

Commission Meeting Minutes
April 11, 2018

Chairman Philip Y. Brown called the meeting (held at the PERAC Office, 5 Middlesex Avenue, Somerville, Massachusetts) to order at 11:10 AM. He then stated that the Commission meeting is being tape recorded and this will be so noted in the minutes.

Chairman Brown acknowledged the other Commissioners present: Commissioners Timothy Dooling, Kathleen Fallon, and Kate Fitzpatrick. Commissioner James Machado participated remotely per the Attorney General's Open Meeting Law 940 CMR 29.10; therefore all votes in this meeting were taken by a roll call vote. Commissioners Robert McCarthy and Jennifer Sullivan were not in attendance.

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, Director of Strategic Planning Mike DeVito, Compliance Officer Tom O'Donnell, Compliance Counsel Derek Moitoso, Senior Associate General Counsel Ken Hill, Associate General Counsel Patrick Charles, Director of Administrative Services Caroline Carcia, Chief Auditor Caryn Shea, Communications Director Natacha Dunker, Project Manager Anthony Tse, Senior Systems Engineer Robert Perez, Compliance Analyst Cheryl Johnson, and Senior Executive Assistant Kim Boisvert.

Ms. Boisvert announced the following guests in attendance: Sean Neilon representing the Massachusetts Teachers' Retirement Board, Nick Favorito representing the State Retirement Board, Lisa Adams representing the Massachusetts Municipal Association, and Kevin Griffin, a citizen.

Commissioner Dooling made a motion to adopt the March 14, 2018 Commission meeting minutes. Commissioner Fitzpatrick seconded the motion and 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, and the minutes were adopted.

Administrative Sub-Committee Meeting Update

Chairman Brown reported that the Administrative Sub-Committee met earlier in the day on April 11, 2018 to discuss the proposed Executive Director's Annual Performance Review form, and updated several Commission Procedural Policies. He stated that all motions from the Sub-Committee were forwarded to the full Commission for its review and approval.

Chairman Brown discussed the suggestions made by the Administrative Sub-Committee as it pertains to the proposed Executive Director's Annual Performance Review form.

Commissioner Dooling made a motion that the Commission adopt the proposed Executive Director's Annual Performance Review Form as approved by the Administrative Sub-Committee Meeting. Commissioner Fitzpatrick seconded the motion and a roll call vote was taken:

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

Chairman Brown reported that the Administrative Sub-Committee suggests that the Commission approve the amendments to the Commission's Procedural Policy number's 97-001 "Standing Committees," 97-004 "Commission Regulations," 97-007 "Designation of Persons with Access to Records Obtained by the PERAC Pension Fraud Prevention Unit," 99-001 "Distribution of Commission Budget," 04-001 "Ensuring Impartiality of the Commission," 07-001 "Procurement Policy," and 12-001 "Remote Participation." The Sub-Committee also recommends removing in its entirety 97-005 "Emergency Regulations" as this was merged with Policy Number 97-004; and Policy Number 97-003 "Executive Session" as the language is already in the statute. Chairman Brown then reported that Policy Number 09-001 "Modification" will be reviewed at the next Administrative Sub-Committee meeting.

Commissioner Dooling made a motion that the Commission adopt the recommendations on the above Policies as adopted by the Administrative Sub-Committee. Commissioner Fitzpatrick seconded the motion and a roll call vote was taken:

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

Legal Update

Ms. Corrigan briefly reported about the *Vernava* memo which was just released. She explained the position of the Supreme Judicial Court, the background of the case, and the discussions with the Attorney General's office. She continued that this decision from the Court will be very difficult to implement.

Mr. Hill presented the *Cournoyer v. Department of State Police*, Appeals Court, 17-P-579 case.

Discussion ensued regarding PERAC reaching out to the new Colonel to investigate if there is an opportunity to work with the State Police as it pertains to our disability process.

Legislative Update

Mr. DeVito reported that PERAC's bill, H. 19 regarding continuing education credits flexibility is on the House Calendar.

Mr. DeVito then reported on S. 2074, the forfeiture bill, as recommended by the Forfeiture Commission, had received an extension to May 31, 2018. The Public Service Committee continues to work on this bill.

Mr. DeVito stated that the House FY'19 Budget is being released today (April 11, 2018) and he will analyze the bill and identify any pension or related Amendments.

Audit Update

Ms. Shea updated the Commission that the auditors are currently auditing the Franklin Regional, Gardner, Haverhill, Taunton, and Winchester Retirement Systems. The Norfolk County Retirement System's audit report and the Dukes County Retirement System's six-month follow-up report were posted on the PERAC Web Page since the last Commission meeting. Ms. Shea then reported on the respective findings.

Compliance Update

Mr. O'Donnell made note of the U.S. Securities and Exchange Commission's Press Release entitled *SEC Promotes Investor Awareness During National Financial Capability Month*. Mr. O'Donnell spoke very highly of the SEC website which is very informative with links providing the availability to perform background checks on investment professionals, identify potential scams, learn about municipal bonds or fixed-income investments, and many other tools.

Mr. O'Donnell then reported that Mr. Lane and Mr. Kelly have been notified of their inability to serve on their respective boards. Mr. Kelly has filed an appeal with Division of Administrative Law Appeals (DALA).

Executive Director's Report

Mr. Connarton made note of staff activities that have occurred since the last Commission meeting.

As a follow up to the correspondence in the package regarding the removal of those board members who have been dismissed from their retirement boards due to a lack of educational credits. Mr. Connarton reported that a copy of the respective letters have been sent to the reporting authorities. Mr. Kelly, from Methuen, has filed an appeal with DALA. Mr. Connarton believes that Mr. Kelly may be operating under the belief that because he has filed an appeal, he may continue to serve, which is not the case. Mr. Connarton has spoken with the Mayor in Methuen notifying him about the actions taken by the Commission. Mr. Connarton has not heard back from the Mayor. Mr. Connarton stated that Mr. Moitoso will attend the next Methuen Retirement Board meeting. Mr. Connarton said that Mr. Moitoso will update the Commission and that we would follow up with the Attorney General if necessary.

Mr. Connarton wanted to follow up further with the Commission about the *Vernava* memo. He stated that the Legal, Audit, and Actuarial Units diligently joined forces to put this memo together and discussed the matter with the Attorney General prior to distributing this memo. He stated that the Supreme Judicial Court made this decision which we must follow. Mr. Connarton further commented that not only does this decision change our long standing position, it will be very difficult to implement administratively, and will create many legal challenges.

Commissioner Dooling inquired what the Sexual Harassment training was all about and why Ms. Corrigan attended that meeting on April 6, 2018.

Ms. Corrigan stated that she is the Sexual Harassment Officer for PERAC. She stated that this mandatory training was held for all state agencies and covered the new Sexual Harassment Procedures in the Commonwealth. The presenters were excellent. One fact that she learned was that any investigative records pertaining to any situation must be retained for the career of any employee involved plus six years.

Commission Travel

Mr. Connarton notified the Commission about the upcoming 2018 Spring MACRS Conference being held June 3-6, 2018 in Hyannis, MA should there be any interest in attending.

Some discussion ensued regarding PERAC's presentations at the MACRS Conference, the ample opportunity to earn six to nine credits at this conference, and the opportunity to video tape the training sessions as a matter of convenience for individuals unable to attend.

Commissioner Fitzpatrick made a motion to grant permission for any interested Commissioners and staff to attend the above conference. Commissioner Dooling seconded the motion and 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, and the motion was adopted.

Other Business

Chairman Brown stated that the next Commission meeting will be held on May 9, 2018 at 11:00 AM.

Commissioner Dooling made a motion to adjourn the meeting. Commissioner Fallon seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kathy Fallon YES, Kate Fitzpatrick YES, James Machado YES, and the motion was adopted. The meeting adjourned at 11:45 PM.

Commission Meeting Documents

Commission Agenda for the meeting of April 11, 2018
Commission Minutes from March 14, 2018

Administrative Sub-Committee meeting Update

The proposed Executive Director's Annual Performance Review form
Redlined Policies to be reviewed as follows:

- 97-001 "Standing Committees"
- 97-003 "Executive Sessions"
- 97-004 "Commission Regulations"
- 97-005 "Emergency Regulations"
- 97-007 "Designation of Persons with Access to Records Obtained by the PERAC Pension Fraud Prevention Unit"
- 99-001 "Distribution of Commission Budget"
- 04-001 "Ensuring Impartiality of the Commission"
- 07-001 "Procurement Policy"
- 12-001 "Remote Participation"

Legal Update

Legal cases:

Cournoyer v. Dept. of State Police, Appeals Court, 17-P-579

Legislative Update

Monthly Legislative Agenda and bullet points outlining legislation

Audit Update

Recent PERAC audits and six-month follow-up audits

Compliance Update

SEC Press Release entitled *SEC Promotes Investor Awareness During National Financial Capability Month*

Executive Director's Report

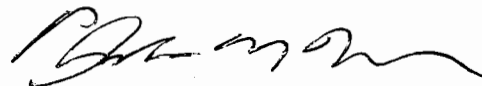
Updated Staff Activities Memo

Correspondence Board Members for John Lane and Tom Kelly

Commission Travel

MACRS Spring Conference notification, June 3-6, 2018

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission