

SALEM RETIREMENT BOARD
OPEN SESSION MEETING MINUTES
JULY 31, 2018
10:00 A.M.

In attendance at this regular meeting of the Salem Retirement Board (“the Board”) were Dominick Pangallo (Chair), Sarah M. Hayes, Robert T. Lutts, and Marcia A. Pelletier, who was present via remote participation

Also in attendance were Board Treasurer Kathleen McMahon, Board Attorneys Thomas Gibson and Gerald McDonough, Paul Butler, Brian T. Butler’s attorney Neil Rossman, stenographer Alexander Loos, and Executive Director Paul Findlen

Absent: Laurie Giardella

The meeting was called to order at approximately 10:07 a.m.

Remote Participation Announcement

Pursuant to 940 CMR 29.10, Board Chair, Dominick Pangallo, announced that Marcia Pelletier would be participating in the meeting remotely, as permitted under section (5), due to an injury resulting in a personal disability which made Ms. Pelletier’s attendance unreasonably difficult. Mr. Pangallo reminded the Board, and all those in attendance, that all votes at a meeting in which a member participates remotely shall be held by roll call. Ms. Pelletier announced that there were no other people present in the room with her.

Ms. McMahon excused herself, prior to the start of the Executive Session

I. Brian Butler Pension Forfeiture Hearing – pursuant to M.G.L. c. 32, s. 15(4)

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

At approximately 10:08 a.m. the Board went into Executive Session. The Chair stated that the Board would return to Open Session.

At approximately 10:33 a.m. the Board reconvened in Open Session and the Chair announced the Board’s actions during Executive Session on the following items:

PENSION FORFEITURE

1. Brian T. Butler

The Board reviewed records pertaining to the pension forfeiture hearing held on behalf of Brian Butler, including retirement records maintained by the Salem Retirement System, official records of the Salem Police Department, the Essex Superior Court Docket Sheet for *Comm. vs. Butler*, the transcript of the June 26, 2018 Superior Court Sentencing Hearing, and the Notice of Initiation of Proceedings under M.G.L. c. 32 § 15(4), with written notice of delivery. On a motion to forfeit the pension previously awarded to Brian T. Butler, retired Police Officer for the City of Salem, pursuant to M.G.L. c. 32 § 15(4), and to offer him appeal rights, pursuant to M.G.L. c. 32 § 16(4), 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
	Marcia Pelletier	Yes
	Chair Dominick Pangallo	Yes

VOTED: The pension previously awarded to Brian T. Butler, retired Police Officer for the City of Salem, was forfeited pursuant to M.G.L. c. 32 § 15(4), and appeal rights, pursuant to M.G.L. c. 32 § 16(4), will be made available to him.

The Board took a brief recess at approximately 10:33 a.m.
Attorney Rossman, Paul Butler, and Alexander Loos left the meeting.

Martin E. Butler joined the meeting at approximately 10:40 a.m.

VII. Executive Session (taken out of order)

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

At approximately 10:40 a.m. the Board went into Executive Session. The Chair stated that the Board would return to Open Session.

At approximately 10:59 a.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. Martin E. Butler

The Board reviewed an application for involuntary accidental disability retirement benefits, submitted on behalf of Martin E. Butler, together with a summary prepared by Mr. Findlen, as well as a recommendation made by Board attorney Tom Gibson. On a motion to accept the application submitted on behalf of Martin E. Butler, Firefighter for the City of Salem, and request the appointment of a regional medical panel, made by Ms. Hayes and seconded by Ms. Pelletier, the roll call vote was as follows:

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

VOTED: The application submitted on behalf of Martin E. Butler, for accidental disability retirement benefits was accepted and the Board will petition PERAC to convene a regional medical panel.

At approximately 10:52 a.m., Mr. Butler left the meeting.

2. Kathleen M. Rocheville

The Board reviewed an application for involuntary accidental disability retirement benefits, submitted on behalf of Kathleen M. Rocheville, together with a summary prepared by Mr. Findlen, as well as a recommendation made by Board attorney Tom Gibson. On a motion to accept the application submitted on behalf of Kathleen M. Rocheville, Police Officer for the City of Salem, and request the appointment of a regional medical panel, made by Mr. Lutts and seconded by Ms. Hayes, the roll call vote was as follows:

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

VOTED: The application submitted on behalf of Kathleen M. Rocheville, for accidental disability retirement benefits was accepted and the Board will petition PERAC to convene a regional medical panel.

Ms. McMahon rejoined the meeting at approximately 11:00 a.m.

VIII. Legal Update (taken out of order)

Board counsel Tom Gibson and his associate, attorney Gerald McDonough, updated the Board on relevant legal matters. Attorney Gibson notified the Board that Richard Stafford's attorney has filed objections to the DALA magistrate's decision in the case of Richard Stafford v. Salem Contributory Retirement Board, and, Massachusetts Teachers' Retirement System, in which DALA confirmed the SCRB and MTRS position. Attorney Gibson will respond on behalf of the SCRB. Attorney Gibson also provided the Board with an update in the matter of Kathleen Deschene v. Salem Contributory Retirement Board & PERAC, specifically noting that, while

CRAB found in favor of the SCRB & PERAC, the magistrate did express sympathy for Ms. Deschene's position, which may embolden a request for review from Ms. Deschene and her attorney. Attorney Gibson also discussed recent cases of interest to contributory retirement boards, including "the Vernava decision", which may be challenged by other retirement boards, specifically with regard to the implementation guidance provided by PERAC. Attorney Gibson advised the Board to pay attention to a potential shift in the interpretation of M.G.L. c. 32 § 4(2)(b), with regard to the requirement that call firefighters must be appointed to permanent positions in the same city or town in which they rendered their call firefighter service, which may not apply in the same capacity to reserve police officers, as the statute appears to be silent on that requirement applying to reserve police officers in the same manner. Attorney McDonough addressed PERAC's response to a proposed supplementary regulation regarding election procedures, and noted that he will follow up with PERAC and file a new draft of the regulation, after making the proposed changes.

At approximately 11:18 a.m., Attorney Gibson and Attorney McDonough excused themselves from the meeting.

VI. Investment Policy Statement (taken out of order)

Mr. Findlen presented the SCRB's Investment Policy Statement (IPS) to the Board for an annual review. Mr. Findlen noted that the long-term actuarial rate of return listed in the "Yield" section may need to be revised to reflect the adoption of the actuarial rate of proposed by Segal Actuarial Consulting, in their recent preliminary actuarial results presented the Board. On a motion made by Mr. Lutts and seconded by Ms. Pelletier, the Board voted by roll call: Ms. Hayes, yes, Mr. Lutts, yes, Mr. Pangallo, yes, Ms. Pelletier, yes, to adopt the actuarial assumption changes suggested by Segal Actuarial Consulting, including a decrease to the investment rate of return assumption from 7.5% to 7.375%, as well as updates to the mortality tables, and to reflect the relevant changes in the SCRB's Investment Policy Statement. The Board will continue to review the IPS on an annual basis, or more frequently, if the need arises.

At approximately 11:24 a.m., Ms. Pelletier excused herself from the meeting.

II. Regular Matters of Business

Meeting Minutes

The minutes of the previous Board meeting, held on June 27, 2018, 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.

Monthly Warrants

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

Benefit Calculations

All benefit calculations 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 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 Mr. Lutts and seconded by Ms. Hayes the Board voted 3-0 to acknowledge the new enrollments as submitted.

III. Treasurer's Report

Board Treasurer, Kathleen McMahon, presented a comprehensive report on the monthly reconciliation performed on behalf of the Board. The Board reviewed the reconciliation report for the month of June. On a motion made by Mr. Lutts and seconded by Ms. Hayes, the Board voted 3-0 to accept the Treasurer's Report as submitted.

IV. Executive Director's Report

Mr. Findlen presented the Board with a report of all adjusting journal entries for the second quarter of 2018, a report on all cash receipts for the month of June, as well as a trial balance for the month of June for the Board's review. Mr. Findlen also presented the Board with a monthly expenditure report for the month of June, 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 June, both of which were prepared by the MA PRIM Board. The PRIT Core Fund grew by approximately 0.57% in the month of June, resulting in net positive growth of 1.72% for the calendar year. Mr. Findlen notified the Board that, thanks in large part to Ms. McMahon's negotiating on behalf of the Board, the Salem Five bank had agreed to raise their interest rates on the Board's money market account and checking account to 1.75%, prospectively. Mr. Findlen presented the Board with a newsletter to that was sent out to all of the SCRB's benefit recipients, along with a notice of deposit for the July benefits payroll. On a motion made by Ms. Hayes and seconded by Mr. Lutts, the Board voted 3-0 to acknowledge the Executive Director's Report.

V. PERAC Memos

The Board reviewed and briefly discussed PERAC memo #20/2018, memo #21/2018, as well as other recent relevant PERAC news.

IX. Old Business

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

X. New Business

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

On a motion made by Mr. Lutts and seconded by Ms. Hayes, the Board voted 3-0 to adjourn the meeting at 11:45 a.m.

Next meeting of the Board scheduled for Wednesday, August 22, 2018, at 12:00 p.m.

Dominick Pangallo, Chair

Marcia A. Pelletier

Sarah M. Hayes

Robert T. Lutts

Documents used in SCRB Board meeting of July 30, 2018

- Agenda for July 30, 2018 SCRB Board meeting
- Open Session minutes of June 27, 2018 SCRB Board meeting
- July Warrants
- New Member Enrollment Report
- June Treasurer's Report
- June Cash Receipts
- June Trial Balance
- June monthly expenditure report
- PRIT Fund June Statement
- PRIM June Summary of Plan Performance
- Monthly ESS Usage Report
- Monthly Website Traffic Report
- SCRB July Letter to Benefit Recipients
- SCRB Investment Policy Statement (IPS)
- CRAB Decision Dismissing Appeal as Untimely Filed in Deschene v. SCRB & PERAC