

**Commission Meeting Minutes
November 14, 2018**

Chairman Philip Y. Brown called the meeting (held at the PERAC Office, 5 Middlesex Avenue, Somerville, Massachusetts) to order at 9:05 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, Kate Fitzpatrick, James Machado, Robert McCarthy, and Jennifer Sullivan.

PERAC Staff Present for all or some of the meeting: 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, Senior Associate General Counsel Ken Hill, Associate General Counsel Patrick Charles, Chief Financial Officer Virginia Barrows, Accounts Payable Specialist Katie Bozzi, 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 for all or some of the meeting: Michael Leung-Tat representing the State Auditor's Office, Sean Neilon representing the Massachusetts Teachers' Retirement Board, Nick Favorito representing the State Retirement Board, Thomas Gibson representing the Middlesex and Belmont Retirement Boards, Lisa Adams representing the MMA, Kathleen Kiely-Becchetti representing Norfolk County Retirement Board and MACRS, Rich MacKinnon and Bill Cabral representing the PFFM, Susan Horwitz representing Sandulli Grace, Francesco Daniele representing PRIM, and Patrick Landers.

Commissioner Fitzpatrick made a motion to adopt the October 10, 2018 Commission meeting minutes. Commissioner Machado seconded the motion.

Commissioner McCarthy stated that he wanted to change the wording on page 1122 to add "Commissioner McCarthy recommended at past meetings that at least three candidates be selected for presentation to the Full Commission." He reported that he has been notified that the wording cannot be found on the tape recording and suggested that maybe a stenographer should be utilized as was done in the past. He reported that he has emails back and forth from the Chairman stating the same and would like these comments in the minutes for the record.

On the motion Commissioner Machado seconded the motion and the minutes were adopted.

Executive Director Search Committee Meeting Update

Chairman Brown outlined and recapped the Executive Director Search process and thanked the Committee members, Commissioners Dooling and Fallon. He reported that the Committee adopted by-laws, an interview process, and created questions in open session. He stated that 45 people in

total have applied for this position, and included 20 women and nine individuals from out of state. He continued that he was surprised by the number of individuals who applied that were not qualified. There were ten interviews offered, two women, six men, and two minorities. The two minority candidates subsequently withdrew from consideration, as they accepted job offers elsewhere. The Committee conducted interviews for two days then met again for about two hours considering candidates, which was a very lively discussion. Chairman Brown then thanked Commissioner Fitzpatrick for creating the job description and then thanked specific staff members for their assistance in this process.

The Commission interviewed the two finalists for the Executive Director position, Patrick Landers then John Parsons. The Commission asked each finalist to introduce themselves and then asked several other questions. Each finalist was given one half hour but was allowed additional time if necessary.

At 10:20 AM the Commission took a brief break. The meeting reconvened at 10:30 AM.

Chairman Brown requested if there was a preference to vote today, at the December Commission meeting or to hold an additional meeting between. Discussion ensued whether to vote right away or to wait, a brief discussion of salary, and the responsibility of the full Commission to vote on the Executive Director's Employment Agreement.

Commissioner McCarthy made a motion to vote for the Executive Director's position at this Commission meeting. Commissioner Fitzpatrick seconded the motion. The motion was adopted with Commissioner Machado voting against the motion.

Commissioner Sullivan said that she appreciates the time the Executive Director's Search Committee has spent in this endeavor. She continued that she was a bit disappointed that there were not more diverse candidates or women who made it to the finalist stage. She understands that the Committee made the effort which will continue to be an interest on this Commission. Commissioner Sullivan thanked the Committee for all the work and time committed during this endeavor.

Commissioner Fitzpatrick seconded Commissioner Sullivan's comments and appreciates the time and effort that was involved. She believes that today's interviews have provided enough information to help her make her decision.

Commissioner Dooling thanked Mr. Moitoso, Ms. Carcia, and Ms. Boisvert for their incredible assistance. He also wanted to thank all who have applied particularly the two finalists who both brought significantly different perspectives.

Mr. Connarton stated that the process started in July and gives the entire process credence, the Committee members and staff have kept the information private and confidential, there were no leaks and no criticisms. He continued that whoever the Commission selects, the decision was a pure, transparent, and an untainted process.

Chairman Brown also thanked everyone involved including the Commissioners with seniority who, with their input, thoughts and guidance, helped this Committee go forward in this process.

Chairman Brown inquired of each Commissioner of their vote as follows:

Commissioner Dooling – John Parsons, Commissioner Fallon – Patrick Landers, Commissioner Fitzpatrick – John Parsons, Commissioner Machado – Patrick Landers, Commissioner McCarthy – John Parsons, Commissioner Sullivan – Patrick Landers, with a tie vote Chairman Brown voted for John Parsons.

Commissioner Dooling made a motion to accept Mr. John Parsons as the new Executive Director. Commissioner McCarthy seconded the motion and it was unanimously adopted. The Commission congratulated Mr. Parsons!

Mr. Parsons thanked the Commission for its support.

Legal Update

Commissioner McCarthy inquired if there would be a discussion about the *O'Leary* partial stay which he had received only this morning.

Mr. Parsons stated that because we are in litigation on this case any discussion would have to be done in Executive Session. He continued that an Executive Session is scheduled for later in the meeting at which time the *O'Leary* matter could be discussed.

Mr. Hill reported on the matter of *Charles Brace v. Worcester Retirement Board*, CR-16-561, and Mr. Charles reported on the matter of *David Luciano v. Stoneham Retirement Board & PERAC*, CR-14-616.

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 also reported that PERAC's 2019-2020 Legislation was filed on November 6, 2018. Mr. DeVito finally reported that PERAC's 50th Edition of the Pension News will be forthcoming.

Audit Update

Ms. Shea reported that the auditors are currently auditing the Pittsfield, State, Woburn, and Teachers' Retirement Systems. She then reported that the audit report for Taunton Retirement System and the Concord Retirement System six-month follow-up reports were posted on the PERAC Web Page since the last Commission meeting and reported about their respective findings.

Ms. Shea notified the Commission that an offer of employment has been given to a prospective Auditor and we are awaiting a response. Commissioner McCarthy inquired if the Audit Unit would be fully staffed at that point. Ms. Shea stated that the Audit Unit would be fully staffed upon the hire.

Compliance Update

Ms. Johnson stated that board members have completed a total of 1129 courses for educational credit, this amount includes Emerging Issues and MACRS.

Executive Director's Report

Mr. Connarton stated that the Executive Director's Search Committee has been time consuming and stressful for many. He spoke to the quality of staff with three internal candidates, and he believes that the agency is under good hands with Mr. Parsons, as he has the same philosophy and commitment to public service, our mission, and our staff.

Mr. Connarton then reported that the second round of Administrators' Seminars has been completed. He continued that the individuals who have attended these seminars have been every enthusiastic and he believes there will similar opportunities going forward.

Mr. Connarton reiterated that PERAC's 2019-2020 Legislation was filed on November 6, 2018 and he expects that hearings will begin in the spring. He continued that although we hope that H. 19, the education's flexibility bill, gets passed by the end of this year, this language has been refiled for the next legislative session.

Mr. Connarton reported on 840 CMR 10:10(3) and 10:15(4) regarding the Annual Review of Medical Fees and at this time he does not recommend an increase, and believes that the fees should be kept at \$100.00.

Commissioner McCarthy moved to continue the previous schedule of \$100 for the Medical Fees. The motion was seconded by Commissioner Machado and the motion was unanimously adopted.

Commissioner McCarthy inquired if the Legislature reaches out to PERAC regarding the individual bills regarding the increase of age.

Mr. Connarton stated that the Legislature does reach out to PERAC for our opinion. We review the language specifically to be sure that no contributions are taken out for those individuals working past 65 years old. He wanted the Commission to be aware that currently one bill we reviewed recently is going beyond 70 years of age although we have been successful in preventing this scenario thus far. He believes that the Legislature should review the "65 years old" mandatory language in the statute.

Mr. Connarton reported that the Commonwealth has issued its FY2018 prompt pay report. He is proud to report that PERAC has met the 100% prompt pay discount which very few departments meet. He thanked Ms. Carcia, Ms. Barrows, and Ms. Bozzi for their diligence in this matter.

Mr. Connarton stated that a proposed schedule of Commission meetings for 2019 was included in the monthly package. The meetings would be held on the second Wednesday of each month at 11:00 AM. He requested the Commissioners vote on the enclosed schedule at the next meeting after reviewing their personal schedules.

Commissioner McCarthy inquired about the transition of the Executive Director position going forward.

Chairman Brown reported that Mr. Connarton would like to retire by the middle of January.

Mr. Connarton reported that he would work on a schedule with Mr. Parsons and that his goal would be to retire at the end of the year.

Discussion ensued regarding a proposed employment agreement which will be discussed at the Administrative Sub-Committee which will most likely be held on December 3, 2018. Ms. Boisvert will confirm the date and time with the Commissioners.

Executive Session

At 11:00 AM 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, Kathy Fallon 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 11:40 AM.

Open Session

Commissioner McCarthy made a motion to ratify the vote taken in Executive Session. Commissioner Machado seconded the motion and the vote was ratified and was unanimously adopted.

Other Business

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

Commissioner McCarthy made a motion to adjourn the meeting. Commissioner Sullivan seconded and the motion was unanimously adopted. The meeting adjourned at 11:42 AM.

Commission Meeting Documents

Commission Agenda for the meeting of November 14, 2018
Commission Minutes from October 10, 2018

Executive Director Search Committee Update

Candidate Information # 23 – Patrick Landers

Candidate Information # 35 – John Parsons

Legal Update

Other information:

Charles Brace v. Worcester Retirement Board, CR-16-561

David Luciano v. Stoneham Retirement Board & PERAC, CR-14-616

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 Educational Completion chart

Executive Director's Report

Updated Staff Activities Memo

Correspondence regarding the 2019-2020 Legislative Filings

Memo regarding the Annual Review of Medical Testing Fees

FY2018 Discount Terms (offered and fully taken)

2019 Proposed Commission Meeting Schedule

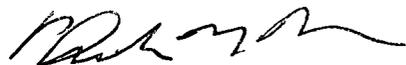
Distributed at the Meeting

Patrick Landers updated Resume

Executive Director's Job Description

Joseph O'Leary v. Lexington RB and CRAB, CR-15-30, Partial Stay

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission