

Patrick Dello Russo
Richard Pitts

John O'Brien
JP O'Neil

Michael Lyle 68

**Melrose Retirement Board Meeting
April 29, 2009**

The Regular Meeting of the Melrose Retirement Board duly posted to be held in the Mayor's Conference Room, City Hall, Melrose, MA on the above date was called to order at 9.00 a.m. by Chairman Dello Russo with members O'Brien; Lyle; Pitts and O'Neil in attendance. Also in attendance are Rob Van Campen and Walter Foster, legal counsels for the Board; Ed Collina; Paul Grover; Chris Turner; Grace F. Pike; John Reidy; Barbara Phillips; Joseph Connarton; Atty Stephen C. Limone; John Pike; James Smith; John P. Reiley; Diane L. Di Freitas

New Business

Chairman Dello Russo introduced invited guests Executive Director of PERAC, Joseph Connarton and General Counsel for PERAC Barbara Phillips. Mr. Connarton gave a brief overview of PERAC. Mr. Connarton stated "that this is a very interesting time in the pension community". The following are issues that Mr. Connarton spoke about to this Board.

- explained that PERAC was created in 1996 due to a series of Globe articles that didn't have their facts straight. Currently the Press is taking a few cases by which they are judging all retirement boards.
- Explained the makeup of the PERAC Board
- 15,000 ordinary and accidental disability cases are monitored throughout the Commonwealth. Since 1997 PERAC has identified 28 million dollars of excess earnings.
- Audit unit – PERAC only performs a compliance audit, not a performance or management audit.
- PERAC is the only agency in the country to have returned over 100 individuals back to service
- There is currently a bill in the House and Senate to address Retirement abuse and to bring about pension reform
- There will be training at MACRS for new Board Members; however, targeted training can be put together at any time during the year at PERAC. Workshops for Board Member can be scheduled at any time.
- Barbara Phillips explained the disability process. Stated that Retirement systems are well run machines with hard working employees.

On a motion made by Board Member O'Neil and seconded by Board Member Lyle it was unanimously

VOTED to hear from Attorney Stephen C. Limone and John Pike who are here today to discuss Mr. Pike's over earnings from the City of Melrose and the repayment plan the Melrose Retirement Board has in place for him.

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Attorney Walter Foster presented an overview of this case on behalf of the three new Board Members and guests Joseph Connarton and Barbara Phillips. Mr. Pike has appealed his case to Superior Court and to DALA both of which were dismissed. Mr. Pike had a 24 year career as a police officer with the City of Melrose and retired in October 2003.

At this point Attorney Limone was introduced and he proceeded to go into detail all of the points pertaining to Mr. Pike's over earnings as a retiree. The following points were stated by Attorney Limone:

- Former retirement administrator Barbara Wells did inform Mr. Pike that there were earnings limitations after retirement should he work for a municipality.
- August of 2006 the question of over earnings arose for the first time.
- October 2006 letter was sent to Mr. Pike from Joseph Connarton regarding his earnings.
- Jan 2007 letter sent to Mr. Pike from Retirement Board stating he had been over paid due to outside earnings.
- Assistant Administrator recalculated his earnings
- Vendor Inquiry report from City of Melrose does not indicate amount of hours Mr. Pike worked either on the report or any of the checks he received.
- Mr. Pike believed the City of Melrose would alert him when he reached his 960 hours or he was to close to what he could earn.

At this point Chairman Dello Russo reclaimed the floor and turned this discussion over to Attorney Foster who stated a decision had been reached by DALA in this Board's favor and this cannot be reappealed. Mr. Pike's legal options have been exhausted. The complete legal process has taken place. Compensation is compensation no matter how it is received. There has been no legal suit filed against the City of Melrose, however, Attorney Foster does believe that the statute of limitations has passed for Mr. Pike or his attorney to take further action.

On a motion made by Board Member O'Brien and seconded by Board Member Lyle it was unanimously

VOTED for Mr. Pike to repay the amount of \$15333.96 in 36 months which translates to \$425.94 per month to be deducted from his monthly retirement allowance.

Attorney Limone stated he was not finished with his presentation and that he had been cut off and not given the option to discuss a repayment plan. Chairman Dello Russo

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stated that this Board is done with this order of business. This was a courtesy meeting only. Mr. Pike's repayment will start in May 2009 for 36 months.

There was a five minute recess while Joseph Connarton, Barbara Phillips, Attorney Limone and Mr. Pike and his family left the meeting.

The next order of business was Mr. John Reidy from Pension Technology Group (PTG). The following points were made by Mr. Reidy

- gave an overview of our current contract; the type of services provided
- web based, most secure system with data encryption
- case management system in place to track steps on disability process.
- Full disaster recovery process
- Training for new employees would cost this Board additional.

Attorney Foster stated he had had several conversations with Mr. Reidy regarding this computer system. He is aware that City's and Town's are looking for Retirement Boards information due to GASB45. PTG adheres to strict stringent data security 201CMR17. PTG meets or exceeds all standards. There are no social security numbers on any documents. PTG works with a Data Security Consultant. Additionally, there will need to be an addendum to our existing contract stating that there is a third party storing data along with a written policy that must be adopted by this Board. Board Member O'Brien stated that the Human Resource department should have access to PTG. Board Member O'Neil brought up PERAC Memo #19/2003 which states that "Only retirement Board personnel should have access to such records. Mr. Reidy explained that Retirement Board Staff are the only ones with access to their system and that this is in compliance with this PERAC memo from June 2003 and upon advice from PTG's attorney.

Retirement Board staff access they system with a digital fingerprint scanner along with a user name and password. There are firewalls in place that are checked every day. An Intrusion detector monitors rogue sites trying to access PTG. PTG is monitored by a third party. Data is encrypted at all times. Mr. Reidy also explained that the contract price was cut in 2007 to entice us as a client.

Chairman Dello Russo thanked Mr. Reidy for his time and patience this morning.

On a motion made by Board Member O'Neil and seconded by Board Member Lyle it was unanimously VOTED to approve the regular minutes of March 24, 2009, and sign them into record.

On a motion made by Board Member Lyle and seconded by Board Member O'Neil it was unanimously

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VOTED to approve the Executive session minutes of March 24, 2009 and sign them into record.

On a motion made by Board Member Lyle and seconded by Board Member Pitts it was unanimously

VOTED to approve the Executive session minutes of February 26, 2009 and sign them into record.

On a motion made by Board Member O'Neil and seconded by Board Member Lyle it was unanimously

VOTED to issue for payment Retirement Expense Voucher #29 and #26, and Retirement Allowance Paid Voucher for April 2009 on Voucher #30 and Retirement Staff Payroll on Vouchers #23-24-25-28 and Invesco Wire on voucher #27

On a motion made by Board Member Pitts and seconded by Board Member O'Neil it was unanimously

VOTED to include for membership in the Melrose Retirement System.

Certificate #2784, Janet A. Graf, Sr. Account Clerk, hired 3-23-09, group 1
Certificate #2785, Robin J. Adams, School Nurse, hired 4-27-09, group 1

Received from PERAC the approval of the following retirements:

Superannuation Option A for Leslie Nash effective February 28, 2009

Annuity	7697.88
Pension	<u>22132.68</u>
Yearly	29830.56

Superannuation Option A for Steven Jancsy effective February 3, 2009

Annuity	10785.00
Pension	<u>46785.72</u>
Yearly	57570.72

On a motion made by Board Member Pitts and seconded by Board Member O'Brien it was unanimously

VOTED to accept and process the above retirements.

Superannuation Option C for Barry Campbell effective February 17, 2009

Annuity	6476.40
Pension	<u>46787.04</u>
Yearly	53263.44

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On a motion made by Board Member Lyle and seconded by Board Member Pitts it was unanimously

VOTED by the Board to accept and process the above retirement

Received Request for Withdrawal of Accumulated Total Deductions from Tami B. Toomey. Ms. Toomey resigned from her position as a Paraprofessional in the Melrose School System on February 29, 2008.

On a motion made by Board Member Lyle and seconded by Board Member Pitts it was unanimously

VOTED by the Board to accept and process.

Received Request for Withdrawal of Accumulated Total Deductions from Jeff R. Clark. Mr. Clark was a bus monitor for the Melrose School System who was terminated on June 30, 2006. Mr. Clark will receive all of his interest.

On a motion made by Board Member Lyle and seconded by Board Member O'Brien it was unanimously

VOTED by the Board to accept and process this request.

Received Request for Withdrawal of Accumulated Total Deductions from Karen L. Carney. Ms. Carney was a Sr. Clerk in the DPW who resigned on June 6, 2008. She is not entitled to any of her interest.

On a motion made by Board Member O'Brien and seconded by Board Member Lyle it was unanimously

VOTED by the Board to accept and process this request.

Received Request for Withdrawal of Accumulated Total Deductions from Lena-Anne V. Arsenault. Ms. Arsenault was a Paraprofessional in the Melrose School System who resigned on October 17, 2008. She is not entitled to any of her interest. On a motion made by Board Member O'Brien and seconded by Board Member Lyle it was unanimously

VOTED by the Board to accept and process this request.

Received request from the Mass Teachers Retirement System to transfer the account of Rena Cerulli. Ms. Cerulli had three years and five months in the Melrose Retirement System. All funds and creditable service are to be transferred.

On a motion made by Board Member Pitts and seconded by Board Member O'Neil it was unanimously

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VOTED by the Board to accept and process this request

Received request from Ann Molk to buy back one (1) year and four (4) months of time while she was a CETA employee. The Treasurer's office cannot locate any payroll records. Ms. Molk has affidavits from four (4) retired police employees stating that she was employed by the City of Melrose and working at the police station during the period of February 1975 to June 1976 when she was hired full time under the City of Melrose. The Chairman asked the Retirement Administrator how this had been handled in the past since there is no policy in place. Previous CETA buybacks have been based upon minimum wage paid at the time worked. On a motion made by Board Member Pitts and seconded by Board Member O'Neil it was unanimously

VOTED to allow Ms. Molk to purchase one year and four months of creditable service based upon the minimum wages in 1975 and 1976.

Salvatore A. Toste was discussed in Executive Session last month; however, no vote was taken at that time. The Board will need to vote to accept this as a potential disability case. The Retirement Administrator refreshed the Board Members as to what type of disability Mr. Toste was applying for. On a motion made by Board Member O'Neil and seconded by Board Member Lyle it was unanimously VOTED by the Board to accept and process this Disability Application.

Discussion by the Board on "Business Attire/Uniform(s) for Board Members at Board Meetings. Chairman Dello Russo stated that he had put this on the Agenda and he would like to see a policy in place. Board Member Lyle stated it should be Business Casual. Board Member Pitts stated he didn't feel a motion was necessary and that the Chairman could put a policy in place.

Received from PERAC the following Memorandums:

Memo #16/2009 Investment Manager List

Memo #17/2009 Tobacco Company List

Memo #18/2009 Impact of Furloughs on Creditable Service and Regular Compensation

Memo #19/2009 Federal Stimulus Package and New Withholding Tables Effective April 1, 2009

Received the following financial reports.

TA Realty Fund V Annual Report December 31, 2008

Invesco A Commentary on the US Bank Loan Market March 2009

Tuckerman Asset Manager's Report thru February 2009

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NCPERS Monitor March 2009
Ascent Venture Partners IV Combined Financial Statements Dec 31, 2008
with Independent Auditors Report
Ascent Venture Partners IV LP thru December 31, 2008
PIMCO Investment Outlook for April 2009
Keystone Venture V L.P. Unaudited Financial Statement yr ended 12-31-08
Email from Paul Todisco of PRIM regarding the new hire of General and Hedge
Fund Consultant
The PERAC Financial Bulletin Financial Market Review April 2009
Invesco Risk & Reward Research & Investment Strategies 2nd quarter 2009
Invesco Perspective April 2009
Intercontinental Real Estate Investment Fund II March 31, 2009
PRIM through March 31, 2009
NCPERS Monitor for April 2009
Segal Bulletin for April 2009

Received letter from PERAC regarding Henry L. Annese. PERAC would like to know what action, if any, this Board will be taking regarding his case. Mr. Annese has pled guilty to his crimes. A copy of the PERAC letter to the Retirement Administrator has been distributed to each Board Member. Attorney Foster stated that this was the first he was hearing about this. He advised the Board that there are a number of provisions for forfeiture of pension. Attorney Van Campen state Board that the City of Melrose will be sending a letter to the Melrose Retirement Board requesting reimbursement for Mr. Annese's crimes out of his annuity account. This issue will be addressed at the May 2009 Board Meeting.

Board to sign the cover sheet of the 2008 Annual Statement. This is due at PERAC on May 1, 2009.

Received word that Virginia B. Thomason passed away on March 23, 2009. Mrs. Thomason was an Option C surviving spouse of retiree Van Allen Thomason. All benefits cease as of the date of her death.

Board Member O'Neil brought up the MACRS Conference and allowing the Retirement Administrator and Assistant Administrator to attend this conference for the purpose of networking and assisting them to find new jobs since they will be laid off from their current position on June 26, 2009. This will hopefully cut down unemployment insurance that they City of Melrose will have to pay on the two positions. On a motion made by Board Member O'Neil and seconded by Board Member Pitts it was

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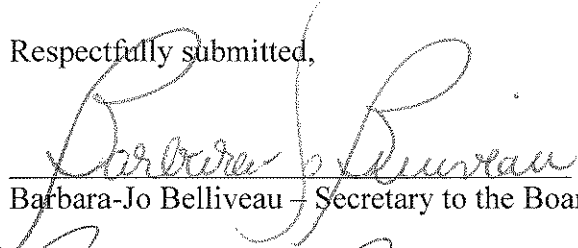
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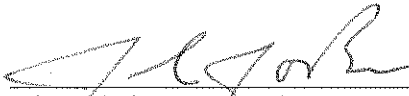
VOTED to allow both office staff to attend the upcoming MACRS Conference. There were four Board Members in favor with Chairman Dello Russo opposed.

Date of the May meeting will be Wednesday, May 27th at 9:00 am

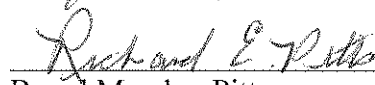
Respectfully submitted,

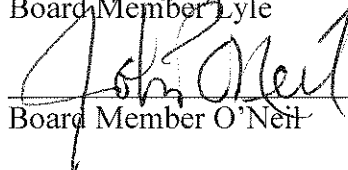

Barbara-Jo Belliveau - Secretary to the Board


Chairman Dello Russo


Vice Chairman O'Brien


Board Member Lyle


Board Member Pitts


Board Member O'Neil



CITY OF MELROSE

AUDITOR'S OFFICE

PATRICK D. DELLO RUSSO
CFO/City Auditor

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Melrose, Massachusetts 02176
Telephone - (781) 979-4107
Fax - (781) 662-2182

To: Michael Pasquariello, CPA
Executive Director
Melrose Retirement Board
Distribution

From: Patrick D. Dello Russo, CFO/City Auditor
Chairman of the Board

Date: July 31, 2009

Re: April 29th Board Meeting - Correction
MACRS Attendance

Please be advised, the April 29th, 2009 Board Minutes clearly incorrectly state that I voted against the staff personnel to attend the MACRS conference in Hyannis, Mass. I most certainly did vote for the staff personnel to attend the MACRS Conference. The vote was unanimous. I have verified this through Vice Chairman John O'Brien, Board Member Dick Pitts (who seconded the motion), and Board Member Mike Lyle.

Please insert this into the permanent record of the Minutes of the Meeting.

Thank you in advance.

Distribution:

Retirement Board Members
Robert Van Campen, City Solicitor

Fn: RetirementBoardFY09MeetingCorrectionApril292009