuary, Segal, presented a preliminary actuarial valuation to the Board. Ms. Riley explained the methodology used to arrive at the valuation results, and noted that the experience in the years since the last valuation had been generally positive. Ms. Riley discussed the changes in demographics, which were mostly attributable to the large number of transfers to the SCRB, from the Essex Regional Retirement System as the result of the Essex Tech merger. The Board was asked to consider changes to some of the actuarial assumptions, such as the expected rate of return, the adoption of newer mortality tables, and reducing the assumption for operating expenses generated by the SCRB office, as operating costs over the past three years had been lower than expected. Ms. Riley also presented the Board with several funding schedules for the Board's consideration.

At approximately 1:12 p.m., Ms. Riley excused herself from the meeting.

### **VI. Executive Session**

A motion was made by Ms. Hayes and seconded by Mr. Lutts, to enter into Executive Session in order to review applications for benefits related to disability retirement. On roll call, the vote was as follows:

VOTED:	Sarah A. Stanton	Yes
	Sarah M. Hayes	Yes
	Robert T. Lutts	Yes

At approximately 1:14 p.m. the Board went into Executive Session. The Chair stated that the Board would return to Open Session.

At approximately 1:17 p.m. the Board reconvened in Open Session and Ms. Stanton announced the Board's actions during Executive Session on the following items.

## ACCIDENTAL DISABILITY RETIREMENT

### 1. Anthony J. Mento

The Board reviewed the member's application, a treating physician's statement, the employer's statement pertaining to Mr. Mento's accidental disability application, the medical panel's report, as well as a recommendation provided to the Board by Attorney Thomas Gibson. On a motion made by Ms. Hayes and seconded by Mr. Lutts, to approve the accidental disability application filed by Anthony J. Mento, Senior Building Custodian at the City of Salem School Department, the roll call vote was as follows:

VOTED:	Sarah A. Stanton	Yes
	Sarah M. Hayes	Yes
	Robert T. Lutts	Yes

VOTED: The application of Anthony J. Mento for accidental disability retirement benefits was approved by the Board and will be forwarded to PERAC for their final review

Mr. Mento excused himself from the meeting at 1:17 p.m.

### VII. Annual Staff Review/Performance Evaluation

Mr. Findlen presented the Board with an overview of the staff's highlights and accomplishments over the past year. Mr. Findlen answered questions from the Board regarding the additional 3(8)(c) billings discovered in internal audit. The Board discussed the growth in the SCRB's membership, as well as the savings in operational expenses over the past 3 years, which had a positive impact on the actuarial valuation. On a motion made by Mr. Lutts and seconded by Ms. Hayes, the Board voted to increase SCRB staff salaries by five percent.

### VIII. Old Business

The Board continued a discussion on potential strategies to reduce the accrued unfunded liability facing the Board. The Board reviewed reports and briefs published by the Boston College Center for Retirement Research, as aides to help facilitate the discussion. The Board acknowledged the challenges facing plan funding, noting that the plan's investment portfolio performance is oftentimes the determining factor in the Board's ability to fund the plan. The Board will continue to discuss and consider efforts to address the Board's unfunded liability.

### IX. New Business

The Board scheduled the August Regular Meeting of the Board for Wednesday, August 24, 2016, at 12:00 p.m.

On a motion made by Mr. Lutts and seconded by Ms. Hayes, the Board voted 3-0 to adjourn the meeting at 1:43 p.m.

Next meeting of the Board scheduled for Wednesday, August 24, 2016, at 12:00 p.m.

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Sarah A. Stanton, Chair

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Sarah M. Hayes

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Robert T. Lutts

Documents used in SCRB Board meeting of July 27, 2016

- Agenda for July 27, 2016 SCRB Board meeting
- Open Session minutes of July 7, 2016 SCRB Board meeting
- July Cash Disbursements Warrant
- July Benefit Calculations, Transfers, and Refunds Report
- New Member Enrollment Report
- June Treasurer's Report
- June Cash Receipts
- June Trial Balance
- June monthly expenditure report
- Q2 adjustments report
- PRIT Fund reports
- PERAC memos