

Commission Meeting Minutes
July 8, 2015
5 Middlesex Avenue, Somerville

Chairman Brown called the meeting to order at 10:35 AM. He then acknowledged the other Commissioners present: Commissioners Elizabeth Fontaine, John Langan, James Machado, and Gerald McDonough. He reported that Commissioners Kate Fitzpatrick and Robert McCarthy were not in attendance.

Chairman Brown announced that the Commission meeting is being tape recorded which will be noted in the minutes.

PERAC Staff Present: Executive Director Joseph Connarton, Deputy Executive Director Joseph Martin, Deputy General Counsel/Managing Attorney Judith Corrigan, Director of Administrative Services Caroline Carcia, Senior Associate General Counsel Ken Hill, Associate General Counsel Patrick Charles, Compliance Officer Thomas O'Donnell, Compliance Counsel Derek Moitoso, Director of Strategic Planning Mike DeVito, Chief Auditor Harry Chadwick, Manager of Medical Services Kate Hogan, Compliance Analyst Cheryl Johnson, and Senior Executive Assistant Kim Boisvert.

Ms. Boisvert announced the guests in attendance: Tom Gibson from the Middlesex and Belmont Retirement Boards, Timothy Smyth and John Kelly from the Boston Retirement Board, Kimberly Fletcher from the Newton Retirement Board and Frank Valeri from the Mass Retirees Association.

Commissioner McDonough made a motion to adopt the Commission meeting minutes from June 10, 2015. Commissioner Fontaine seconded the motion and the minutes were unanimously adopted.

Legal Update

Ms. Corrigan reported to the Commission that the *Bettencourt* case was transferred to the Supreme Judicial Court sua sponte on June 26, 2015 and explained the case. Mr. Hill explained the *Frances Phillips v. PERAC* case CR-12-654, and Mr. Charles explained the *David R. Heidke v. PERAC*, CR-12-451.

Legislative Update

Mr. DeVito reported that PERAC's bill H. 3566, PERAC's Concurrent Beneficiaries legislation will be heard on July 21, 2015 at 11:00 AM in Room B-1 in the State House. He further reported he has not heard anything new about PERAC's bill H. 17 authorizing PERAC to hold hearings. Mr. DeVito then reported that H. 3650, the FY'16 Budget Conference Committee Report has two (2) outside sections of great concern to PERAC, Sections 54 and 55. These sections would weaken the governance reforms as mandated by Chapter 176 of the Acts of 2011. A draft letter addressed to the Governor was distributed and discussed.

Mr. Connarton stated how troubling it is that PERAC has reached out to the legislature and the media with our concerns about Sections 54 and 55 being counterproductive. He stated that the only recourse at this point is to request that the Governor veto those sections.

Chairman Brown then reminded everyone that a presentation was made at the MACRS Conference that the industry standard is three (3) years. They are looking for seven (7) years in this legislation. Previously, we agreed on five (5) years.

Commissioner Machado made a motion to send the proposed letter to the Governor and to attach additional information such as the cost savings as presented to the legislature and any information distributed at the MACRS conference pertaining to the industry standards. Commissioner Fontaine seconded the motion and it was unanimously adopted.

Chairman Brown inquired if there is any other way to reach out to the Governor.

Mr. Connarton suggested that possibly Commissioner Langan could provide some assistance through Administration and Finance. Commissioner Langan stated that he would contact A&F regarding these concerns.

Audit Update

Mr. Chadwick reported that audits are currently occurring at the Barnstable County, Hampshire County, and Middlesex Retirement Boards. Currently exit conferences are pending at the Bristol County, Fitchburg, Greenfield, and Hampden County Retirement Boards. He stated that he is waiting for responses from Arlington, Quincy, and Teachers' Retirement Board regarding their audit. Mr. Chadwick stated that the New Bedford and West Springfield Retirement Systems have been posted on the PERAC Web Page since the last Commission meeting then reviewed the respective findings.

Compliance Update

Mr. O'Donnell stated that the SFI forms were due on May 1, and on May 31 for those individuals who file a 268A form (State Ethics Form). He further stated that 15 individuals have not yet filed, six (6) of those members are no longer affiliated with a board. He expects that all individuals will provide the information. Mr. O'Donnell reported that the educational credits for participants at the MACRS Conference are being entered into the system. Finally, Mr. O'Donnell stated that 34 new investment procurements have been approved this year. He stated that there are a few investment applications on hold and will need to be discussed in an Investment Sub-Committee meeting.

Executive Director's Report

Mr. Connarton reported on staff activities since the last Commission meeting.

Mr. Connarton reported that according to Policy Number 99-001, PERAC has notified the appropriate individuals of the Capital Budget that was adopted and he thanked the Commission for their support in adopting the FY'16 budget and the Capital Budget.

Mr. Connarton stated that the Chelsea Retirement Board's Fifth Member issue has been resolved and Ms. Carolyn Russo has been properly reappointed.

Mr. Connarton explained that Mr. Lemnios, the Town Manager of Hull and the appointed member of the Hull Retirement Board, has not earned any educational credits. He has been notified that he is unable to serve on any retirement board. Even though Mr. Lemnios has been sitting in all of the retirement board meetings he is not voting and reported that he would make another appointment. We currently await the information on who the new appointee will be. If Mr. Lemnios chooses to ignore our notification we would have to refer this issue to the Attorney General.

Mr. Connarton then reported that we have notified the Attorney General about the invalid appointment of Mr. Capobianco to the North Attleboro Retirement Board. The Attorney General has reached out to the Retirement Board and we currently await receipt of Mr. Capobianco's resignation.

Finally, Mr. Connarton discussed the Medical Panel Clarifications issue which continues. We have reached out to Attorney Sacco to discuss the matter with him as the Commission suggested. It is not our intention to disallow clarifications as suggested in Attorney Sacco's letter. At issue is the number of requests being made. This issue is causing an impact in our ability to appoint Dr. Chaglassian to medical panels, as he will not address a clarification going forward. If other doctors take this position it could slow down the disability process.

Commissioner McDonough made it clear that PERAC has not asked any questions of Dr. Chaglassian but simply provided the letter to Attorney Sacco as he was the subject of the letter. He continued that filing the regulations (as approved by the Commission) is the prudent way to deal with this issue going forward.

Mr. Connarton stated that A&F now has completed their review and has a process for filing regulations. He is confident that the regulation process will proceed shortly.

Chairman Brown inquired if the clarification issue might be an appropriate one for an educational seminar.

Mr. Connarton stated that the public comment period would run concurrently with the next MACRS conference being held in October.

Mr. Connarton reminded the Commission about the 11th Annual Emerging Issues Forum, being held on Thursday, September 17, 2015 at the College of the Holy Cross in Worcester. He also stated that a Save the Date card has been distributed to the Commissioners about the Strategic Planning program being held on Monday, October 19, 2015.

Commission Travel

Mr. Connarton informed the Commission of the upcoming NCPERS Program being held on Thursday, August 6, 2015 in Seattle, WA. There was no interest expressed in attending this program at this time.

Other Business

Mr. Connarton reported that the next Commission meeting would be held on August 12, 2015 at 5 Middlesex Avenue in Somerville.

Commissioner Fontaine made a motion to adjourn the meeting. Commissioner McDonough seconded the motion and the motion was unanimously adopted. The Commission meeting adjourned at 11:23 AM.

Commission Meeting Documents

Commission Agenda for the meeting of July 8, 2015
Commission Minutes for June 10, 2015

Legal Update

Email from the Appeals Court Clerk's Office – Notice of Docket Entry 2014-P-1844 *Bettencourt*
Cover memos and cases for the following:
Frances Phillips v. PERAC, CR-12-654
David R. Heidke v. PERAC, CR-12-451 (June 19, 2015)

Legislative Update

Monthly Legislative Agenda and bullet points outlining legislation

Audit Update

Recent PERAC audit reports

Executive Director's Report

Updated Staff Activities Memo
Letters from PERAC in accordance with 99-001, Capital Budget
Correspondence from Attorney Quirk regarding the North Attleboro Retirement Board
Correspondence from Attorney Sacco regarding Dr. Chaglassian

Commission Travel

Agenda for the NCPERS Program being held in Seattle, WA

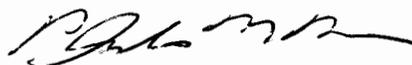
Other Documents Included in Package

Article in the *New York Times* entitled *K.K.R. Settles over "Broken Deal" Expenses*

Other Documents Distributed at Meeting

Draft Letter to Governor Charles Baker regarding FY16 Outside Sections 54 and 55

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission