

**Commission Meeting Minutes
January 11, 2017 * Revised ***

Chairman Brown called the meeting (held at PERAC Office, 5 Middlesex Avenue, Somerville, Massachusetts) to order at 11:02 AM. He then acknowledged the other Commissioners present: Commissioners Timothy Dooling, Kathy Fallon, Kate Fitzpatrick, and Jennifer Sullivan. Commissioner James Machado participated remotely due to illness and Commissioner Robert McCarthy participated remotely due to his current location per the Attorney General's Open Meeting Law 940 CMR 29.10.

Chairman Brown announced that the Commission meeting is being tape recorded and will be so noted in the minutes. He stated that all votes will be by roll call vote due to remote participation.

PERAC Staff Present: Executive Director Joseph Connarton, Deputy Executive Director Joseph Martin, General Counsel and Deputy Director John Parsons, Deputy General Counsel and Managing Attorney Judith Corrigan, Actuary James Lamenzo, Director of Strategic Planning Mike DeVito, Chief Auditor Caryn Shea, Compliance Officer Tom O'Donnell, Compliance Analyst Cheryl Johnson, Senior Associate General Counsel Ken Hill, Associate General Counsel Patrick Charles, and Director of Administration Caroline Carcia.

Ms. Carcia announced the following guests in attendance: Erika Glaster and Sean Neilon representing the Massachusetts Teachers' Retirement System, Tom Gibson representing the Belmont and Middlesex Retirement Systems, Lisa Maloney representing the Middlesex Retirement System, and John Brown representing MACRS.

Commissioner Fitzpatrick made a motion to adopt the Commission meeting minutes dated December 14, 2016. Commissioner Dooling seconded the motion. A roll call vote was taken as follows:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kathy Fallon YES, Kate Fitzpatrick YES, James Machado YES, Robert McCarthy YES, and Jennifer Sullivan YES, and the motion was adopted.

Executive Director's Annual Evaluation Update

Chairman Brown reported that the Administrative Sub-Committee met on November 9, 2016 and discussed the Executive Director's Annual Evaluation, however did not discuss a salary increase. The Commission discussed the increases occurring with other managers in the Commonwealth.

Commissioner McCarthy made a motion to increase the Executive Director's salary by 2% and was seconded by Commissioner Machado.

Discussion ensued regarding the Human Resources Division (HRD) communication to Executive Branch agencies outlining that other managers in the Commonwealth could receive a maximum of 1.5% with a one-time bonus equal to \$500.00, and other options were up to 3 compensatory days off depending on the rating of the evaluation. The Commission discussed following the

guidelines of HRD's directive in determining a fair and equitable increase for the Executive Director. The motion on the table was withdrawn by Commissioner McCarthy.

Commissioner Dooling made a motion to increase the Executive Director's compensation by 1.5%. Commissioner Fallon seconded the motion. A roll call vote was taken as follows:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kathy Fallon YES, Kate Fitzpatrick YES, James Machado YES, Robert McCarthy YES, and Jennifer Sullivan YES, and the motion was adopted.

Chairman Brown thanked the Executive Director for his diligence and commitment to the Commission.

Mr. Connarton appreciates the increase as he understands the budget constraints in the Commonwealth but mostly he thanked the Commission for its support.

Legal Update

Mr. Parsons discussed the updated Public Records Law (Chapter 121 of the Acts of 2016) including the guidelines, procedures, requirements, and the steps that PERAC has taken. He also reported that PERAC is seeking an advisory opinion from the Secretary of State as to whether local, county, and regional retirement boards are considered agencies or municipalities under the provisions of the new statute. The scope of duties are different for agencies and municipalities for example; fees that may be charged, the required amount of employee time used to prepare the FOIA request, and the requirement of an electronic database of commonly requested records.

Commissioner Dooling inquired about the amount of FOIA requests in a given year.

Mr. Parsons estimated that approximately 50 requests are received in a year.

Legislative Update

Mr. DeVito reported that the 2015-2016 session is over and PERAC has filed its legislation for the 2017-2018 session. He continued that over the past few sessions there have been several attempts to appeal different sections of governance reform and it is his expectation that this may occur again this session. He stated that he would continue to diligently observe any attempts to possibly make further changes either through legislation or the budget.

Audit Update

Ms. Shea reported that the audit staff is currently auditing the Natick, North Adams, and Worcester Regional Retirement Systems. She further stated that the Norwood Retirement System audit was posted on the PERAC Web Page since the last Commission meeting and she briefly reported on the respective findings. Ms. Shea also reported that PERAC has completed six-month follow up reports on Holyoke, Revere, and Woburn Retirement Systems since the last Commission meeting.

Compliance Update

Mr. O'Donnell discussed the 2016 Educational and Acknowledgement Charts in which individuals have taken 1,299 classes and 112 acknowledgements have been processed over the past calendar year. He then reported that there are about 1,375 vendors that must fill out the annual disclosure statements which we are receiving, reviewing, and requesting clarifications if necessary.

Executive Director's Report

Mr. Connarton made note of the monthly staff activities and brought attention to the meeting held on December 21, 2016 with the property manager of 5 Middlesex Avenue in Somerville, DCAM, Caroline Carcia, and himself. He stated that on behalf of all of the attendees there is an interest to negotiate a five (5) year lease on the current 15,000 square foot lease which would bring our lease to 2023. The rent is currently \$26.50 per square foot and we expect that price would increase.

Mr. Connarton notified the Commission that Channel 5 has made a FOIA request to several of the retirement boards regarding their travel regulations. He does not know the extent of the request or what the media is looking for, however, he wants the Commission to be aware of a possible news story in the future.

Mr. Connarton reported that the annual pension appropriation letter for the Commonwealth increasing the appropriation by 10% with a final payment in Fiscal Year 2035 has been distributed to Administration and Finance with a copy to the Chairs of House and Senate Ways and Means. Hopefully our recommendation will be included in the Fiscal Year 2018 budget expected to be released on January 25, 2017.

Mr. Connarton updated the Commission about Chapter 133 of the Acts of 2016, the Pension Forfeiture Commission. It has met three times, the dialogue has been very interesting, and the members have been very engaged. There has been detailed discussion and all are in agreement that there should be some sort of legislative change. Mr. Charles is attempting to put something together which is difficult in that the group has not been clear in some scenarios that have been discussed. Mr. Connarton explained that the next meeting of the Special Commission has not yet been scheduled but will be held soon. The Pension Forfeiture Commission must report back to the Legislature by March 1, 2017 and we may have to request an extension. Mr. Connarton notified the Commission about the case of *Lamonica v. Winthrop Retirement Board* and hopes that the Pension Forfeiture Commission will clarify some of the gray areas of Section 15.

There was a brief discussion about the responsibilities of District Attorneys or the Federal Courts to notify PERAC of convictions, how unbalanced the judicial and retirement boards decisions are, how difficult it can be getting to the underlying crime, and what you can prove in court and what you know to be true can be two very different situations.

Other Business

Chairman Brown stated that the next Commission meeting is scheduled on February 8, 2017.

Commissioner Fitzpatrick made a motion to adjourn. Commissioner Dooling seconded the motion. A roll call vote was taken as follows:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kathy Fallon YES, Kate Fitzpatrick YES, James Machado YES, Robert McCarthy YES, and Jennifer Sullivan YES, and the motion was adopted and the meeting adjourned at 11:35 AM.

Commission Meeting Documents

Commission Agenda for the meeting of January 11, 2017

Commission Minutes for December 14, 2016

Administrative Sub-Committee materials

Executive Director Annual Evaluation Report

Legal Update

PERAC Memo # 1/2017 regarding the Updated Public Records Law
(Chapter 121 of the Acts of 2016)

Legislative Update

Monthly Legislative Agenda and bullet points outlining legislation

Audit Update

Recent PERAC Audit and follow up reports

Compliance Update

Educational and Acknowledgement table

Executive Director's Report

Updated Staff Activities Memo

Letter to Kristen Lepore regarding the Commonwealth's annual pension appropriation

The case of *Lamonica v. Winthrop Retirement Board*

Additional Documents Provided

Schedule of the 2017 Commission meetings

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission