

Commission Meeting Minutes
June 10, 2020

Chairman Philip Y. Brown called the meeting to order at 11:05 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 participating: 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, Compliance Director Tom O'Donnell, Director of Audits Caryn Shea, Senior Associate General Counsel Ken Hill, Senior Associate General Counsel Patrick Charles, Associate General Counsel Katie Brady, Project Manager Tony Tse, Manager of Medical Services Kate Hogan, Compliance/Investment Data Coordinator Cheryl Johnson, and Senior Executive Assistant Kim Boisvert.

Chairman Brown requested guests attending remotely to identify themselves if they so desire: Tom Gibson representing the Middlesex and Belmont Retirement Boards, Nick Favorito representing the State Retirement Board, Sean Neilon representing the Massachusetts Teachers' Retirement Board, David Sullivan representing the Plymouth County Retirement Board, Sandor Zapolin representing the Revere Retirement Board, and Joe Connarton former Executive Director of PERAC.

Commissioner Machado made a motion to adopt the May 13, 2020 Commission meeting minutes. Commissioner Fitzpatrick 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.

Legal Update

Ms. Corrigan updated the Commission regarding the case of *Castro v. PERAC*, CR-18-0555 and CR-18-0626. Mr. Castro was a retirement board member for the Attleboro Retirement Board who filed an incomplete Statement of Financial Interest for 2017. The Commission had ordered Mr. Castro to be removed from the retirement board. However, while his appeal was pending before the Division of Administrative Law Appeals (DALA), his term as a board member ended, he left the board and this matter now is moot.

Ms. Corrigan provided information on a number of trainings and presentations that she attended regarding the Coronavirus.

Ms. Corrigan then reported that Ms. Irene Triplett passed away May 31, 2020. Ms. Triplett had been featured in PERAC educational presentations regarding how long a pension could last for beneficiaries, because until her death, she was the only remaining person to still be receiving a benefit on account of the United States Civil War, which ended in 1865.

Legislative Update

Mr. Keefe updated the Commission about the Public Service Committee favorably reporting H 4254 and S 2624. He stated the Committee's deadline to report on H 4611 has been pushed back from June 1 to July 15. He reported that S 2732 was referred to the Committee. He then discussed other legislative matters of interest of the following: H 4621 and S 2673 and the Governor signed H 4205 and H 4677. He summarized all of the bills in his memorandum in the Commission packet. He then reported about the Special Elections.

Commissioner Dooling asked about the reasoning behind S 2624. Mr. Keefe answered that Public Service stated that testimony it received indicated the fire department mechanic responded to multiple-alarm fires, was always on call and was issued the same personal protective equipment as fire fighters.

Chairman Brown inquired if there was any indication that PERAC's budget may be affected by any potential legislative cuts. Mr. Parsons responded by stating the Commission approves the budget and we notify the legislature as a courtesy; however, the legislature may not alter or amend it.

Audit Update

Ms. Shea reported that since the last Commission meeting, PERAC released the Chelsea and Methuen Audit Reports. Methuen had no findings, but Chelsea had several of which she reported. She also reported that the audit team continues to conduct audits by receiving documents from the systems electronically and she is working with the boards to schedule office visits. The auditors will review the original documents once the State of Emergency has been lifted. She stated that exit interviews have been scheduled with the boards through the web and outstanding audits are being finished. Auditors are currently reviewing the 2019 Annual Statements and participating in online trainings. The audit team is also working with recently purchased software. Ms. Shea reported that she is almost done with the risk assessments for the next audit cycle.

Compliance Update

Mr. O'Donnell reported that 249 online course offerings and webinars have been completed. He stated that MACRS, in Hyannis, was cancelled due to COVID-19; however, he expects that more online opportunities will become available from various sources. He then informed the Commission that to date, 92% of board members have filed their SFIs. Mr. O'Donnell then reported about the Securities and Exchange Commission (SEC) judgement, Number 24826 regarding *Securities and Exchange Commission v. Navellier & Associates, Inc., and Louis Navellier*, Civil Action No. 3:17-CV-11633. The SEC obtained a final judgment of more than \$30 million in monetary relief against the investment adviser and principal. He said that there were no Massachusetts funds involved in this investment.

Executive Director's Report

Mr. Parsons reported about the recent staff activities and specifically spoke about the meetings held with PRIM and the Ways and Means Committees. He stated that PRIM reported -6% return through April, however, they are optimistic that number may continue to rebound during 2020. He then reported about the conference call with the Senate Ways and Means Committee and there was some discussion about adjusting appropriations for the Commonwealth and the local systems but nothing specific was decided.

Mr. Parsons then reported that pursuant to Policy Number 99-001, PERAC has filed the annual Commission budget as adopted at the meeting on May 13, 2020, to the necessary parties.

Mr. Parsons recommended that as Mr. Martin will be retiring on June 30, 2020, he requested that Mr. Charles be appointed to the Contributory Retirement Appeal Board (CRAB) as PERAC's representative. He informed the Commission that Mr. Charles duties will be adjusted accordingly to alleviate any possible conflicts.

Commissioner Machado made a motion to designate Patrick Charles, PERAC's Senior Associate General Counsel, as the designee to CRAB upon Mr. Martin's retirement. Commissioner Dooling 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.

Mr. Parsons reported that he received an email from the Everett Retirement Board thanking PERAC for issuing new forms especially during this time when more retirement counseling is being held remotely.

Mr. Parsons reported about the status at the PERAC office per Governor Baker's directive, 25% of staff are reporting to work each day, while other staff members are working remotely. He stated that barriers will be installed along certain work stations. He expects that additional

hardware and VPN would be available soon to allow additional staff to work remotely. Mr. Parsons stated that he is following the Governor's directive as we move through this crisis.

Other Business

Chairman Brown stated that the next Commission meeting is scheduled to be held on Wednesday, July 8, 2020 at 11:00 AM.

The Commission reported that Deputy Executive Director for Policy, Joe Martin is retiring on June 30. He has been working at PERAC since its inception, and at PERA before that. The Commission thanked him for his years of service and recognized him for his true professionalism while working behind the scenes on many matters. Chairman Brown read the Resolution prepared for Mr. Martin.

Commissioner Machado made a motion to accept the Resolution commending Mr. Martin for the dedication, professionalism, and good nature, which he has brought to PERAC, expressing the Commission's gratitude for his efforts on behalf of the Commission and the people of the Commonwealth of Massachusetts, and extends the Commission's best wishes to Mr. Martin and his family in the years ahead. Commissioner Dooling 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.

Mr. Connarton thanked Mr. Martin for all of his support, guidance and friendship over the years and wished him good health and good luck in his future endeavors. He also thanked Mr. Parsons and PERAC staff for their diligence through this pandemic.

Mr. Martin stated that this is the last Commission Meeting that he would be attending as the Deputy Executive Director and again thanked the Commission for all of their kind words and the support that he has received during his tenure.

Commissioner Dooling made a motion to adjourn the meeting. 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 motion was unanimously adopted. The meeting adjourned at 12:04 PM.

Commission Meeting Documents

Commission Agenda for the meeting June 10, 2020
Commission Minutes from May 13, 2020

Legal Update

Memo in the matter of *Castro v. PERAC*, CR-18-0555 and CR-18-0626
Memo on presentations attended regarding the Coronavirus

Legislative Update

Memorandum regarding Legislative updates

Audit Update

Cover page
Chelsea Retirement Board findings
Audit Tracking Report

Compliance Update

Memorandum regarding Compliance updates

Executive Director's Report

Staff Activities
Correspondence regarding Policy Number 99-001
Memo regarding PERAC's Designee to CRAB
Email regarding PERAC's Forms

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission