

**Commission Meeting Minutes
September 9, 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, Robert McCarthy, and Jennifer Sullivan. Commissioner James Machado joined the meeting at 11:45 AM. 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, Director of Audits Caryn Shea, Senior Associate General Counsel Patrick Charles, Associate General Counsel Katie Brady, Actuary John Boorack, and Senior Executive Assistant Kim Boisvert.

Chairman Brown requested guests attending remotely to identify themselves if they so desire. Guests participating remotely were: Nick Favorito representing the State Retirement System, Sean Neilon representing the Massachusetts Teachers' Retirement System, and David Sullivan and John Sciara representing the Plymouth County Retirement System.

Commissioner Fitzpatrick made a motion to adopt the August 12, 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, Robert McCarthy YES, and Jennifer Sullivan YES and the minutes were adopted.

At the request of Commissioner McCarthy, Chairman Brown inquired if the Commission wanted to adjust the agenda and move the Plymouth County Retirement System agenda item earlier. The Commission discussed this and decided to discuss this topic after the Legislative Sub-Committee Meeting update.

Legislative Sub-Committee Meeting Update

Legislative Sub-Committee Chair Fitzpatrick reported that the Legislative Sub-Committee met earlier this morning and stated that the Sub-Committee would like the full Commission to vote on its 2021-2022 proposals. She asked Mr. Keefe to update the Commission on the proposals.

Mr. Keefe suggested that the Commission re-file all of the bills that were filed last session in 2019-2020 and he explained each of the bills filed which included:

H21 An Act relative to pension forfeiture

H4143 An Act relative to veterans' buyback (as amended, originally H22)

- H23 An Act relative to the recovery of overearnings
- H24 An Act relative to wages
- H25 An Act relative to modifications of retirement allowances
- H26 An Act relative to accidental disability and Group 1 emotional distress

Mr. Keefe recommended filing two (2) new pieces of legislation this session – Exempting Massachusetts Equal Pay Act Salary Increases from Pension Anti-Spiking Provisions and Providing for Statement of Financial Interest Flexibility. He then explained the rationale for each.

Commissioner Fitzpatrick made a motion to accept all of the proposed legislative initiatives and to file them with the Legislature. Commissioner Dooling seconded the motion and a roll call vote was taken as follows:

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

Legislative Update

Mr. Keefe reported that the House and Senate have agreed to suspend Joint Rule 12A. The House and Senate now have the ability to meet formally for the remainder of the legislative session, which ends January 5, 2021, but they have not yet met in formal session. 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. Mr. Keefe then reported on a few election results: Michael Bellotti won the Democratic primary for the Norfolk County Treasurer, and by virtue of that position, he will become the Chairman of the Norfolk County Retirement Board; State Representative David Nangle of Lowell lost in the 17th Middlesex Democratic primary and State Senator James Welch of West Springfield lost in the Hampden District Democratic primary.

Plymouth County Retirement System – Purchase of Real Property

Mr. Parsons explained that Chapter 94 of the Acts of 2017 granted Plymouth County Retirement System (“PCRS”) the ability to purchase real property in accordance with guidelines established by PERAC. In November 2017, PERAC issued guidelines. In early August 2020 Mr. Sullivan, Executive Director of PCRS, reached out to us regarding the purchase of property. Included in the Commission package today is the correspondence between PERAC and PCRS. There are several matters to discuss prior to authorizing the completion of the pending sale as follows: appraisal of the property dated November 2017, the space exceeding 4,000 square feet, the cost of renovations, and the property now being considered for purchase. Mr. Parsons welcomes PCRS representatives, Mr. Sullivan and Mr. Sciara, to make a presentation to the full Commission regarding the statutory and the fiduciary obligations and address the matters above.

Mr. Sullivan provided a history on the recent location of the PCRS offices. They were originally located in a sick building and filed special legislation which was adopted in October 2017. Further they received guidelines from PERAC in November 2017 and have been looking for a

building since. The Plymouth County Retirement Association ("PCRA") through the Plymouth County Retirement Board ("PCRB") requested a 30-day extension on the purchase because of PERAC's questions in its August 20, 2020 letter. The sale of the property should close on or before September 26, 2020. The PCRS provided an updated and current appraisal for the property. The square footage has always been in question, currently the PCRB has 7500 square feet, and Mr. Sullivan believes that the 4,000 square feet came from a matter involving another board. The building is "move in" condition. The only cost that is needed is to make the entrance handicap accessible and this is the only renovation they are currently planning. An easement has been drafted and a sewer issue has been addressed. Mr. Sullivan then explained the RFPs issued, the problems which arose such as the state of emergency, the lack of responses, commercial property space, and partnering with brokers which were unsuccessful. PCRS failed to find suitable existing commercial office space, or an office condominium. PCRS hired an attorney for real estate, an architect, and an appraiser, and posted an advertisement in several local newspapers.

The Commission inquired about the delayed submission to PERAC, the Board being compliant with Section 16(b) of Chapter 30B, the Conflict of Interest law, and inquired why PCRS is interested in 2 buildings. Once the requested information is received, this matter could be brought up again at the October Commission meeting or at a special meeting if necessary.

Mr. Sullivan reported that the PCRS has acted in good faith, is following PERAC guidelines (with the exception of square footage), Chapters 32 and 30B, and the Conflict of Interest law. He continued that the PCRS have no interest in the mentioned warehouse and have no intentions of being a landlord. Mr. Sullivan stated that the PCRB has done everything that PERAC has asked them to do, and that time is of the essence. If this matter is delayed another month it would be a hardship, a risk, and costly due to the possibility of having to start all over again.

The Commission would like an analysis, written by PCRS' attorney, that this matter complies with all of the rules with the steps taken or exceptions, conflict of interest, and compliance with Chapter 30B and 32. They would like the PCRS to provide this information to the legal department, the Executive Director, and to the Chairman.

Commissioner McCarthy made a motion to have the PCRS provide an analysis from their attorney with the information above and if the analysis is satisfactory based upon the concerns raised, then the Executive Director would notify the PCRS if it is acceptable to move forward with the purchase. Commissioner Fitzpatrick seconded the motion and a roll call vote was taken as follows:

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

Legal Update

Mr. Hill reported on the *Daniel Conway and PERAC v. State Retirement Board*, CR-18-007, *Watertown Retirement Board v. PERAC*, CR-19-0013, and *Anthony McDermott v. State Board of Retirement and PERAC*, CR-19-0017. Mr. Charles reported on *MWRA Employees Retirement System v. PERAC*, CR-19-0320.

Commissioner Machado entered the meeting at 11:45 AM.

Audit Update

Ms. Shea reported that since the last Commission meeting, PERAC released the Needham and Woburn Audit Reports, and she reported on the findings. She also reported that the audit team continues to conduct audits by receiving documents from the systems electronically and the auditors are physically back at 3 boards. Ms. Shea reviewed the Audit Tracking Report noting that there are 16 audits in process. She reported that she has completed the risk assessment for the next phase of the audits: 11 systems will have limited scope audits, 5 will have increased scope audits, and 3 will have full scope audits. Auditors have finished reviewing the 2019 Annual Statements. However, one (1) board has yet to submit the required information.

Compliance Update

Mr. Keefe reported that Ms. Corrigan and Mr. Boorack made a virtual presentation regarding *Options on Retirement & Beneficiary Selection*, which was attended by 81 board members and administrators and 36 staff members on September 3, 2020. In addition, MACRS held a vertical Legal Panel session recently attended by several PERAC staff. The Fourth Quarter Educational Memo should be released soon. He then reported that even though the Emerging Issues Forum has been cancelled, the guest speaker will make a presentation on September 17 for an additional opportunity to earn credits. Mr. Keefe reported that as of July 31 PRIM's investment return was -0.48% for the calendar year and had been -9.89% at the end of March and -16% earlier in March.

Executive Director's Report

Mr. Parsons reported about the recent staff activities and specifically spoke about MACRS Legal Panel which had over 200 attendees. He also informed the Commission that he and Mr. Boorack participated in a meeting with the Springfield Retirement Board and Springfield City Council to discuss their actuarial valuation. He then reported that PERAC has hired an Associate Counsel and a Program Developer, each of whom will be starting within the next few weeks.

Mr. Parsons reported that normally the SFI's are due in May; however, we extended the filing date until June 1 as the State Ethics Commission did with the filings of the State SFI's due to COVID-19. Although we extended the filing date by about a month there are still 1 inactive and 6 active members that are non-compliant. Normally the Commission would remove those individuals that are non-compliant in September but because of the extension granted, the Commission will be discussing this in October. He continued that with a vote of the

Commission, we will reach out to those non-compliant individuals formally notifying them that their non-compliance will be discussed at the October Commission meeting.

Commissioner Fitzpatrick made a motion to reach out to those individuals who have not filed their SFI's and inform them that their possible removal will be discussed at the October Commission meeting. Commissioner Dooling seconded the motion and a roll call vote was taken as follows:

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.

Chairman Brown updated Commissioner Machado regarding the Plymouth County Retirement System matter as he was not in attendance for the discussion earlier in the meeting. The final decision was to allow Plymouth County to provide an attorney opinion satisfactory to the PERAC Legal Counsel, the Executive Director, and the Chair with answers about their fiduciary duty, and compliance with Chapter 30B, Section 16(b), and the conflict of interest law prior to their moving forward with the purchase of the 60 Industrial Way property.

Commissioner McCarthy asked for an update in the wake of COVID-19. Mr. Parsons stated that there are 4 groups of employees, most are working remotely. Those individuals whose functions do not allow for teleworking are at the office daily. Those who telework complete an activities worksheet on a weekly basis and provide to their respective supervisors.

Other Business

Chairman Brown stated that the next Commission meeting is scheduled to be held on Wednesday, October 14, 2020 at 11:00 AM.

Commissioner Fallon 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 12:35 PM.

Commission Meeting Documents

Commission Agenda for the meeting September 9 2020

Commission Minutes from August 12, 2020

Legislative Sub-Committee Materials

Memorandum regarding legislation to be filed

Re-File legislation from 2019 – 2020

H21 An Act relative to pension forfeiture

H4143 An Act relative to veterans' buyback (as amended, originally H22)

H23 An Act relative to the recovery of overearnings

H24 An Act relative to wages

H25 An Act relative to modifications of retirement allowances

H26 An Act relative to accidental disability and Group 1 emotional distress

New File legislation

Exempting Massachusetts Equal Pay Act Salary Increases from Pension Anti-Spiking Provisions

Providing for Statement of Financial Interest Flexibility

Legislative Update

Memorandum regarding Legislative updates

Legal Update

Memoranda and copies of the decisions in the matters of *Daniel Conway and PERAC v. State Retirement Board*, CR-18-007, *Watertown Retirement Board v. PERAC*, CR-19-0013, and *Anthony McDermott v. State Board of Retirement and PERAC*, CR-19-0017, and *MWRA Employees Retirement System v. PERAC*, CR-19-0320

Audit Update

Cover page

Needham and Woburn Retirement Board findings

Audit Tracking Log

Compliance Update

Memorandum regarding Compliance updates

Course Completions

Executive Director's Report

Staff Activities

Cover Memo regarding Plymouth County Retirement Board – Real Estate Purchase

PERAC letter to Plymouth County dated August 20, 2020

PERAC Guidelines dated November 3, 2017

Chapter 94 of the Acts of 2017

Plymouth County response September 3, 2020 – attachments under separate cover

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission

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

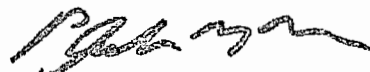
Compliance Update

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