

Commission Meeting Minutes April 10, 2019

Chairman Philip Y. Brown called the meeting (held at the PERAC Office, 5 Middlesex Avenue, Somerville, Massachusetts) to order at 11:15 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, and James Machado. Commissioners Robert McCarthy and Jennifer Sullivan were not in attendance.

PERAC Staff present for all or some of the meeting: Executive Director John Parsons, Deputy Executive Director Joseph Martin, General Counsel Judith Corrigan, Director of Administrative Services Caroline Carcia, Compliance Officer Tom O'Donnell, Chief Auditor Caryn Shea, Senior Associate General Counsel Ken Hill, Associate General Counsel Patrick Charles, Project Manager Anthony Tse, Senior Systems Engineer Robert Perez, Fraud Prevention Manager Sandra King, Communications Director Natacha Dunker, Compliance Counsel Derek Moitoso, Compliance/Investment Data Coordinator Cheryl Johnson, and Senior Executive Assistant Kim Boisvert.

Ms. Boisvert announced the following guests in attendance: Nick Favorito representing the State Retirement Board, Sean Neilon representing the Massachusetts Teachers' Retirement Board, Timothy Smyth, Natacha Thomas, and Padraic Lydon representing the Boston Retirement Board, Kathleen Kiely-Becchetti representing MACRS, and Terenzio Volpicelli representing Roselli, Clark & Associates.

Commissioner Fitzpatrick made a motion to adopt the March 13, 2019 Commission meeting minutes. Commissioner Dooling seconded the motion and the minutes were unanimously adopted.

Audit Sub-Committee Update

Chair of the Audit Sub-Committee, Kathy Fallon, reported that the meeting held earlier in the day was a productive meeting. The Sub-Committee discussed and reviewed the risk-based model to fulfill our obligations in a timely manner with regard to conducting quality audits. She continued that the Sub-Committee accepted the proposal with a few modifications and moved it to forward to the full Commission for its approval. Chair Fallon stated that Ms. Shea will provide an additional monitoring report at the monthly Commission meetings regarding the work plan to correct the audit backlog. If this proposal does not meet expectations or meet deadlines, the Sub-Committee will reconvene and will discuss additional options regarding how to resolve the backlog. Chair Fallon reported that there is a plan in place and she feels very optimistic.

On behalf of the Commission, Chair Fallon made a motion to accept the Audit Sub-Committee proposed risk-based plan, as prepared by the audit team, to ensure that we are in compliance with the statute. Commissioner Dooling seconded the motion.

Chairman Brown inquired if there is enough staff to complete the plan.

Commissioner Dooling responded that at this time there is enough staff. He stated that at this time the Sub-Committee would like to formerly adopt this plan. He continued that the top priority is to address the audit backlog. Commissioner Dooling stated that everything is on the table for this multi factorial approach. Plan B would be to discuss staffing or even possible legislative changes.

On the motion to accept the risk-based plan, it was unanimously adopted.

Legal Update

Chairman Brown congratulated our new General Counsel Ms. Corrigan. The Commission is very pleased that Ms. Corrigan applied and has been named the new General Counsel. Ms. Corrigan thanked the Commission.

Mr. Moitoso reported on the matter of *Barnstable County Retirement Board & Parkka v. PERAC*, CR-17-934 (DALA 2019).

Mr. Hill reported on the matter of *Watertown Retirement Board v. Deignan*, App. Ct., 17-P-1379 (Mar. 21, 2019).

The Commission inquired about the status of the Pension Forfeiture work group. Mr. Parsons stated that PERAC has filed the Pension Forfeiture language for the 2019-2020 legislation which included the last amended language as provided by Public Service Committee. Mr. Parsons stated that at this time no hearings have been scheduled but that he would keep the Commission abreast of any possible hearing dates.

Ms. Corrigan updated the Commission on *Plymouth Retirement Board v. CRAB & others*, SJC-12711, the *Gomes* case.

Ms. Corrigan then gave a status report on the *McLaughlin* matter. She reported that the Chelsea Retirement Board has not taken any action regarding Mr. McLaughlin's pension at this time but is required to provide a status report to DALA every six (6) months. The Retirement Board recently delayed proceedings when it appeared Mr. McLaughlin would need new counsel. However, that issue has now been resolved. She continued that Mr. Monahan, counsel for the Chelsea Retirement Board, recently reported that Mr. McLaughlin now has civil damages against him for about \$700,000. Ms. Corrigan stated that if Mr. McLaughlin had come in right away for a hearing he would have been entitled to about \$472,000 or \$240,000 depending on the outcome of a Section 15(7) hearing. She reported that it appears that Mr. McLaughlin is in no hurry to have his hearing. Ms. Corrigan stated that the Chelsea Retirement Board has hired Attorney Michael Sacco to assist Ms. O'Brien, Executive Director, at the hearings(s) when they are eventually held. Ms. Corrigan believes that this case should be moving forward now.

Ms. Corrigan reported that the *Gomes* case, involving the award of credit under Section 4(2)(b) to call firefighters and reserve police officers, has been taken up by the Supreme Judicial Court sua sponte.

There was a brief discussion regarding the case of Thomas Corliss, a former Quincy police officer who was convicted of defrauding the city and whose convictions were upheld by a federal appeals court on March 30, 2019.

Legislative Update

Mr. Charles reported that the Public Service Committee held a hearing regarding 12 bills which were home rule petitions and included mostly civil service and age exemptions. Mr. Charles asked the staff members of the Joint Committee on Public Service about when hearings would be held for our 2019-2020 Legislation. He reported that he would keep the Commission updated.

Audit Update

Ms. Shea reported that the auditors are currently auditing the Attleboro, Everett, Greater Lawrence Sanitary District, Hampden County, Marblehead, and Leominster Retirement Systems. She then reported that the audit report for Cambridge Retirement System and follow-up audit for the Natick Retirement Board were completed and posted on the PERAC Web Page since the last Commission meeting. Ms. Shea then spoke about the respective findings.

Compliance Update

Mr. O'Donnell reported that 670 vendors (45%) have filed their Annual Vendor Disclosures which were due by March 1 and 280 board members (55%) have filed their SFIs which are due May 1.

Executive Director's Report

Mr. Parsons briefly reported about the staff activities since the last Commission meeting. He continues to attend retirement board meetings as his schedule permits. The most common comments received during the board meetings have been about financial schedules across the Commonwealth and surprisingly very few comments have been about PROSPER which seems to be running smoothly. Mr. Parsons then updated the Commission about our training initiatives and utilizing webinars.

Mr. Parsons then made note of the new look of the Pension News as distributed in the monthly Commission package.

Mr. Parsons then reported that he has been working with Ms. Kiely-Becchetti as it pertains to the MACRS TEDS program and the 2019 Annual Spring Conference. He continued that the TEDS program will be held on Saturday and Sunday, June 1 and 2 and the full conference will be held that Monday through Wednesday, June 3 to 5. Finally, PERAC staff will be presenting 5 hours of training throughout the weekend and additional hours during the week.

Commission Travel

Mr. Parsons again discussed the upcoming 2019 MACRS Annual Conference and TEDS Program to be held in Hyannis, MA from June 1-5, 2019 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 Fallon seconded the motion and it was adopted.

Other Business

Chairman Brown stated that the next Commission meeting will be held on May 8, 2019 at 11:00 AM. He also reported that an Administrative Sub-Committee meeting will be held at 10:00 AM the same morning.

Commissioner Dooling made a motion to adjourn the meeting. Commissioner Fallon seconded and the motion was unanimously adopted. The meeting adjourned at 11:50 AM.

Commission Meeting Documents

Commission Agenda for the meeting of April 10, 2019
Commission Minutes from March 13, 2019

Audit Sub-Committee Update

Proposed New Audit Approach Memo

Legal Update

Cases of Interest:

Barnstable County Retirement Board & Parkka v. PERAC, CR-17-934 (DALA 2019)

Watertown Retirement Board v. Deignan, App. Ct., 17-P-1379 (Mar. 21, 2019)

Plymouth Retirement Board v. CRAB & Others, SJC-12711 (Notice from Supreme Judicial Court)

Status Report from Chelsea Retirement Board's Attorney Brian Monahan

Audit Update

Recent PERAC audit and six-month follow-up reports

Executive Director's Report

Staff Activities

April 2019 PERAC Pension News

Commission Travel

Agenda for 2019 MACRS TEDS and Annual Conference

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission