

**Commission Meeting Minutes – As Amended
July 11, 2018**

Chairman Philip Y. Brown called the meeting (held at the PERAC Office, 5 Middlesex Avenue, Somerville, Massachusetts) to order at 11:40 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 Kathleen Fallon, Kate Fitzpatrick, James Machado, and Jennifer Sullivan. Commissioners Timothy Dooling and Robert McCarthy 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.

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 Administrative Services Caroline Carcia, Compliance Officer Tom O'Donnell, Compliance Counsel Derek Moitoso, Senior Associate General Counsel Ken Hill, Associate General Counsel Patrick Charles, Project Manager Anthony Tse, Communications Director Natacha Dunker, 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, Thomas Gibson representing the Middlesex and Belmont Retirement Boards, John Brown representing Middlesex Retirement Board and MACRS, and Padriac Lydon representing the Boston Retirement Board.

Commissioner Fitzpatrick made a motion to adopt the June 13, 2018 Commission meeting minutes. Commissioner Sullivan 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, Robert McCarthy YES, Jennifer Sullivan 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 July 11, 2018 to discuss the Executive Director Search Process. He reported that the Sub-Committee discussed in length the preparation, logistics, job description, selection, interviews, timeline, the CORI process, etc.

Chairman Brown stated that the Administrative Sub-Committee created an Executive Director Search Committee to collect resumes with the opportunity to interview individuals in executive session. The Committee will then forward 2 or 3 individuals to the full Commission for interviews to be held in open session. He continued that the Administrative Sub-Committee will meet again on August 8, 2018 at 11:30 AM and allow all stakeholders to participate in an advisory capacity, via a conference call or in person. He then stated that he has been nominated to be the Chair of this Committee and the members are Commissioners Timothy Dooling and Kathy Fallon. He stated that the timeline will be to wrap up the first stage of this process either by the end of August or early in September, accept resumes in September, conduct interviews in October and make the decision in

November. He continued that Mr. Connarton has committed to work through the end of the year for a smooth transition.

Commissioner McCarthy recommended that the Administrative Sub-Committee advertise this position on PERAC's website, Commonwealth's Employment Opportunities site (MassHires) and Pension and Investments publication.

Commissioner Fitzpatrick made a motion for the full Commission to approve the Administrative Sub-Committee's recommendation. Commissioner Machado 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, Robert McCarthy YES, Jennifer Sullivan YES, and the motion was adopted.

Chairman Brown notified all in attendance that there would be a Joint Legislative/Disability Sub-Committee meeting held on August 8, 2018 at 10:00 AM and an Administrative Sub-Committee meeting also will be held on August 8, 2018 at 11:30 AM. There will not be a meeting of the full Commission in August.

Legal Update

Mr. Parsons reported that he and Ms. Corrigan attended the National Association of Public Pension Attorneys "NAPPA" Conference in Savannah, Georgia. Mr. Parsons stated how much he learned while attending a conference along with public pension attorneys nationally. He then reported on a few presentations about PTSD, Social Media, and Federal Legislation regarding the Social Security GPO and WEP matters.

Ms. Corrigan stated that all presentations can be provided electronically and reported on the Tax Determination, Guarding Beneficiary's Accounts, and Garnishments/Forfeitures presentations.

Ms. Corrigan has been invited to present the *Bettencourt* matter at the NAPPA conference in February 2019 to be held in Tempe, Arizona.

Ms. Corrigan reported the case of *Plymouth Retirement Board v. CRAB, PERAC & Gomes*, Plymouth Superior Court, Civil Action No. 16-1191B (June 27, 2018) and Mr. Hill presented *Gloucester RB v. PERAC*, CR-17-1059 (DALA) (June 29, 2018).

Legislative Update

Mr. DeVito was not in attendance and therefore Mr. Connarton gave the legislative update. He stated that PERAC's bill, H. 19 regarding continuing education credits flexibility has been ordered to a third reading in the House. He reported that the Legislature is out of formal session after July 31 and that any bill that could be acted upon through the end of the calendar year would have to be non-controversial. Mr. Connarton notified the Commission that PERAC has sent a letter to Chairman Sanchez, House Committee on Ways and Means, regarding the Pension Forfeiture Bill. He commented that the Commission may want to file this bill in the Fall with any other legislative

proposals. He finally reported that the House and Senate FY 19 Budgets have not been adopted at this time.

Audit Update

Ms. Shea was not in attendance and therefore Mr. Parsons gave the audit update. He stated that the auditors are currently auditing the Cambridge, Franklin Regional, Plymouth County, Reading and Massachusetts Teachers' Retirement Systems. He then reported that the Norwood Retirement System's six-month follow-up report was posted on the PERAC Web Page since the last Commission meeting.

Compliance Update

Mr. O'Donnell reported that there have been 674 courses taken by board members this calendar year. He then reported that 20 active board members and 15 inactive board members have not filed their SFIs which were due May 1. He continued that the Compliance Unit will be reaching out to those non-compliant individuals formally notifying them that they may be debarred from sitting on any retirement board in the future. He then reported that 92 vendor acknowledgements have been approved from several different asset classes in 2018 to date.

Mr. Moitoso reported that he is hopeful that all members will complete their SFIs by the September Commission meeting so that no board members will be debarred. He also reported that this is a very busy time for RFPs as under Chapter 176 it is necessary to issue new contracts for legal, investments, consultants and actuarial services. He then reported that he attended the Lexington Retirement Board meeting to conduct a PROSPER training.

Commissioner McCarthy inquired if there has been any feedback on past board members that have been debarred. Mr. Connarton stated Mr. Kelly, of Methuen Retirement Board, has filed an appeal with DALA.

Chairman Brown inquired about the Thornton matter. Mr. Connarton stated that he has reached out to the U.S. Attorney's office. However, he has not had a response at this time.

Executive Director's Report

Mr. Connarton reported on staff activities since the last Commission meeting. Mr. Connarton specifically discussed the meeting he and Mr. Parsons attended with A&F and HRD regarding Workers Compensation and the effect on retirement benefits. He then reported that the Administrators Road Show Trainings have been scheduled for August 16 in Northampton, October 18 in Framingham and November 8 in Norwood. He also reported that "Save the Date" communication had been sent to all interested parties for the Emerging Issues Forum being held on September 13, once again to be held at the College of the Holy Cross in Worcester. He then stated that over 100 people have already registered for the Emerging Issues Forum.

Mr. Connarton reported that the State Auditor's Office audited the disability process at PERAC; Mr. Parsons took the lead in this project. There was one finding regarding the approval of disability calculations. He thanked the auditors who performed the audit and noted that a policy has been created so that this finding would not only be resolved, but the new protocol allows for an improved

tracking system. Commissioner Fallon inquired if this would be something PROSPER could incorporate. Mr. Parsons stated that in the future PROSPER would include the ability to track this information.

Mr. Connarton stated that there were a few articles included in the package as they pertain to fossil fuel investments and the maximum return to retirees which he thought to be very interesting.

Commission Travel

Mr. Connarton notified the Commission about the upcoming 2018 NCPERS Public Pension Funding Forum, September 16-18, 2018 at the Royal Sonesta in Cambridge, MA should there be any interest in attending.

Commissioner Machado made a motion to grant permission for any interested Commissioners and staff to attend the above conference. 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, Robert McCarthy YES, Jennifer Sullivan YES, and the motion was adopted.

Other Business

Chairman Brown stated that the next Commission meeting will be held on September 12, 2018 at 11:00 AM.

Commissioner Fitzpatrick made a motion to adjourn the meeting. Commissioner Sullivan 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, Robert McCarthy YES, Jennifer Sullivan YES, and the motion was adopted. The meeting adjourned at 12:27 PM.

Commission Meeting Documents

Commission Agenda for the meeting of July 11, 2018

Commission Minutes from June 13, 2018

Administrative Sub-Committee Update

Executive Director Search Process Memo from Mr. Connarton

Legal Update

Legal cases:

Plymouth Retirement Board v. CRAB, PERAC & Gomes, Plymouth Superior Court, Civil Action No. 16-1191B (June 27, 2018)

Gloucester RB v. PERAC, CR-17-1059 (DALA) (June 29, 2018).

Legislative Update

Monthly Legislative Agenda and bullet points outlining legislation

Audit Update

Recent PERAC audits and six-month follow-up audits

Compliance Update

The Compliance Education and Acknowledgement charts

Executive Director's Report

Updated Staff Activities Memo

Draft "Save the Date" flier for the Administrators Forum

"Save the Date" cards for the Emerging Issues Forum

State Auditor's Audit Report for PERAC

Media Articles of Interest

Harvard Institute – Article regarding Fossil Fuel Investments

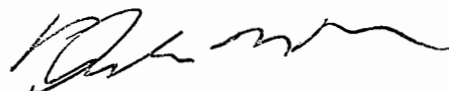
Reuters – Article regarding Fossil Fuel Investments

NY Daily News – Article regarding Maximizing the Return to Retirees

Materials Distributed at the Meeting

Memo regarding Executive Director Search Process Memo from the Chairman

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission