

**Commission Meeting Minutes
October 10, 2018**

Chairman Philip Y. Brown called the meeting (held at the PERAC Office, 5 Middlesex Avenue, Somerville, Massachusetts) to order at 11:12 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, Robert McCarthy, and Jennifer Sullivan. Commissioners Kate Fitzpatrick and 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. Commissioner Kathleen Fallon was 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 Administrative Services Caroline Carcia, Director of Strategic Planning Mike DeVito, Compliance Officer Tom O'Donnell, Compliance Counsel Derek Moitoso, Chief Auditor Caryn Shea, Associate General Counsel Patrick Charles, Project Manager Anthony Tse, Senior Systems Engineer Robert Perez, 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, Nick Favorito representing the State Retirement Board, Thomas Gibson representing the Middlesex and Belmont Retirement Boards, John Brown representing Middlesex Retirement Board and MACRS, Lisa Adams representing the MMA, Kevin Blanchette representing the Worcester Regional Retirement Board, Gerry McDonough representing the Thomas Gibson Law Office, and Francesco Daniele representing the PRIM Board.

Chairman Brown stated that the Agenda must be adjusted as the Executive Session needed to be held earlier in the meeting than originally anticipated. He announced that the Commission will reconvene in open session after the completion of the Executive Session. Chairman Brown then asked the guests to give the Commission about 10 minutes before the regular order of business.

Executive Session

At 11:15 PM Chairman Brown called for a vote of the Commission to go into Executive Session to discuss its litigation strategy because discussion in an open meeting may have a detrimental effect on the Commission's litigating position. A roll call vote was taken:

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

A roll call vote was taken in Executive Session to return to open session and to adjourn the Executive Session at 11:25 AM.

Open Session

Commissioner McCarthy made a motion to adopt the September 12, 2018 Commission meeting minutes. Commissioner Machado seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kate Fitzpatrick YES, James Machado YES, Robert McCarthy YES, and Jennifer Sullivan YES, and the minutes were unanimously adopted.

Executive Director Search Committee Meeting Update

Chairman Brown reported that the Executive Director Search Committee has met and he thanked Ms. Carcia, Mr. Moitoso and Ms. Boisvert for their assistance in this process. Chairman Brown stated that the Committee has created questions from each category of the job description, and that 45 candidates applied for the position. He then stated that the committee reviewed all resumes and will interview 10 candidates.

It was stated that there were some out of state candidates. Further discussion ensued regarding the time frame of the Committee, the presentation of two or three candidates to the full Commission at the November Commission meeting, the opportunity for the Commission to interview, and a preference to vote at that time. If the Commission prefers extra time to vote a special Commission meeting would be scheduled.

Commissioner Fitzpatrick inquired if the full Commission could meet earlier on November 14, 2018 and it was decided that the meeting would begin at 9:00 AM on that day.

Legal Update

Ms. Corrigan attended the *Swallow* and *O'Hare* oral arguments at the Supreme Judicial Court ("SJC"). These cases involve pension forfeiture as it pertains to police officers. The SJC chose to consolidate the two cases. Ms. Corrigan explained that in both cases the officers were off duty when their criminal behavior occurred. She continued that these two arguments were very interesting and brought to light how vexing this area of law is. She stated that the Justices issue written decisions generally within 130 days following oral arguments. Ms. Corrigan stated that the decision to come will be meaningful as to pension forfeiture law in Massachusetts. These cases highlight the reason why this section of the law needs to be changed.

Mr. Connarton then stated that PERAC has approved refiling the Pension Forfeiture legislation in the next legislative session.

Further discussion ensued regarding the fairness of the law, cases going forward under the Eighth Amendment going up on two tracks, the status of cases currently under appeal, some sort of ruling of pension forfeiture and police officers and pension forfeiture in particular.

Legislative Update

Mr. DeVito briefly reported that PERAC's bill, H. 19 regarding continuing education credits flexibility is still in the House Committee on Bills in the Third Reading. He stated that the PFFM

unanimously voted to support H. 19 at their legislative Conference. He also reported that Representative Ted Speliotis has inquired about the Worcester Home Rule Petition legislation regarding the Line of Duty Benefit.

PERAC 2019-2020 Legislative Filings

Mr. Charles reported that at the last Commission meeting it was voted to file six (6) bills for the 2019-2020 Legislative Session. He continued that two (2) additional bills needed some amendments. He then discussed the amended language as suggested by the Commission in regard to these two bills.

1. Veterans' 180 Day Buyback Requirement

Mr. Charles stated that the amendments were made so that a veteran may file to buy back time prior to vesting and inserting the changes directly into Chapter 32, Section 4(1)(h). Previously this has been governed by an outside section of the law.

There was more discussion regarding vesting, how the retirement boards would be aware that an individual is a veteran, and clarifying the language for both proof of notice and uniformity. Guests in attendance had an opportunity to share their points of view. Some items the guests spoke about included the following: The ability to see the language prior to commenting; some members don't actually read the forms or self-identify; other legislative language which is being filed will remove all time constraints; the retirement boards being unable to earn interest on the buyback when the veteran buys the time back at the end of their career; the unexpected expense for the new member; and some members don't want to spend the money as they don't know if they will need the time until they get closer to retirement.

The Commission decided that PERAC should propose the language, and public hearings will be held, which will be a step in the right direction.

Commissioner Dooling made a motion to accept and file the proposed language to the Legislature. Commissioner McCarthy seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kate Fitzpatrick YES, James Machado YES, and Robert McCarthy YES, and the motion was adopted. Commissioner Jennifer Sullivan took a brief break from the meeting and was unavailable to vote at this time.

2. Retirement Dispute Resolution Committee

Mr. Charles provided new proposed language as the Commission suggested to have the Governor or his designee (instead of PERAC) appoint the third member to the Retirement Dispute Resolution Committee.

Discussion ensued regarding the budget for this committee, the length of time to hold a speedy hearing (two to four years wait time at present), and that DALA/CRAB currently receive over 400 appeals annually.

Commissioner McCarthy made a motion to send this item back to the Sub-Committee for further review and discussion. Commissioner Dooling seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kate Fitzpatrick YES, James Machado NO, Robert McCarthy YES, and Jennifer Sullivan YES, and the motion was adopted.

Mr. Connarton stated that PERAC's filing deadline for the 2019-2020 Legislative Session is November 7, 2018. Mr. Charles stated that if necessary, PERAC could have a Representative file on our behalf which we have done in the past, if we miss the November 7th deadline.

Audit Update

Ms. Shea reported that the auditors are currently auditing the, Franklin Regional, Chicopee, Lexington, State, and Massachusetts Teachers' Retirement Systems. She then reported that the Falmouth and Framingham six-month follow-up reports were posted on the PERAC Web Page since the last Commission meeting.

Commissioner McCarthy inquired about the status of hiring another auditor. Ms. Shea notified the Commission that interviews are being conducted.

Compliance Update

Mr. O'Donnell reported that 137 acknowledgements have been granted. He continued that there has been a 50% increase of requests since July. He also stated that seven (7) years have passed since Chapter 176 and the boards are now required to issue new RFPs. He believes that PROSPER is working well during this process.

Commissioner McCarthy inquired if there have been any questions regarding the board member removals.

Mr. Connarton stated that PERAC has not heard anything regarding the removals at this time.

Executive Director's Report

Mr. Connarton offered condolences, thoughts and prayers to Chairman Brown for the loss of his mother. The Chairman thanked all for the support he has received during this difficult time.

Mr. Connarton then offered congratulations to Commissioner Sullivan for her recent promotion to Under Secretary to the Office of Administration. Commissioner Sullivan thanked all for the acknowledgement.

Mr. Connarton reported that the wifi has been upgraded in the boardroom for a stronger and more consistent connection. He thanked the IT Unit for their diligent work.

Mr. Connarton updated the Commission that in accordance with Commission Policy Number 99-001 the Commission's final budget and actual spending numbers for fiscal year 2018 have been distributed as required to the Public Service Committee, Ways and Means, and Administration and Finance. He stated that PERAC had an unexpended balance of \$912,523.24 for fiscal year 2018.

Mr. Connarton reported that 314 individuals registered for the 14th Annual Emerging Issues Forum which was held on September 13, 2018 at the College of the Holy Cross in Worcester. Of those registered, 239 individuals attended. He thanked not only the speakers but the Communications Unit which assembled all of the presentations and handouts. Chairman Brown thanked all the PERAC employees who participated in the preparation and he recognized this as no easy task.

Mr. Connarton then reported that the next Administrators' Seminar will be held on October 18, 2018 in Framingham. He further stated that the session is at capacity and 50 individuals have registered.

Mr. Connarton then reported on the MACRS Fall Conference held in Springfield. Six staff members made presentations. He appreciates the opportunity for PERAC to spend time with the retirement community at MACRS. Mr. Connarton stated that PERAC continues to work with the boards to provide future opportunities for board members to earn educational credits.

Commission Travel

Mr. Connarton notified the Commission about the upcoming 2019 NCPERS Legislative Conference being held in Washington, DC from January 27 – 29, 2019 should there be any interest in attending.

Commissioner McCarthy made a motion to grant permission for any interested Commissioners and staff to attend the above conference. Commissioner Dooling seconded and a roll call vote was taken:

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

Other Business

Chairman Brown stated that the next Commission meeting will be held on November 14, 2018 at 9:00 AM.

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

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kate Fitzpatrick YES, James Machado YES, Robert McCarthy YES, and Jennifer Sullivan YES, and the motion was unanimously adopted. The meeting adjourned at 12:20 PM.

Commission Meeting Documents

Commission Agenda for the meeting of October 10, 2018

Commission Minutes from September 12, 2018

Legal Update

Other information:

Memo regarding SJC Arguments in Two Pension Forfeiture Cases

Legislative Update

Monthly Legislative Agenda and bullet points outlining legislation

2019-2020 Legislative Filings

Proposed Legislative language regarding:

Veterans' Buyback

Office of Retirement Dispute Resolution

Audit Update

Recent PERAC six-month follow-up audits

Compliance Update

The Compliance Acknowledgement chart

Executive Director's Report

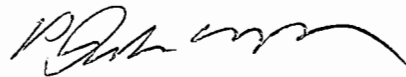
Updated Staff Activities Memo

Correspondence pursuant to Policy # 99-001

Commission Travel

2019 NCPERS Legislative Conference Agenda

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission