

**Commission Meeting Minutes
February 10, 2021**

Chairman Philip Y. Brown called the meeting to order at 11:03 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, Richard MacKinnon, 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, Actuary John Boorack, Compliance Director Tom O'Donnell, Director of Audits Caryn Shea, Senior Associate General Counsel Patrick Charles, Associate General Counsel Katie Brady, Associate General Counsel Felicia McGinniss, Project Manager Tony Tse, Communications Director Natacha Dunker, and Senior Executive Assistant Kim Boisvert.

The guests introduced themselves: Tom Gibson representing the Middlesex and Belmont Retirement Systems, Nick Favorito representing the State Retirement System, Sean Neilon representing the Massachusetts Teachers' Retirement System, Patrick Brock representing the Hampshire County Retirement System, and Michael Sacco representing the Worcester Regional Retirement System.

Commissioner Machado made a motion to adopt the January 13, 2021 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, Kate Fitzpatrick YES, James Machado YES, Richard MacKinnon YES, and Jennifer Sullivan YES, and the minutes were unanimously adopted.

Administrative Sub-Committee Update

The Chairman reported that the Administrative Sub Committee meeting was held this morning, February 10, 2021, to discuss the Executive Director's Annual Performance Evaluation. The Sub-Committee discussed each of the key competencies, goals, and achievements, including the learning and development plans. Chairman Brown stated that the Sub-Committee decided to make their individual comments, provide them to him so that he may consolidate and meet again prior to the next Commission Meeting on March 10, 2021, and forward to the full Commission to finalize the annual review.

Legal Update

Ms. Corrigan updated the Commission in the case of *Worcester Regional Retirement Board, et al v. PERAC* as it pertains to the *Vernava* case. This is a Middlesex Superior Court decision which finds that the guidance PERAC issued in the wake of the SJC decision in *Vernava* was incorrect. If we appeal, we have until March 6, 2021. PERAC must get permission from the Attorney General to proceed with an appeal.

Legislative Update

Mr. Keefe reported that the Governor filed the FY22 budget on January 27, 2021 with the amount of \$45.6 billion which actually is a slight decrease from FY21 spending and is based on the Consensus Revenue estimate of \$30.1 billion and a transfer from the Stabilization Fund which will leave \$1.1 billion left in that fund. The highlights related to the retirement aspect include: a 3% COLA for the State and Teachers' Retirement retirees; the scheduled pension contribution of \$3.415 billion; an outside section that would create a working group (with a member from PERAC) to review the remaining counties' operations and long-term liabilities – it could recommend merger or dissolution. There was also a refile to reestablish a sick leave cap of 1,000 hours, and there was a raise in the budget for the sheriffs tying their pay to the District Attorneys. He stated to keep in mind the budget doesn't become final until the House and Senate sign off on it.

Mr. Keefe continued that the Department of Revenue reported \$3.34 billion which is an increase of 13.3% collection over the same time last year before the pandemic. He continued that this is 14.7% over the expected benchmark for January and is \$764 million ahead of FY21 benchmarks so far. Everyone is still cautious that the bottom could still fall out due the effects of the virus on the economy, unemployment, and/or closures.

Mr. Keefe stated that the Legislative session ended on January 5, 2021. He reported that there have been 1600 bills filed in the House and 1000 in the Senate. He expects that an additional 3000 bills will be filed in the House and 1000 more in the Senate. The Legislature has changed the filing deadline until February 19, 2021. PERAC has already filed its bills which are numbered H10-17.

Mr. Keefe reported that Bruce Tarr in the Senate and Brad Jones in the House have been reelected to their minority party leadership positions. He expects the majority leadership to be named soon.

Audit Update

Ms. Shea reported that since the last Commission meeting, PERAC plans to release one audit which will be discussed in Executive Session. She continued that there are currently 15 audits in process. Of those 15 audits, 2 audits are with the board and we are awaiting their responses, 1 is being reviewed internally, 3 are awaiting the exit process, 4 are in the field work review phase and 5 are in the field work phase. She reported that the audit team continues to conduct audits by receiving documents from the systems electronically. The auditors will review the original

documents once they can access the records. The Auditors are currently preparing for the on-line 2020 Annual Statement training in February. The audit team has recently attended or will be attending the Comptroller's Fraud Management and Mitigation webinar.

Compliance Update

Mr. O'Donnell reported that the online course offerings and webinars have proven beneficial with 1208 on-line courses which have been completed as of December 31, 2020. He continued that he himself attended the COVID – *Functioning During the State of Emergency* presentation and found it to be very helpful.

Mr. O'Donnell informed the Commission that 67 board members have electronically filed their Statement of Financial Interests (SFI) in PROSPER for the year 2020 so far.

Executive Director's Report

Mr. Parsons discussed staff activities and stated that there have been several training sessions such as the SFI roll-out training, and Legal Cases of Interest. He then reported that the Sub-Committee list and the Pension News Flash were included in the package regarding the addition of Commissioner MacKinnon to the Commission.

Mr. Parsons reported that the new portal in PROSPER includes the filing of the SFIs and Calculations. There were 2 trainings for board members to file their respective SFIs through PROSPER, which is similar to the State Ethics Commission format. This means that the information will be carried over each year unless a change needs to be made. The Calculations portal allows board administrators to submit member calculations through PROSPER rather than mailing these requests and also tracks such requests. He reported that although few paper submissions continue, PERAC will be discontinuing receipt of such submissions shortly.

Mr. Parsons reported that PERAC Memo # 10 / 2021 has been distributed regarding those members who have lost their pension benefit due to Chapter 32, Section 15, and was originally created by request of the Boston Retirement Board.

Mr. Parsons then updated the Commission about the Electronic Signature working group that has met once, and has been emphasized by the pandemic. The State, Massachusetts Teachers', and Plymouth County Retirement Boards have representatives in this working group.

Other Business

Chairman Brown stated that the Commission would be going into Executive Session and would not be coming back to open session. He continued that if any votes needed to be ratified that they would be ratified at the next Commission meeting scheduled to be held on Wednesday, March 10, 2021 at 11:00 AM.

Executive Session

Chairman Brown called for a roll call vote of the Commission to go into Executive Session under Purpose Number 7, to discuss and to comply with, or act under the authority of, any general or special law or federal grant-in-aid requirements under G.L. c. 7, Section 50(c), G.L. c. 7, Section 50(f), and G.L. c. 32, Section 21(1)(c).

Commissioner Dooling made a motion to go into Executive Session under Purpose 7.
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, Richard MacKinnon YES, and Jennifer Sullivan YES, and the motion was unanimously adopted.

Chairman Brown called for a roll call vote of the Commission to go into Executive Session under Purpose Number 1, to discuss the reputation, character, physical condition or mental health, rather than professional competence, of any individual. Or to discuss the discipline or dismissal of, or complaints or charges brought against, a public officer, employee, staff member or individual. The subject(s) of the issue at hand have been notified in writing of this meeting and has not asked that it be held in open session. The Commission will not reconvene in open session.

Commissioner Machado made a motion to go into Executive Session under Purpose 1.
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, Richard MacKinnon YES, and Jennifer Sullivan YES, and the motion was unanimously adopted.

Commission Meeting Documents

Commission Agenda for the meeting February 10, 2021

Commission Minutes from January 13, 2021

Administrative Sub-Committee Update

Memo from Executive Director to Commission

Legal Update

Worcester Regional Retirement Board, et al v. PERAC

Legislative Update

Memorandum regarding Legislative updates

Audit Update

Audit Tracking Report

Compliance Update

Memorandum regarding Compliance updates

Executive Director's Report

Staff Activities

Sub-Committee List

Commissioner MacKinnon News Flash

PERAC Memo # 10/2021 regarding Pension Forfeiture

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission