

SALEM RETIREMENT BOARD
OPEN SESSION MEETING MINUTES
JUNE 26, 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, Robert T. Lutts, and Marcia A. Pelletier
Also in attendance were Board Treasurer Kathleen McMahon and Executive Director Paul Findlen
Absent: Sarah M. Hayes

The meeting was called to order at approximately 12:05 p.m.

Meeting Minutes

The minutes of the previous Board meeting, held on May 29, 2019, were reviewed and, on a motion made by Ms. Giardella, and seconded by Mr. Pangallo, the Board voted 2-0-1 (Ms. Pelletier abstained due to absence) 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. Giardella and seconded by Ms. Pelletier, the Board voted 3-0 to approve the June warrants as submitted.

Benefit Calculation Results

All benefit calculation results for the months of June were reviewed and, on a motion made by Ms. Giardella and seconded by Ms. Pelletier, the Board voted 3-0 to approve the June 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. Ms. Giardella recommended convening a meeting with payroll officers from the City of Salem School Department and the City of Salem Human Resources and Treasurer’s Department, to address the enrollment process and discuss ways to make the process more efficient and ensure compliance with auditing standards. On a motion made by Ms. Giardella and seconded by Ms. Pelletier, the Board voted 3-0 to acknowledge the new enrollments as submitted.

Mr. Lutts joined the meeting at approximately 12:10 p.m.

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 May. Mr. Findlen noted that, while it was not reflected in the May cash reconciliation report, there were eight benefit recipients who received two benefit payments in the month of May. Mr. Findlen explained that the initial May benefits payroll was reversed after

he was informed that the reduced insurance premium rates provided to the SCRB office for the City of Salem benefit recipients were incorrect. After that payroll was reversed, a second payroll was released, with the corrected insurance premium rates. Unfortunately, the reversal was rejected by the bank accounts for the eight individuals who ended up receiving two payments. Mr. Findlen informed the Board that the eight individuals were being contacted and asked to return the errant payment. On a motion made by Mr. Lutts and seconded by Ms. Giardella, the Board voted 4-0 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, a report of all adjusting journal entries for the first quarter of 2019, 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 monthly statements of the SCRB's investment in the PRIT Core Fund, prepared by the MA PRIM Board. The PRIT Core Fund experience a loss of approximately 2.31% in the month of May, reducing the fund's return to 5.70% for the calendar year. Mr. Findlen provided the Board with the GASB 67 & 68 reports, prepared by Segal Consulting, which had been provided to the auditing firms responsible for auditing the financial statements of the SCRB's member units. Mr. Findlen informed the Board that the most recent benefit verification process performed by the SCRS had led to the discovery of a deceased benefit recipient whose account had been paid for several months following their death. The overpayments totaled nearly \$17,000, and the executor of the benefit recipient's estate had been contacted several times, but was not responsive to the SCRS's requests to return the overpayments. Mr. Findlen explained that the case had been referred to the Board's legal counsel, Thomas F. Gibson, and that his office was in the process of preparing a claim to file with Middlesex Probate Court. Mr. Findlen noted the limitations inherent to the prescribed benefit verification process, and, after researching several options available, as well as best practices employed by other Boards and retirement systems, expressed his opinion that the Board may be better served by contracting with a research service provider who can routinely perform audits to determine if any of the SCRB's benefit recipients have deceased. On a motion made by Mr. Lutts and seconded by Ms. Giardella, the Board voted 4-0 to acknowledge the Executive Director's Report.

IV. PERAC Memos

The Board reviewed and discussed PERAC memo #18/2019, as well as other recent and relevant PERAC memos. Ms. Giardella noted that PERAC's apparent encouragement of the use of annual private audits may be helpful in determining the scope of the Board's annual audit, and asked if PERAC could provide clarification, as to what they view as annual audit practices that could be accepted "in lieu of segments of the PERAC audit". The Board also reviewed the recently released Investment Report for 2018.

V. 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. Giardella, the Board voted 4-0 to award Mr. Findlen and Ms. Hersey with a 3.0% increase to their annual salary.

VI. Old Business

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

VII. New Business

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

On a motion made by Ms. Giardella and seconded by Mr. Lutts, the Board voted 4-0 to adjourn the meeting at 1:03 p.m.

Dominick Pangallo, Chair

Laurie Giardella

Marcia A. Pelletier

Robert T. Lutts

Documents used in SCRB Board meeting of June 26, 2019

- Agenda for June 26, 2019 SCRB Board meeting
- Open Session minutes of May 29, 2019 SCRB Board meeting
- New Member Enrollment Report
- May Treasurer's Report
- May Cash Receipts
- May Trial Balance
- May monthly expenditure report
- PRIT Fund May Statement
- PRIM Performance Update
- Monthly ESS Usage Report
- Monthly Website Traffic Report
- 2018 GASB 67 & 68 Report
- PERAC Memo #18/2019
- 2018 Investment Report
- Actuarial Services RFP
- SCRB Staff 2018-2019 Performance Highlights