

Commission Meeting Minutes
August 12, 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 Caroline Carcia, General Counsel Judith Corrigan, Assistant Deputy Director Bill Keefe, Assistant Deputy Director Ken Hill, Compliance Director Tom O'Donnell, Director of Audits Caryn Shea, Senior Associate General Counsel Patrick Charles, Associate General Counsel Katie Brady, 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, Kathleen Kiely-Becchetti representing the Massachusetts Association of Contributory Retirement Systems, and John Brown representing the Massachusetts Association of Contributory Retirement Systems and the Middlesex Retirement Board.

Commissioner Machado made a motion to adopt the June 10, 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.

Legal Update

Ms. Corrigan updated the Commission regarding the case of *Maraggio v. Norfolk County Retirement Board & PERAC*, CR-18-0329, which involved whether an injury had occurred in the actual performance of a member's duties. Mr. Maraggio did not appeal, and so this has become a final decision. She then reported about the *Cabral v. Fall River Retirement Board v. PERAC*, CR-15-673 and CR-17-211, regarding the Heart Law, PERAC filed a notice of objections to the decision and must file its brief with CRAB by August 14, 2020.

The Commission discussed the appeal in the *Cabral* case. Commissioner Sullivan appreciates the professionalism of Mr. Parsons, Ms. Corrigan, and the legal unit as she understands that being an attorney can be very technical while basing their positions on the facts. She thanked Ms. Corrigan for her thoroughness, consistency, and fairness to apply the same rules for all. Commissioner McCarthy opposes appealing the *Cabral* case.

Mr. Charles reported on the *Macedo v. New Bedford Retirement Board, Barnstable County Retirement Board and PERAC*, CR-17-570, regarding dual membership, and Mr. Macedo has appealed this decision to CRAB.

Legislative Update

Mr. Keefe reported that the House and Senate have agreed to suspend Joint Rule 12A and now have the ability to meet formally for the remainder of the legislative session, which ends January 5, 2021. He then reported that the Governor signed a three-month interim budget as the Legislature awaits possible federal assistance and determines a clearer picture of revenues. He then discussed other legislative matters of interest relative to the following: H 4143, H 4925, S 2624, and H 4611 which he outlined in the monthly package.

Audit Update

Ms. Shea reported that since the last Commission meeting, PERAC released the Bristol County, Lowell, and Minuteman Regional Audit Reports. Lowell had no findings, and she reported on the findings of the other boards. 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 has been trained and are working in the recently purchased software. Ms. Shea reported that she completed the risk assessments for the next audit cycle, however she did not update them on the Tracking Report as the audit haven't started yet, but she did update the report with the progress of the current audits.

There was some discussion regarding the private auditors' findings compared to ours and hosting another roundtable meeting to discuss the differences of materiality.

Compliance Update

Mr. O'Donnell reported that over 112 procurements have been acknowledged to date, compared to 229 procurements in 2019. He then reported that there are many new online course offerings and webinars with 297 board members participating to date, compared to 1275 courses attended in 2019. He understands that the count is down due to the COVID and he expects that this

number will improve once he reaches out to members. Mr. O'Donnell reported that out of 512 board member 505 have filed their SFI submissions and he is pursuing 7 more members to file.

Executive Director's Report

Mr. Parsons reported about the recent staff activities and specifically spoke about Mr. Charles being sworn in at the Secretary of State's office as PERAC's representative on the Contributory Retirement Appeal Board and Ken Hill being elected President of the Massachusetts Association of Public Pension Attorneys. The Commissioners congratulated Mr. Charles and Mr. Hill for their achievements.

Mr. Parsons then reported on PERAC's recent publications: Memo #25, Third Quarter Retirement Board Member Training opportunities, 2019 Investment Report, Pension News, and Memo #24, PROSPER Security Update.

Mr. Parsons stated that although the Emerging Issues event has been cancelled the guest speaker will be hosting a virtual presentation to allow members to get additional credits. He also reported that MACRS will be hosting a webinar in September with the Legal Panel for an additional opportunity for credits.

Commissioner Fallon inquired if PERAC has seen any effects on retirement since COVID. Mr. Parsons stated that he is not aware of any significant changes.

Mr. Favorito reported that the trial courts and higher education have offered cash incentives to allow opportunities for retirements and the State Board has noticed higher death notices but other than that it is business as usual.

Mr. Gibson reported that they are seeing more calculation requests, and depending on the police reform, that may change retirement options.

Mr. Neilon has seen a decrease of about 13% of retirements and anticipated an increase depending on the decision of returning to school, and has seen an increase of 10% in deaths.

Chairman Brown inquired if those individuals that did not pass the phishing exercise would be getting special training. Mr. Parsons stated that PERAC will certainly reach out to them when training is finalized.

Mr. Parsons finally reported on the article in the Wall Street Journal regarding public pension funds.

Other Business

Chairman Brown stated that the next Commission meeting is scheduled to be held on Wednesday, September 9, 2020 at 11:00 AM.

Commissioner Fitzpatrick made a motion to adjourn the meeting. 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. The meeting adjourned at 12:10 PM.

Commission Meeting Documents

Commission Agenda for the meeting August 12, 2020

Commission Minutes from June 10, 2020

Legal Update

Memoranda and copies of the decisions in the matters of *Maraggio v. Norfolk County Retirement Board & PERAC*, CR-18-0329, *Cabral v. Fall River Retirement Board v. PERAC*, CR-15-673 and CR-17-211, *Macedo v. New Bedford Retirement Board, Barnstable County Retirement Board and PERAC*, CR-17-570

Legislative Update

Memorandum regarding Legislative updates

Audit Update

Cover page

Bristol County and Minuteman Regional Retirement Board findings

Audit Tracking Report

Compliance Update

Memorandum regarding Compliance updates

PRIM Q2 2020 Update

Executive Director's Report

Staff Activities

PERAC Memo 25/2020 regarding third quarter education

2019 Investment Report

PERAC Pension News # 55

PERAC Memo 24/2020 regarding PROSPER Security Update

Wall Street Journal article regarding public pension funds

Approved:

Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission