

Commission Meeting Minutes
April 15, 2020

Chairman Philip Y. Brown called the meeting 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: Commissioners Timothy Dooling, Kathleen Fallon, Kate Fitzpatrick, James Machado, Robert McCarthy, and Jennifer Sullivan. All attendees participated remotely pursuant to Governor Charles Baker's Executive Order dated March 12, 2020. Therefore, the Chairman announced, any votes in this meeting shall be taken by roll call vote.

PERAC Staff attending remotely: Executive Director John Parsons, Deputy Executive Director of Policy Joe Martin, Deputy Director of Administration Caroline Carcia, General Counsel Judith Corrigan, Assistant Deputy of Research, Planning and Public Affairs Bill Keefe, Actuary John Boorack, Compliance Director Tom O'Donnell, Director of Audits Caryn Shea, Director of Audits Caryn Shea, Senior Associate General Counsel Ken Hill, Senior Associate General Counsel Patrick Charles, Associate General Counsel Katie Brady, Director of Information Systems Dan Boyle, Project Manager Tony Tse, Fraud Prevention Manager Sandy King, Communications Director Natacha Dunker, Manager of Medical Services Kate Hogan, Compliance/Investment Data Coordinator Cheryl Johnson, and Senior Executive Assistant Kim Boisvert.

Ms. Carcia announced the following guests attending remotely: Nick Favorito representing the State Retirement Board, Kathleen Kiely-Becchetti representing Norfolk County Retirement Board and MACRS, Sean Neilon representing the Massachusetts Teachers' Retirement Board, and David Sullivan representing the Plymouth County Retirement Board.

Commissioner Machado made a motion to adopt the March 11, 2020 Commission meeting minutes. Commissioner McCarthy seconded the motion and a roll call vote was taken:

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

Administrative Sub-Committee Update

The Chairman reported that the Administrative Sub Committee meeting was held this morning to discuss the Executive Director's Annual Performance Review. The Committee reviewed the key competencies and goals; however, the review was not completed. The Chairman stated that another Administrative Sub-Committee meeting will be scheduled before the May Commission meeting, and a report regarding that meeting will be given at the May Commission meeting.

Actuarial Update

Mr. Boorack reported that due to the COVID-19 pandemic, and as far as the actuarial payments are concerned, he reached out to the private actuaries who work with public plans regarding the economic downturn. He discussed the following with them: delayed appropriation payments for 7/1/20; how to handle valuations for 1/1/20 ; adjusting or extending the funding schedules past

2040, and a possible pension holiday. Mr. Boorack believes that legislation would have to be adopted by the legislature prior to some of the above approaches. He also believes that the municipalities and retirement boards should decide how to handle this historic event. Additionally, he addressed the possibilities of delaying the appropriation payments due July 1 and if the discount or interest should apply.

Commissioner Sullivan stated that this situation is unprecedented and the Commission should encourage open dialogue on any and all efforts, and be flexible in a good faith effort for all involved because of the uncertainty with so many people out of work, businesses being closed, delayed revenues and delinquencies that will occur. She stated that because we are pension leaders we should be open to anything that has been available in the past for such emergency circumstances with an eye to maintain the systems and allowances for retirees.

Further discussion ensued and included comments such as asking the federal government for a bail out, reaching out to our federal delegation, the global crisis at this time for those unemployed and small businesses, and preserving our pension plan.

Commissioner Sullivan stated that relieving the funding obligation is not the same as reducing public pension payments and not what we are discussing at this time. She continued that right now on the immediate agenda for most governments is what is happening today: people without food today; people without benefits today; people who can't pay rent today; ventilators for those who cannot breathe at this very moment. With that in mind, discussing whether the government should be making payments towards the solvency of the pension system in the future is a very different conversation. Commissioner Sullivan stated that it would be prudent to provide information to the policy makers to look at different options without being irresponsible to our obligation to our members.

Mr. Parsons reported that we have heard from a few boards regarding pension funding schedules and what will happen with the upcoming budget season for the municipalities. He continued, that as Commissioner Sullivan suggested, we are currently in the information gathering stage and have provided the same information with our memos to the boards. We have not heard from A&F regarding funding schedule, municipal relief, interest, pension payments, and we will be scheduling a meeting to discuss further. He believes that we don't know what the municipal relief will look like from the State and that this matter is a moving target at this time.

Mr. Boorack stated that a conference call will be scheduled with the actuaries to discuss the possibility of a pension holiday, waiving interest payments, using a multi discount rate, and changing the funding schedule date prior to discussing this with A&F in the near future.

Legislative Update

Mr. Keefe reported that Chapter 53 of the Acts of 2020, "An Act to Address Challenges Faced By Municipalities and State Authorities Resulting from COVID-19" was signed into law on April 3, 2020. Section 14 of the Act provides for public sector retirees to work during the State of Emergency without hour or wage limitations. He then reported that the state budget has been delayed and that special elections for the House and Senate have been rescheduled, and he would update the Commission as necessary. Mr. Keefe outlined some bills filed: S1485, H4611, and H4627, which he also summarized in his memorandum in the Commission packet.

Legal Update

Mr. Hill reported on the matter of *Goode v. Middlesex & PERAC*, CR-18-0633. This case involves the regular compensation status of certain payments provided in the collective bargaining agreement for the Superior Police Officers and Police Officers in Chelmsford.

