

Commission Meeting Minutes September 8, 2021

Chairman Philip Y. Brown called the meeting to order at 11:07 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 Section 20 of Chapter 20 of the Acts of 2021. Therefore, the Chairman announced, any votes in this meeting shall be taken by roll call vote.

PERAC Staff remotely in attendance: 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, Compliance Analyst John Galvin, 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 Audit Director, Caryn Shea.

Guests participating remotely: Michael Leung-Tat, representing the State Auditor's Office, Judith Bromley, Assistant General Counsel from the State Auditor's Office, Nick Favorito representing the State Retirement System, Sean Neilon representing the Massachusetts Teachers' Retirement System, Thomas Gibson representing Middlesex County and Belmont Retirement Boards, Kathleen Kiely-Becchetti, representing MACRS, Norfolk County Retirement System and the Watertown Retirement Board, John Brown representing MACRS and the Middlesex County Retirement Board, and Pat Brock representing Hampshire County Retirement Board.

Commissioner Machado made a motion to adopt the July 14, 2021 Commission meeting minutes. Commissioner MacKinnon seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Timothy Dooling YES, Kathy Fallon YES, Kate Fitzpatrick YES, Richard MacKinnon YES, James Machado, Yes, and Jennifer Sullivan YES, and the minutes were unanimously adopted.

Actuarial Update

Mr. Boorack discussed the 1/1/21 State Retirement Board Actuarial Valuation results. He went over the results of the 1/1/21 report in comparison to the results of the last valuation report of 1/1/19. He pointed out that the Funded Ratio has increased by 2.8% from 63.7% to 66.5% and pointed out the Unfunded Actuarial Liability has decreased by \$124 million. He discussed several charts located in the valuation report comparing Unfunded Actuarial Accrued Liability since 1990 as well as Funded Ratio progress since 1990.

Commissioner Dooling made a motion to accept the Draft State Valuation Report as of January 1, 2021. 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, Richard MacKinnon YES, James Machado, Yes, and Jennifer Sullivan YES, and the Draft State Valuation Report was unanimously adopted.

Legal Update

Ms. McGinnis reported on the Contributory Retirement Appeal Board ("CRAB") decision in David Luciano v. Stoneham Retirement Board & PERAC, CR-14616 regarding Group Classification of Civilian Dispatchers. CRAB affirmed a previous decision of the Division of Administrative Law Appeals ("DALA") that PERAC's denial of Stoneham's Supplemental Regulations regarding Group Classification of Civilian Dispatchers was correct. Although Mr. Luciano's job title of "Fire and Police Signal Operator II" might have qualified him for Group 2 status, on further analysis, DALA concluded that Mr. Luciano and other civilian dispatchers did not actually perform any of the hazardous duties traditionally associated with that job title. PERAC properly denied the proposed supplemental regulation. Mr. Luciano should be classified in Group 1. To date, PERAC has not received notification that this CRAB decision has been appealed.

Legislative Update

Mr. Keefe informed the Commission that Section 100 of Chapter 32 was amended to include police officers who are killed or sustain injuries resulting in death while at the scene of an emergency. Mr. Keefe reported that Governor Baker signed the FY22 budget on July 16, 2021. However, Section 18, which would have allowed public retirees working in the public sector to increase their post-retirement work from 960 hours to 1,200 was amended by the Governor to increase the hours to 975. Both House and Senate rejected the amendment and re-enacted the language to increase the limit to 1,200 hours. The Governor then vetoed that bill. Both chambers will re-visit this at their next formal session.

Mr. Keefe reported that seven of the eight PERAC bills were heard on July 28, 2021 by the Joint Committee on Public Service. PERAC provided written and verbal testimony at that hearing. PERAC's other bill, H17, providing more flexibility regarding the Statement of Financial Interests, has been referred to the Joint Committee on State Administration and Regulatory Oversight with no hearing date scheduled as of yet. Regarding a subsequent Public Service Committee hearing which was held on September 1, 2021, Mr. Keefe noted that 36 bills relating to buybacks, creditable service and early retirement were heard. He also reported that at an earlier Public Service Committee hearing held on July 21, 2021, the Committee heard about 33 bills relating to presumptions and COVID-19.

Mr. Keefe reported the Department of Revenue's July's revenue of \$2.25 billion, which is \$110 million above the July 2020 revenue. PRIM's July returns was .75%, for calendar year to date of 12.32%, and a one-year figure of 27.0%. Fiscal Year 21 closed with a 30.01% return.

Audit Update

Ms. Shea reported that since the last Commission meeting, PERAC has released Belmont, Fall River, and Worcester Audits. Both Belmont and Fall River Retirement Boards had findings and Worcester had no findings. Additionally, two follow-up audits were conducted since the last meeting, Fitchburg and Worcester Regional Retirement Boards. Ms. Shea reported on the audits in the field work phase, waiting for board responses, pending exit reviews, and in the planning phases. Ms. Shea also indicated that the review of retirement board annual statements is 90% completed by the Audit staff.

Compliance Update

Mr. O'Donnell reported that to date, there have been 1387 course completions by board members. The 2020 Statement of Financial Interests (SFI) submitted in PROSPER by board members is 512 to date. Additionally, procurements for 85 Investment Service Providers and 2 Actuarial Service Providers have been acknowledged to date.

Executive Director's Report

Mr. Parsons discussed staff activities since the last Commission meeting which are highlighted in the meeting materials. He stated that Caryn Shea, Bill Keefe, and himself continue to meet with the Hampden County administrator on a weekly basis to review and oversee the steps taken by the board to remedy the issues reported in the last audit. Mr. Parsons reported that on July 28, 2021 Neil Cohen, Director of the Inspector General's (IG) Regulatory and Compliance Division hosted a PERAC training titled "Fiduciary Duty for Board Member and Fraud Awareness" which had over 97 board members and staff in attendance. The training was well attended and feedback was excellent. It is our goal to include IG training topics in our annual educational curriculum.

Mr. Parsons highlighted on the Public Service hearings discussing PERAC's legislative bills and their current status.

Also, included in the Commission materials is a copy of Executive Order 595 Implementing a Requirement for COVID-19 vaccinations for Executive Department Employees. Mr. Parsons' briefed the Commissioners on the language in the Order and will update the Commissioners as new developments occur.

Mr. Parsons informed the Commissioners that the Chairman's term will expire on November 7, 2021 and in accordance with PERAC's Policy No. 97-006, a notice will go out to retirement boards and also be posted on our website seeking interested applicants. The notice will inform interested candidates to submit resumes before the next Commission meeting for review by the Board. Candidates will be interviewed by the Commission at the November meeting for a vote of the Commission.

Other Business

Chairman Brown discussed that Commissioner Dooling has been appointed to the Department of Industrial Accidents ("DIA") as a judge. The Chairman and Commissioners thanked Commissioner Dooling for his time on the Commission and wished him good luck with his new position. The Commission provided Commissioner Dooling with an engraved clock outlining his tenure as Commissioner.

Chairman Brown made a motion to present Commissioner Timothy Dooling with this gift. Commissioner Fitzpatrick seconded the motion and a roll call vote was taken.

Chairman Philip Brown YES, Commissioners Timothy Dooling Abstain, Kathy Fallon YES, Kate Fitzpatrick YES, Richard MacKinnon YES, James Machado, Yes, and Jennifer Sullivan YES, and the motion to present Commissioner Dooling with an engraved clock was unanimously adopted.

Commissioner Machado made a motion to adjourn the Commission 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, Richard MacKinnon Yes, James Machado YES, and Jennifer Sullivan YES, and the motion to adjourn was unanimously adopted. The Commission meeting adjourned at 12:07 PM.

Commission Meeting Documents

Commission Agenda for the meeting September 8, 2021
Commission Minutes from July 14, 2021

Actuarial Update

Draft State Valuation Report as of 1/1/21

Legal Update

Luciano v. Stoneham Retirement Board & PERAC, CR-14-616 (CRAB)

Legislative Update

Memorandum regarding Legislative updates

Audit Update

Belmont Retirement System Audit (2013-2016)
Fall River Retirement System Audit (2014-2017)
Worcester Retirement System Audit (2015-2019)
Fitchburg Follow-up
Worcester Regional Follow-up

Audit Tracking Report

Compliance Update

Memorandum regarding Compliance updates

Executive Director's Report

Staff Activities

Executive Order 595 – "Implementing A Requirement for COVID-10 Vaccination for the Commonwealth's Executive Department Employees"

Memo to Commissioners outlining Selection of Commission Seventh Member

Commission Policy No. 97-06 – Selection of Commission Seventh Member

State House News Article dated July 28, 2021 RE: H. 11 – PERAC's veteran bill

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission