

**Commission Meeting Minutes  
December 11, 2019**

Chairman Philip Y. Brown called the meeting (held at the PERAC Office, 5 Middlesex Avenue, Somerville, Massachusetts) to order at 11:20 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, James Machado, and Kate Fitzpatrick. Commissioners Kathleen Fallon, and Robert McCarthy participated remotely pursuant to 940 CMR 29.10. Therefore, the Chairman announced, any votes in this meeting shall be taken by roll call vote. Technical difficulties arose in attempting to contact Commissioner Sullivan who had indicated she would be participating remotely. Consequently, Commissioner Sullivan was not present for the meeting.

PERAC Staff present for all or part of the meeting: Executive Director John Parsons, Deputy Executive Director of Policy Joseph Martin, Deputy Director of Administration Caroline Carcia, General Counsel Judith Corrigan, Compliance Director Tom O'Donnell, Audit Director Caryn Shea, Senior Associate General Counsel Ken Hill, Senior Associate General Counsel Patrick Charles, Associate General Counsel Katie Brady, Assistant Deputy of Research, Planning and Public Affairs Bill Keefe, Project Manager Anthony Tse, Senior Systems Engineer Robert Perez, Communications Director Natacha Dunker, and Compliance/Investment Data Coordinator Cheryl Johnson.

Ms. Carcia announced the following guests in attendance: Sean Neilon representing the Massachusetts Teachers' Retirement Board, Nick Favorito representing the State Retirement Board, Padraic Lydon and Timothy Smyth representing the Boston Retirement Board, and John Brown representing MACRS and the Middlesex County Retirement Board.

Commissioner Fitzpatrick made a motion to adopt the November 13, 2019 Commission meeting minutes. Commissioner Dooling seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kathy Fallon YES, James Machado YES, Kate Fitzpatrick YES, and Robert McCarthy YES, and the minutes were unanimously adopted.

Commissioner Machado made a motion to adopt the November 13, 2019 Joint Audit/Fraud Prevention Sub-Committee Meeting minutes. Commissioner Dooling seconded the motion and a roll call vote was taken.

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kathy Fallon YES, James Machado YES, Kate Fitzpatrick YES, and Robert McCarthy YES, and the minutes were unanimously adopted.

Executive Director Parsons proposed adding Chairman Brown to all sub-committees as remote participation was adopted, it has been difficult to establish a quorum for sub-committee meetings due to the number of members. Commissioner Dooling made a motion to add Chairman Brown to all sub-committee meetings. Machado seconded the motion and a roll call vote was taken.

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kathy Fallon YES, James Machado YES, Kate Fitzpatrick YES, and Robert McCarthy YES, and the minutes were unanimously adopted.

### **Legal Update**

Ms. Corrigan reported on the recent decision of the Massachusetts Supreme Judicial Court (“SJC”) in Plymouth Retirement Board v. CRAB and PERAC, SJC-12711. This case involved whether individuals receiving credit under Chapter 32, Section 4(2)(b) for prior non-membership service as a call firefighter or permanent-intermittent police officer should receive such service without cost. The SJC has decided that members must pay for this creditable service. Although this reverses PERAC’s (and PERA’s) long-standing position in regard to this issue, payments had first been mandated by CRAB in its 2013 MacAloney decision. In most cases, members have been paying for this credited service since then, so this decision should not be difficult for the retirement boards to implement.

### **Legislative Update**

Mr. Keefe reported that Senator Barry Finegold is the new Chair of Public Service replacing Senator Michael Brady. Mr. Keefe also reported that Mr. Charles and he attended the Public Service Committee hearing on November 18, 2019 where a number of bills were heard such as H. 4133 (vacation buy-back), S. 2363 (PRIM board composition, adding a MACRS appointee), H.2350 (Somerville Retirement Board to divest from fossil fuels), and a number of other divestment bills H. 2220, H.3662, and S.636. Questions were raised relating to H.4133 (vacation buy-back) as the bill specifically allows for regular compensation for vacation buyback for those who are already participating in a program under a current Collective Bargaining Agreement (CBA). Questions were raised as to whether non-union and/or management would also have this benefit. The ability of retirement boards to decide whether or not to allow this benefit was also discussed. Mr. Parsons stated that the bill states that those presently receiving this benefit as of May 1, 2018 would continue. He promised to look into the other matters raised.

Mr. Keefe also reported that PERAC’s Veterans’ Buyback Bill H. 4143 was ordered out of Public Service to House Ways and Means. We had a conversation with the House Ways and Means legislative director illustrating the need for PERAC’s bill. Other PERAC bills, H.23 and H.24 were submitted as outside sections to the Governor’s FY21 Budget. Another bill of interest is H.50, which creates a Taskforce to review Electronic Signatures on various documents such as beneficiary forms and other important documents. This Task Force will be led by the Treasurer and Receiver General with members from various other groups including PERAC.

### **Audit Update**

Ms. Shea reported that three new auditors have been hired and their start date was December 9, 2019. Ms. Shea reported that Hampshire County Retirement System and Quincy Retirement System audits were completed since the last Commission meeting. Hampshire County had no findings and Quincy had several findings. Also, since the last meeting, three follow-ups were issued for Mass. Water Resource Authority Retirement Board (MWRA), Winchester Retirement

Board, and Haverhill Retirement Board. It was reported that MWRA still has not resolved their issue regarding recording management fees on the General Ledger.

Finally, Ms. Shea informed the Commission that we have purchased software for the Audit Unit which will assist us with tracking, reporting, and providing an overview of the audits. Training will begin in December and continue through January on this new software.

### **Compliance Update**

Mr. O'Donnell reported that we are coming into the 7<sup>th</sup> year of the procurement law (Chapter 176 of the Acts of 2011). The new PROSPER software has made this process more efficient for PERAC, board members, and board administrators. Mr. O'Donnell mentioned that he included in the Commission packet an article on the SEC that he thought would be interesting to the Commission.

### **Executive Director's Report**

Mr. Parsons reported on the staff activities and mentioned PERAC's participation at the Consensus Revenue Hearing at the State House on December 4, 2019. Mr. Parsons also reported that PERAC staff is working on an action plan derived from the Strategic Meeting held on November 6, 2019 at Bentley University and we should have a document available for the Commission in January 2020.

Mr. Parsons discussed the 2020 schedule of Commission meetings, hoping to finalize the dates. The only issue which arose was the Commission meeting in November, which falls on Veterans' Day. The suggestion was to either move the November 11 meeting to November 18, or merge the November and December meetings together. Following a brief discussion, it was decided to move the November meeting to November 18. If there is a need or desire to merge the November and December meetings, this can be addressed at a later date. Motion was made by Commissioner Machado to adopt the dates as presented, with the exception of moving the November 11 meeting to November 18<sup>th</sup>. Commissioner Dooling seconded the motion.

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kathy Fallon YES, Kate Fitzpatrick YES, James Machado YES, and Robert McCarthy YES, and the motion was unanimously adopted.

### **Other Business**

Chairman Brown stated that the next Commission meeting is scheduled to be held on Wednesday, January 8, 2020 @ 11:00 a.m.

Commissioner Dooling made a motion to adjourn the meeting. Commissioner Machado seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, James Machado YES, Kathy Fallon YES, Kate Fitzpatrick YES, and Robert McCarthy YES, and the motion was unanimously adopted. The meeting adjourned at 12:05 PM.

**Commission Meeting Documents**

Commission Agenda for the meeting of December 11, 2019

Commission Minutes from November 13, 2019

Joint Audit/Fraud Sub-Committee Meeting Minutes from November 13, 2019

**Legal Update**

SJC decision in Plymouth Retirement Board v. CRAB and PERAC (SJC-12711), and memorandum regarding the case.

**Legislative Update**

Memorandum to Commissioners from Bill Keefe regarding legislative updates

**Audit Update**

Recent PERAC audits and follow up reports

**Compliance Update**

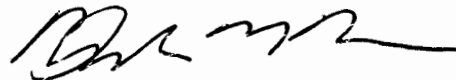
SEC Article titled "White Collar Crime Alert" dated November 25, 2019

**Executive Director's Report**

Staff Activities

Proposed Schedule of 2020 Commission Meetings

Approved:

A handwritten signature in black ink, appearing to read 'Philip Y. Brown', with a stylized flourish at the end.

Philip Y. Brown, Chairman  
Public Employee Retirement  
Administration Commission