

## Hey, big spenders Natick Retirement Board laid out \$63,834 for travel in three-year period

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### GLOBE WEST 1

The Natick Retirement Board spent more than \$63,000 during a three-year period on travel to conferences, including half a dozen trips to far-flung tourist hot spots such as Key West, Fla., and Las Vegas.

Board members and staff took six out-of-state trips and eight within the state to attend conferences that were intended to educate them about pension investments and administration, according to board records covering 2003 to 2005.

The board's spending on resort and conference hotels, meals, car rentals, and other items far outstripped that of the other eight municipal retirement boards in the region.

The Natick board spent more for travel than the combined annual travel expenses of the boards in Newton, Shrewsbury, Framingham, Wellesley, Milford, and Marlborough.

Natick Retirement Board chairman Robert Drew, a retired town police officer, declined to be interviewed about the board's travel spending, but the board's outside attorney defended it as necessary.

"When you're a public official and you have a fiduciary responsibility, and this is fairly technical stuff, you need to have an understanding of what the investment is when a consultant is explaining it to you," said Michael Sacco, a Southampton lawyer who was designated by the board to respond to questions. "It's difficult for anybody to make that kind of a call without the training."

The Natick fund is one of 104 municipal and county retirement funds across Massachusetts in which taxpayer money and employee contributions are invested to pay the pensions of retirees. Natick taxpayers kicked in \$5 million to the roughly \$70 million fund this fiscal year and will be expected to contribute \$5.5 million more next year under a formula set by state regulators.

The Natick fund's return on its investments was the worst in the area last year at just over 5 percent.

Critics have slammed the profusion of separate, locally managed retirement systems as needlessly inefficient when the money could be pooled with the state's high-performing \$40 billion retirement fund.

A leading critic of the municipal retirement system scoffed at any travel spending by city and town retirement boards.

"I think the whole thing is ridiculous," said Salem State College economist Ken Ardon, who favors consolidating municipal and county retirement boards into a single state panel.

"These boards are hiring consultants and money managers to advise them and yet they can still just say, 'We need to travel wherever to look into investments.' It's a situation that's ripe for people to take advantage of with trips that are questionable at best if not an outright waste of money," Ardon said.

In travel expenses alone, the nine boards in the area covered by Globe West spent nearly \$181,000 over the past three years, according to figures provided by the boards. When retirement funds spend wastefully or their investments perform poorly, it hurts the taxpayer, Ardon said.

"The money for retirees is going to go out the door," he said. "It's a question of, does it come from the fund because of good investments and low expenses or does it come from the taxpayers because the fund came up short?"

Ralph White, president of the Retired State, County, and Municipal Employees Association of Massachusetts, or Mass. Retirees, which represents the interests of thousands of state and municipal retirees, declined to comment on the Natick board's travel spending. He said he is friendly with the board and described it as "one of the best boards in the state for defending rights for retirees."

The Natick board spent the most on travel in 2005, shelling out \$26,286, compared with about \$19,000 in each of the two previous years.

Natick comptroller Ruthann Cashman, a member of the retirement board by virtue of her position, started off 2005 with a solo trip in late January to the four-day fifth annual Fire and Police Academy investment conference at the \$291-a-night Wyndham Casa Marina resort in Key West.

In April, board member Michael Melchiorri stayed at the Burlington Marriott for one night at a cost of \$148 during the Middlesex Retirement Board Spring Seminar. The hotel is about 20 miles from Natick, about a half-hour drive.

Then in May, four of the five board members and Kathleen Bacon, the system's administrator, flew to Las Vegas for the weeklong National Conference on Public Employee Retirement Systems at the \$315-a-night Mandalay Bay Resort and Casino.

Drew, the chairman, was reimbursed for \$102 in tips for that trip alone.

A month later, all five board members, Bacon, and another staff member attended a four-day retirement conference in Hyannis, racking up more than \$2,500 in hotel bills. Three board members and the two staffers were back on the road in October for a fifth conference in Springfield that generated roughly \$1,900 in hotel charges.

During the three-year period, board members also made two other trips to Key West, trips to Anaheim and Denver, and numerous other in-state trips, including two more to Hyannis.

Aside from Cashman, Sacco said, the board members serve without pay as they perform an important job for the public. "They have a lot of responsibility, and this is a public service they embrace with due diligence.

"I don't see a problem with any of them going to any of these educational conferences and PERAC doesn't either," said Sacco.

The state Public Employee Retirement Administration Commission oversees municipal retirement boards in Massachusetts. A commission spokesman confirmed that it sets no limits on how much boards can travel.

Travel records obtained by Globe West under the state's open records law show that members of the Natick board typically stayed in hotels at board expense even at conferences held within easy driving distance of Natick, such as those in Billerica, Burlington, Chelmsford, and Danvers.

"There are networking activities at night. It certainly is more convenient for them to stay than to drive," Sacco explained. "I don't think it's anything more than that."

Natick board members also eat well on the road. They have granted themselves a generous allowance of up to \$95 a day for meals while traveling. A 2004 receipt from a posh steakhouse in California shows board members and staff ordered two filet mignons at \$28.50 each, a rack of lamb at \$28.75, and swordfish at \$21.95. They left a \$40 tip, about 25 percent of the bill.

"If they have a certain allocation per day for meals, and I'm not saying they are supposed to go out and try to spend it all every day, but it's difficult to criticize someone who acts within the confines of that expense requirement," Sacco said. "Should they always go out and try to order the cheapest thing on the menu?"

The federal government caps the daily meal and incidental expense rate for its employees at \$64 a day for high-cost destinations such as Las Vegas and Anaheim.

The Marlborough Retirement Board's maximum daily meal allowance is \$50. That board spent less than \$1,200 on travel over the past three years.

"The funds we manage belong to city employees and the retirees of the city, so we're careful to limit our travel expenses," said Gregory Brewster, chairman of the Marlborough board. "I don't look to just spend money."

Brewster said he relies on the board's paid financial consultants, Meketa Investment Group of Westwood, to stay on top of new investment opportunities and regulations. He said he does not see much benefit to town retirees from board members flying off to pricey resort conferences when the board already is paying for expert guidance.

Wellesley Retirement Board chairman David Kornwicz said his board holds down expenses by attending only local conferences and, even then, sending just one or two members, who then pass along what they have learned to the other members. He said that as far as he knows, no Wellesley board member has ever traveled out of state on the fund's dime during his 13-year tenure.

"We certainly want to make certain that the appropriate board members get all the training

they need in terms of being kept up to date, but we typically look to the local training that occurs primarily in Hyannis," Kornwitz said. "The feeling is that our needs are met locally."

The Globe West review of the Natick board's travel expenses also raised questions about its record-keeping. PERAC travel regulations require itemized receipts and board member signatures on official expense report forms. Only one such form was included among the three years' worth documents provided to the Globe, and it was not signed. Meanwhile, a number of meal receipts supplied by the board simply showed the amount drawn on a credit card, not an itemized list of what was purchased.

The travel documents also raised other questions, such as why a minivan rented at board expense in Denver was driven more than 400 miles during the 2003 conference. The Denver airport is about 25 miles from the conference hotel, and receipts show board members ate many meals there.

"In any conference there is going to be free time," Sacco said. "If you rent a vehicle that's \$30 or \$40 a day with unlimited miles, if they use that free time to do a little sightseeing while they're out there, I don't think that's inappropriate."

#### SIDEBAR 1:

Different approaches

Other area boards were able to get by with spending far less on travel over the same three-year period.

Natick \$63,834

Needham \$36,511

Waltham \$30,285

Newton \$20,878

Shrewsbury \$15,572

Framingham \$8,031

Wellesley \$2,877

Milford \$1,780

Marlborough \$1,199

Regional totals \$180,967

SOURCE: Local retirement boards and state regulators

#### SIDEBAR 2:

A generous expense account

For board members and staff, the road was comfortable.

\$520.93 for a rental car, Denver, May 2003. The vehicle was driven 407 miles in a week even though the airport is about 25 miles from the hotel.

\$102 in tips, Las Vegas, May 2005. Chairman Robert Drew handed out the cash to bellhops, skycaps, drivers, and hotel maids during a weeklong trip.

\$200.87 meal at JW's Steakhouse, Anaheim, Calif., May 2004. The bill included two filet mignons at \$28.50 each, rack of lamb at \$28.75, swordfish at \$21.95, and a \$40 tip.

#### SIDEBAR 3:

Nights spent in top hotels

Here are the hotels where members and staff of the Natick Retirement Board stayed from 2003 to 2005.

2003

The Adam's Mark Hotel, Denver

Wyndham Casa Marina, Key West, Fla.

Four Points by Sheraton Resort, Hyannis

Sheraton Tara Hotel, Springfield

Radisson Hotel and Suites, Chelmsford

2004

Hilton Anaheim Hotel, Anaheim, Calif.

Sheraton Ferncroft Resort, Danvers

Four Points by Sheraton Resort, Hyannis

Wyndham Casa Marina Hotel, Key West

2005

Wyndham Casa Marina, Key West

Burlington Marriott

Mandalay Bay Resort and Casino, Las Vegas

Four Points by Sheraton Resort, Hyannis

Sheraton Springfield Monarch Place

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