Audit Update

Ms. Shea reported that since the last Commission meeting, PERAC released the Fitchburg Audit Report and she explained the finding regarding regular compensation. She reported that the audit team continues to conduct audits by receiving documents from the system electronically, and will review the original documents once the State of Emergency is over. She stated that the unit will conduct exit interviews with the boards remotely and is finalizing some of the outstanding audits. Auditors are currently reviewing the 2019 Annual Statements and doing on-line training. The audit team is also working with recently purchased software. Ms. Shea reported that she is working with the IT Department in creating new templates for the new audit reports that are conducted with the risk based audit.

Compliance Update

Mr. O'Donnell reported that the new online course offerings and webinars have also proven beneficial with over 93 board members participating to date along with many administrators. He reported that 55% of the SFI submissions have been submitted by board members. He also reported that over 58 procurements have been acknowledged to date with additional procurements in process. Mr. O'Donnell informed the Commission that to date, 60% of board members have filed their SFIs and reported that with the new enhancements in PROSPER, access to voice mail, and email the Compliance Unit remains in constant communication and maintains day to day operations.

Mr. Parsons reported that the statute requires that SFIs be filed by May 1 and the Ethics Commission has moved their filing out a month without statutory change. We have reached out to the Ethics Commission to figure how they moved the date. In the meantime, internally we have made the decision to be mindful of the present challenges.

Executive Director's Report

Mr. Parsons reported that after five (5) weeks under the State of Emergency we have issued five (5) memos to keep the boards updated with state and federal legislation that affect them. We have included these memos in the Commission package. We have been fielding a large number of questions regarding open meetings, 91A filings, medical panel examinations, retirement calculations, and other matters. He said that the issue of how documents will be signed needs further discussion.

Mr. Parsons continued that the Governor's Executive Order considers entities that process benefits an essential function. We are unable to process retirement calculations and Annual Statement of Earned Income Forms remotely so we have had a skeleton crew in every day performing these functions. Other functions are being conducted remotely. Medical Panels have been temporarily

cancelled and we are currently adopting alternative processes such as Telemedicine examinations. One challenge we have in that regard is that the individual, the retirement board, and the employer have the right to participate in the process. We have created waiver forms, which must be accepted by all. Once we receive all parties' waivers, we will start scheduling these examinations. Mr. Parsons continued to update the Commission about retirees working post-retirement, investment acknowledgements being processed, educational webinars being made available on-line for board members, and current legislative activities. Finally, Mr. Parsons reported that Mr. Martin has agreed to push his retirement back to July 1.

The Chairman thanked the staff and appreciates their diligence during these extraordinary times.

Commissioner Dooling inquired about staff morale. Mr. Parsons stated that it is difficult to figure out the morale due to people not actually being physically in the office, the stress of the virus, and social distancing. He believes that it has been helpful that there are meetings being held with staff regarding updates to keep the line of communication open and we have also identified training opportunities for staff to participate in to gain skills while not in the office. Commissioner Dooling inquired if there have been any questions about the Families First Coronavirus Relief Act ("FFRCA"). Mr. Parsons reported that there have been questions and that the retirement boards have been notified that time taken pursuant to the FFRCA's two week sick leave would be considered regular compensation.

Mr. Parsons reached out to Ms. Kiely-Becchetti, representing Norfolk County Retirement Board and MACRS, inquiring what the retirement boards' perspectives have been during this time.

Ms. Kiely-Becchetti thanked the Commission for asking her to speak. She reported that she conducted a survey of retirement boards, that 19 boards have responded, and these 19 boards gave PERAC a rating of 9 out of 10 for its actions during the coronavirus crisis. She continued that the four (4) main areas of concern during this crisis are security issues around technology, required signatures, remote work meetings, and communications between retirement boards and retirees. Of these, the biggest concern revolves around signatures that are required. She also mentioned that some of the board thought that a PERAC webinar on various coronavirus-related topics would be helpful. The Chairman thanked Ms. Kiely-Becchetti for participating in the meeting and offering this information and further stated that PERAC could probably do a webinar for administrators pretty quickly to alleviate some of the concerns out there.

Other Business

Chairman Brown stated that the next Commission meeting is scheduled to be held on Wednesday, May 13, 2020 at 11:00 AM which may again be held remotely.

Commissioner McCarthy 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, Kathy Fallon YES, Kate Fitzpatrick YES, James Machado YES, Robert McCarthy YES, and Jennifer Sullivan YES, and the motion was unanimously adopted. The meeting adjourned at 12:36 PM.

Commission Meeting Documents

Commission Agenda for the meeting April 15, 2020

Commission Minutes from March 11, 2020

Administrative Sub-Committee

Executive Director Performance Review Form

Legal Update

Memorandum and DALA decision regarding *Goode v. Middlesex & PERAC*, CR-18-0633

Legislative Update

Memorandum regarding Legislative updates

Audit Update

Fitchburg Audit – January 1, 2014 – December 31, 2017

Compliance Update

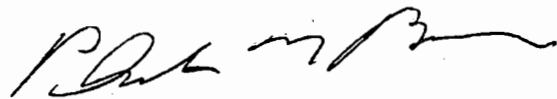
Memorandum regarding Compliance updates

Executive Director's Report

Staff Activities

PERAC MEMO #15, 16, 17, and 20 / 2020 regarding COVID-19 Updates

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission