

SALEM RETIREMENT BOARD
OPEN SESSION MEETING MINUTES
JUNE 27, 2018
9:00 A.M.

I. Regular Matters of Business

In attendance at this regular meeting of the Salem Retirement Board (“the Board”) were Dominick Pangallo (Chair), Laurie Giardella, Sarah M. Hayes, Robert T. Lutts, and Marcia A. Pelletier. Also in attendance were Board Treasurer Kathleen McMahon, Kathy Riley and Kenneth Gordon of Segal Consulting, James E. McCarty’s attorney Susan McDonald, and Executive Director Paul Findlen.

The meeting was called to order at approximately 9:00 a.m.

Meeting Minutes

The minutes of the previous Board meeting, held on May 30, 2018, were reviewed and, on a motion made by Mr. Lutts and seconded by Ms. Pelletier, the Board voted 5-0 to approve the May meeting minutes as submitted.

Monthly Warrants

The warrants for the month of June were reviewed and, on a motion made by Ms. Hayes and seconded by Ms. Pelletier, the Board voted 5-0 to approve the June warrants as submitted.

Benefit Calculations

All benefit calculations for the month of June were reviewed and, on a motion made by Mr. Lutts and seconded by Ms. Pelletier, the Board voted 5-0 to approve the June benefit calculations as submitted.

Applications to Purchase Service

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

Recent Enrollments

All recent new enrollments were reviewed. On a motion made by Ms. Giardella and seconded by Ms. Pelletier the Board voted 5-0 to acknowledge the new enrollments as submitted.

II. Treasurer’s Report

Board Treasurer, Kathleen McMahon, presented a comprehensive report on the monthly reconciliation performed on behalf of the Board. Ms. McMahon noted that a necessary adjustment was made to the month’s beginning balance, to account for Dee-Jay Gagnon opting to receive a recent refund directly, instead of receiving it as a rollover, requiring federal taxes to be withheld on the payment. The Board reviewed the reconciliation report for the month of May. On a motion made by Mr. Lutts and seconded by Ms. Pelletier, the Board voted 5-0 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 May, as well as a trial balance for the month of May for the Board’s review. Mr. Findlen also presented the

Board with a monthly expenditure report for the month of May, a monthly report on the traffic experienced by the Board's website, and a monthly report of the Employee Self-Service portal usage. The Board reviewed a monthly statement of the SCRB's investment in the PRIT Core Fund, as well as a Summary of Plan Performance for the month of May, both of which were prepared by the MA PRIM Board. The PRIT Core Fund grew by approximately 0.31% in the month of May, resulting in net positive growth of 1.14% for the calendar year. Mr. Findlen presented the Board with a letter to that was sent out to all of the SCRB's Employer Units regarding PERAC's most recent guidance on the decision handed down in the case of *PERAC v. CRAB*, SJC No. 12331, and the impact the decision had on the definition of "regular compensation". Mr. Findlen also provided the Board with a copy of a letter from Central Plaza Condominium Trust regarding a fire that occurred June 9th fire in the building at 20 Central Street. On a motion made by Ms. Hayes and seconded by Mr. Lutts, the Board voted 5-0 to acknowledge the Executive Director's Report.

IV. PERAC Memos

The Board reviewed and briefly discussed PERAC memo #18/2018.

V. Actuarial Valuation

Kathleen Riley, Senior Vice President and Actuary, Segal, and her associate, Ken Gordon, Actuarial Analyst, Segal, presented a preliminary actuarial valuation to the Board, as of January 1, 2018. 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 positive growth experienced by the SCRB's investment portfolio, and the smoothing technique that is used to spread out changes in the investment performance, so as to stabilize the Board's funded ratio from year to year. 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 increasing the assumption for operating expenses generated by the SCRB office to the assumption that was in place prior to the January 1, 2016, valuation. Ms. Riley also presented the Board with funding schedules for the Board's consideration.

At approximately 10:16 p.m., Ms. Riley and Mr. Gordon excused themselves from the meeting.

IX. New Business (taken out of order)

The Board discussed the recent developments in the case of the *Commonwealth of Massachusetts v. Brian Butler*, and acknowledged the recent conviction in the case. The Board scheduled a hearing, regarding a potential pension forfeiture, pursuant to M.G.L. c. 32 § 15(4), for Wednesday, July 11, at 12 p.m.

At approximately 10:32 a.m., Mr. McCarty joined the meeting via cellphone.

VI. Executive Session

A motion was made by Mr. Lutts and seconded by Ms. Giardella 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:	Laurie Giardella	Yes
	Sarah M. Hayes	Yes
	Robert T. Lutts	Yes
	Marcia Pelletier	Yes
	Chair Dominick Pangallo	Yes

At approximately 10:32 a.m. the Board went into Executive Session. The Chair stated that the Board would return to Open Session.

At approximately 10:51 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. James E. McCarty Jr.

The Board reviewed a clarification report, submitted by the regional medical panel that examined Mr. McCarty. On a motion to deny the application submitted on behalf of James E. McCarty Jr., Waste Water Treatment Plant Operator for the South Essex Sewerage District, and to offer him appeal rights, based on the clarification report, made by Ms. Pelletier and seconded by Mr. Lutts, the roll call vote was as follows:

VOTED:	Sarah M. Hayes	Yes
	Robert T. Lutts	Yes
	Dominick Pangallo	Yes
	Marcia Pelletier	Yes
	Chair Sarah Stanton	Yes

VOTED: The application submitted on behalf of James E. McCarty Jr., for accidental disability retirement benefits was denied and appeal rights will be offered to Mr. McCarty.

At approximately 10:51 p.m., Mr. McCarty's attorney, Susan McDonald, left the meeting and ended the call with Mr. McCarty.

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. The Board commended Mr. Findlen on the staff performance over the past year. After reviewing the overview of the staff's highlights and accomplishments Ms. Pelletier proposed a 3% increase for Mr. Findlen's annual salary and Ms. Hersey's annual salary. On a motion by Ms. Pelletier and seconded by Ms. Hayes, the Board voted 5-0 to award Mr. Findlen and Ms. Hersey with a 3.0% increase to their annual salary.

X. Old Business

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

On a motion made by Ms. Giardella and seconded by Mr. Lutts, the Board voted 5-0 to adjourn the meeting at 10:54 a.m.

Next meeting of the Board scheduled for Wednesday, July 11, 2018, at 12:00 p.m.

Dominick Pangallo, Chair

Laurie Giardella

Sarah M. Hayes

Marcia A. Pelletier

Robert T. Lutts

Documents used in SCRB Board meeting of June 27, 2018

- Agenda for June 27, 2018 SCRB Board meeting
- Open Session minutes of May 30, 2018 SCRB Board meeting
- June Warrants
- New Member Enrollment Report
- May Treasurer's Report
- May Cash Receipts
- May Trial Balance
- May monthly expenditure report
- PRIT Fund May Statement
- PRIM May Summary of Plan Performance
- Monthly ESS Usage Report
- Monthly Website Traffic Report
- SCRB Letter to Employer Units re: Vernava Decision/Regular Compensation
- Letter from Central Plaza Condominium Trust re: June 9th fire
- Summary of Preliminary Results of January 1, 2018 Actuarial Valuation
- SCRB Staff 2017-2018 Performance Highlights