

Commission Meeting Minutes

May 8, 2019

Chairman Philip Y. Brown called the meeting (held at the PERAC Office, 5 Middlesex Avenue, Somerville, Massachusetts) to order at 11:10 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, and Robert McCarthy. Commissioner Jennifer Sullivan was not in attendance.

PERAC Staff present: Executive Director John Parsons, Deputy Executive Director of Policy Joseph Martin, Deputy Director of Administration Caroline Carcia, General Counsel Judith Corrigan, Chief Financial Officer Virginia Barrows, Compliance Officer Tom O'Donnell, Compliance Counsel Derek Moitoso, Chief Auditor Caryn Shea, Senior Associate General Counsel Ken Hill, Senior Associate General Counsel Patrick Charles, Project Manager Anthony Tse, Senior Systems Engineer Robert Perez, Communications Director Natacha Dunker, and Senior Executive Assistant Kim Boisvert.

Ms. Boisvert announced the following guests in attendance: Nick Favorito representing the State Retirement Board, Erika Glaster and Sean Neilon representing the Massachusetts Teachers' Retirement Board, Timothy Smyth and Natacha Thomas representing the Boston Retirement Board, Thomas Gibson representing the Middlesex and Belmont Retirement Boards, and John Brown representing MACRS and the Middlesex Retirement Board.

Commissioner Fitzpatrick made a motion to adopt the April 10, 2019 Commission meeting minutes. Commissioner Machado seconded the motion and the minutes were unanimously adopted.

Administrative Sub-Committee Update

Chairman Brown reported that the Sub-Committee met earlier in the day and a very comprehensive discussion was held. The Sub-Committee discussed and reviewed the Fiscal Year 2020 proposed budget which represents a decrease of about \$41,000 from last fiscal year. He continued that the Administrative Sub-Committee approved the proposed budget and has sent it to the full Commission for its review and approval with a caveat of adding a line item for vacation and sick retirement buy-outs.

Commissioner McCarthy stated that the budget includes a 1.5% COLA and a 1.5% salary increase included for staff.

On behalf of the Commission, Commissioner McCarthy made a motion to adopt the Fiscal Year 2020 budget. Commissioner Machado seconded the motion and the Fiscal Year 2020 budget was unanimously adopted.

There was further discussion at the full Commission meeting regarding the amount of money allotted for investigations. Mr. Parsons stated that the outside investigators have been successfully utilized for 91A matters and believes the projection is on target.

There was a brief discussion about the Administrative Sub-Committee Executive Session minutes and if they needed to be adopted at the full Commission. Ms. Corrigan believes this is not necessary. However, Ms. Corrigan stated that she would research this matter.

Legal Update

Ms. Corrigan stated that new Senior Associate General Counsel Patrick Charles will be reporting on one case today. The Commission congratulated Mr. Charles on his promotion.

Mr. Charles reported on the matter of *Deanna Dunn v. Holyoke Retirement Board and PERAC*, CR-17-232 (DALA 4/12/19).

Legislative Update

Mr. Charles updated the Commission about a meeting Mr. Parsons, Mr. Martin and he participated in with Representative Fernandes about House Bill Number 3662, An Act authorizing independent retirement systems to divest from fossil fuel companies. This bill is different than prior bills as House 3662 will allow retirement boards to divest from fossil fuels based on a local option. The bill is currently before the Joint Committee on Public Service and he expects that a hearing will be scheduled. He will keep the Commission apprised of any future hearings.

Audit Update

Ms. Shea distributed an Audit Tracking Report showing the status of the 2016, 2017 and 2018 audits. She reported on the audits for 2016; on those 28 systems shown on the chart, 14 audits have been issued, 10 are still in process and the field work should be complete by November 1, 2019. Regarding the audits for 2017; those 32 systems shown on the chart, 6 audits are currently on-going, 26 are scheduled and should be complete by February 28, 2020. As to the 2018 audits; 20 systems should be started around March 2020; she will begin the risk assessments towards the end of this year and believes these should be complete by September 30, 2020.

The Commission had some questions and requested that Ms. Shea provide a list for all systems showing names, the audit cycle, and the status for each system. Ms. Shea said that she would provide this information at the next Commission meeting.

Ms. Shea then reported that the auditors are currently auditing the Hampden County, Leominster, and Watertown Retirement Systems. She then reported that the audit report for Winchester Retirement System and follow-up audit for the Winthrop 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 85% of the 510 active board members have filed their SFIs which were due May 1, most have been reviewed and determined complete. He then reported that 123 educational sessions have been completed and we are preparing for the MACRS Conference.

Mr. O'Donnell reported that the TEDS program will be held the Saturday and Sunday prior to the conference and reportedly over 200 individuals have committed to the TEDS program at this time.

Executive Director's Report

Mr. Parsons briefly reported on the staff activities.

Mr. Parsons formally announced Caroline Carcia as PERAC's Deputy Director of Administration and Patrick Charles as PERAC's Senior Associate General Counsel. He then congratulated them both. He also stated that we have received 38 resumes for the Associate General Counsel position and expect a new hire at the beginning of the fiscal year. He then explained the internal interview process.

Mr. Parsons reported that the Emerging Issues Forum will be held on September 12, 2019 once again at the College of the Holy Cross in Worcester. Currently speakers are being recruited. One speaker is an attorney from the D.C. area, who has committed to present on the use of social media, protections, and meta-data. Mr. Parsons and Ms. Corrigan have participated in a conference with this gentleman and they both believe he is a great speaker and presenter.

Mr. Parsons reminded the Commission that PERAC Memo Number 14/2019 has been distributed with a list of those individuals whose pensions have been forfeited. He continued that each time this memo is distributed it is discovered that one (1) or (2) individuals have been found to be working in a Chapter 32 system again, which is contrary to the law.

Commissioner Fitzpatrick inquired if this memo is sent to the retirement boards, and also about how many people have lost their benefits?

Mr. Parsons responded that the memos are sent to all retirement boards and other interested parties and that there are about 200 individuals who have lost their rights to a benefit under Chapter 32.

Mr. Parsons stated that under Chapter 439 of the Acts of 2018 PERAC has issued and distributed a memorandum regarding an explanation of that Act and includes a waiver form. This is the bill in regard to the possible deviation from the educational credits retirement board members must earn annually.

Mr. Parsons then reminded Commissioners of the responsibility of taking the Conflict of Interest test and reminded the Commissioners to provide their certificates to Ms. Boisvert. Ms. Boisvert will distribute the link to all Commissioners who need to complete this task.

Commissioner McCarthy inquired about the prior recommendation from the Commission to schedule a one-day strategy session for a board retreat to discuss a 5 year future plan.

Mr. Parsons inquired if the fall would be the right time.

Commissioner Fitzpatrick suggested getting dates sooner rather than later would be great as her fall schedule is filling fast.

Other Business

Chairman Brown stated that the next Commission meeting will be held on June 12, 2019 at 11:00 AM.

Commissioner McCarthy made a motion to adjourn the meeting. Commissioner Dooling seconded and the motion was unanimously adopted. The meeting adjourned at 11:45 AM.

Commission Meeting Documents

Commission Agenda for the meeting of May 8, 2019
Commission Minutes from April 10, 2019

Administrative Sub-Committee Update

Proposed Fiscal Year 2020 Operating Budget Memo
Fiscal Year 2020 Proposed Fringe Benefit and Payroll Tax Rates
PERAC's Proposed Budget

Legal Update

Cases of Interest:
Deanna Dunn v. Holyoke Retirement Board and PERAC, CR-17-232 (DALA 4/12/19)

Audit Update

Recent PERAC audit and six-month follow-up reports

Executive Director's Report

Staff Activities

Distributed at the meeting

Audit Tracking Report

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission