

SALEM RETIREMENT BOARD
OPEN SESSION MEETING MINUTES
APRIL 24, 2019
12:00 P.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, Marcia A. Pelletier, and Robert T. Lutts. Also in attendance were Board Treasurer Kathleen McMahon and Executive Director Paul Findlen.

The meeting was called to order at approximately 12:00 p.m.

Meeting Minutes

The minutes of the previous Board meeting, held on March 19, 2019, were reviewed and, on a motion made by Mr. Lutts and seconded by Ms. Giardella, the Board voted 5-0 to approve the March meeting minutes as submitted.

Monthly Warrants

The warrants for the month of April were reviewed and, on a motion made by Mr. Lutts and seconded by Ms. Giardella, the Board voted 5-0 to approve the April warrants as submitted. Due to the timing of the March Board meeting, the Board also reviewed the warrants for the month of March and, on a motion made by Mr. Lutts and seconded by Ms. Giardella, the Board voted 5-0 to approve the March warrants as submitted.

Benefit Calculation Results

All benefit calculation results for the months of April were reviewed and, on a motion made by Ms. Hayes and seconded by Mr. Lutts, the Board voted 5-0 to approve the April benefit calculation results 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 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. The Board reviewed the reconciliation report for the month of March. On a motion made by Ms. Pelletier and seconded by Mr. Lutts, 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 March, a report of all adjusting journal entries for the first quarter of 2019, as well as a trial balance for the month of March for the Board’s review. Mr. Findlen also presented the Board with a monthly

expenditure report for the month of March, 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 monthly statements of the SCRB's investment in the PRIT Core Fund, prepared by the MA PRIM Board. The PRIT Core Fund grew by approximately 1.3% in the month of February and .8% in the month of March, raising the fund's return to 6.38% for the calendar year. The Board also reviewed the PRIM Board Quarterly Update for the fourth quarter of 2018. The update included an announcement of PRIM's adoption of the CFA Institute's Global Investment Performance Standards (GIPS) of integrity and transparency. PRIM noted that they have reduced their global equity position, but reiterated the fact that the "Fund is not completely immune to a downturn in global equities", however, the "PRIT Fund's strong performance in up markets, such as fiscal year 2018 and calendar year 2017, combined with our strong outperformance in down markets, such as calendar year 2018 and fiscal year 2016, give us confidence that our investment program is performing as intended". On a motion made by Mr. Lutts and seconded by Ms. Giardella, the Board voted 5-0 to acknowledge the Executive Director's Report.

IV. PERAC Memos

The Board reviewed and briefly discussed PERAC memo #15/2019, as well as other recent and relevant PERAC memos.

V. Fifth Member Appointment

The Board acknowledged the absence of a conclusive vote to appoint a fifth member of the Board, within thirty days of the expiration of Mr. Lutts' term. Mr. Findlen presented the Board with a letter submitted by Mayor Kimberley Driscoll to the Salem City Council, seeking confirmation of the Mayor's re-appointment of Robert T. Lutts to the Salem Contributory Retirement Board, to serve as the Fifth Member of the Board. The request was scheduled to be on the City Council's meeting agenda for the April 25th, 2019 meeting of the City Council.

VI. COLA Vote

The Board had been made aware that the Social Security COLA for the past year was 2.8%. Notification was sent informing City Council that the Board would consider granting the CY2019 COLA at its meeting of April 24, 2019. On a motion made by Ms. Pelletier and seconded by Ms. Hayes, the Board voted 5-0, in accordance with Chapter 32, ss. 103(c) and (i), to grant a 3% Cost of Living Adjustment (COLA) on a \$12,000 base for SCRS benefit recipients, effective July 1, 2019.

VII. 2019 Board Election

Election Officer, Paul Findlen, confirmed that Sarah M. Hayes was the only candidate nominated to be elected as the First Elected Member of the Salem Contributory Retirement Board, and that she had collected the requisite number of signatures, pursuant to M.G.L. c. 32 § 20, and the PERAC rules and regulations set forth in 840 CMR 7.04. The Board also discussed amending the term of the First Elected Member (Third Member), based on the advice of their legal counsel, The Law Offices of Thomas F. Gibson, as well as their interpretation of M.G.L. c. 32 § 20(4)(b), which states that "the term of the third and fourth member shall be so arranged as not to expire in the year of expiration of the term of the fifth member." On a motion made by Ms. Pelletier and seconded by Ms. Giardella, the Board voted 5-0 to declare Sarah M. Hayes, as the First Elected

Member of the SCRB for a term which will commence on June 3, 2019, and expire on December 1, 2021.

VIII. Annual Statement

Mr. Findlen presented the Board with the 2018 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. Mr. Findlen also noted the relationship between the Expense Fund Disbursements account and the SCRB's operating budget. Ms. Giardella asked what the Board's options are, regarding the Board's remaining investment with Ascent Venture Partners, and the timetable for the liquidation of the investment. The Board determined that they would solicit advice from Board counsel, Thomas Gibson, on the options available to the Board. On a motion made by Ms. Pelletier and seconded by Mr. Lutts, the Board voted 5-0 to accept the 2018 Annual Statement of the Financial Condition of the Salem Contributory Retirement Board.

IX. Old Business

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

X. New Business

The Board discussed the options available in contracting actuarial services, and the advantages and disadvantages of asking PERAC to provide actuarial services instead of a private actuary. The Board considered issues raised by Renee Davis, as well as PERAC actuary James Lamenzo, as to the potential losses in services provided, if the Board were to have actuarial services provided by PERAC. The Board also reviewed a "home rule petition", submitted by the City of Salem to the Massachusetts General Court, authorizing the Salem Retirement Board to award additional benefits to disabled police officer, Brian Benson, who was injured while in the performance of his duties.

On a motion made by Ms. Pelletier and seconded by Ms. Giardella, the Board voted 5-0 to adjourn the meeting at 1:25 p.m.

Dominick Pangallo, Chair

Laurie Giardella

Sarah M. Hayes

Marcia A. Pelletier

Robert T. Lutts

Documents used in SCRB Board meeting of April 24, 2019

- Agenda for April 24, 2019 SCRB Board meeting
- Open Session minutes of March 19, 2019 SCRB Board meeting
- Benefit Calculation Results Report
- New Member Enrollment Report
- March Treasurer's Report
- March Cash Receipts
- Q1 Adjusting Journal Entries Report
- March Trial Balance
- March monthly expenditure report
- PRIT Fund February Statement
- PRIT Fund March Statement
- PRIM Quarterly Update Q4 2018
- PRIM Performance Update
- Monthly ESS Usage Report
- Monthly Website Traffic Report
- PERAC Memo #15/2019
- Fifth Member re-appointment letter
- Copy of notice sent to City Council re: COLA vote
- 2018 SCRB Annual Statement
- Copy of home rule petition filed on behalf of Brian Benson