

**Commission Meeting Minutes
January 12, 2022**

Chairman Philip Y. Brown called the meeting to order at 11:05 AM. Chairman Brown acknowledged the other Commissioners participating: Commissioners Kathy Fallon, Kate Fitzpatrick, Michael Leung-Tat, 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 the meeting was being recorded and 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, Compliance Director Tom O'Donnell, Compliance Analyst John Galvin, Senior Associate General Counsel Patrick Charles, Associate General Counsel Felicia McGinniss, Project Manager Tony Tse, Communications Director Natacha Dunker, Audit Director Caryn Shea, Fraud Prevention Manager Sandra King, Executive Assistant Doreen Duane, and Senior Executive Assistant Kim Boisvert.

Guests participating remotely: Erika Glaster, Sean Neilon and Dennis Naughton representing the Massachusetts Teachers' Retirement System, Thomas Gibson representing the Middlesex and Belmont Retirement Systems and MACRS, John Brown representing Middlesex County and Fitchburg Retirement Systems and MACRS, Patrick Brock representing Hampshire County Retirement System, and Brendan McGough representing the State Retirement System.

Commissioner Machado made a motion to adopt the December 8, 2021 Commission meeting minutes. Commissioner MacKinnon seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Kathy Fallon YES, Kate Fitzpatrick YES, Michael Leung-Tat YES, James Machado YES, Richard MacKinnon YES, and Jennifer Sullivan and the minutes were unanimously adopted.

Legal Update

Ms. Corrigan reported that the Legal Unit would be reporting on 2 cases and introduced Ms. McGinniss to report.

- Ms. McGinniss reported on the *Barnstable County Retirement Board & Daniel Parkka v. PERAC*, a Division of Administrative Law Appeals ("DALA") decision that pertains to excess earnings under Section 91A and is currently in Superior Court. PERAC has appealed this determination to the Contributory Retirement Appeal Board ("CRAB"). CRAB has consolidated this case with another matter involving Mr. Parkka and PERAC which is currently pending before it.

- Ms. McGinniss then reported on *Paula DeGiacomo v. State Retirement Board and PERAC*, a DALA decision involving the anti-spiking statute. PERAC prevailed in this matter. As no other party has appealed, this has become a final decision of CRAB.

Legislative Update

Mr. Keefe explained that the Public Service Committee favorably reported all of the PERAC bills which had been pending before it. Each of the 7 bills are now with the House Ways and Means Committee. He also reported that we await a report from the Committee on State Administration and Regulatory Oversight regarding H17. He stated that he and Mr. Parsons met with House Chair Cabral and staff regarding H17. He then stated that the Public Service Committee heard 13 miscellaneous bills including one providing for free tuition for students seeking a degree in criminal justice and another bill removing Foxboro police from civil service.

Mr. Keefe reported that the Consensus Revenue Hearing for the FY 23 budget was held on December 21, 2021 with the Senate and House Chairs of Ways and Means hosted by the Secretary of Administration and Finance. Mr. Parsons and Mr. Boorack were part of the Treasurer's panel covering pensions. He further stated that the Governor's budget must be filed by January 26, 2022 and the bill reporting deadline is February 2, 2022.

Mr. Keefe indicated the Department of Revenue reported that December revenue totaled \$4.2B, or 40.9% greater than the month's benchmark. He continued that the DOR is projecting a surplus of \$1.3-\$2.2 for this fiscal year and FY 23 revenue will be between \$36.5B and \$37.7B, an increase of 2.1% to 2.9% over the FY 22 consensus figure.

Audit Update

Ms. Shea reported that since the last Commission meeting, PERAC has released two follow-up audits on Lexington and Needham Retirement Systems. She then reported on their findings. She also reported on the audits in the field work phase, those audits waiting for board responses, those audits pending exit reviews, and on the number of audits in the planning phase. Ms. Shea reported that one auditor has gone to work with a retirement board and the staff has also been working with 2 retirement systems under Temporary Orders.

Chairman Brown inquired about the factors used to determine the level of risk assessments in deciding which kind of audit will be conducted. Ms. Shea stated that she determines the risk factor based on the past findings, staffing, annual statement reviews, if investments are in PRIT, if an independent audit is conducted, and if the other units of PERAC identify any issues.

Compliance Update

Mr. O'Donnell reported that to date, there have been 1,956 course completions by board members and 16,532 course completions over the past 10 years. He believes the education piece of Chapter 176 has been the most successful and thanked MACRS, MTRS, PRIT and other entities for this success.

Mr. O'Donnell then reported that the PRIT professionals are working very hard and now have over \$100B in assets. Included in the monthly package is the PRIM Board's quarterly update for the third quarter of 2021, an interesting read.

Executive Director's Report

Mr. Parsons discussed numerous staff activities since the last Commission meeting which are highlighted in the meeting materials. He also discussed numerous training opportunities that will be scheduled in the next calendar year.

Mr. Parsons recommended opening the Commission's Executive Session minutes dated August 14, 2019 regarding Plymouth County Retirement Systems' embezzlement; February 10, 2021 regarding removing a board member for lack of educational credits; February 10, 2021 regarding the Hampden County Retirement System audit issues; and October 13, 2021 regarding certain board members removal due to lack of filing their SFIs. Mr. Parsons then recommended keeping the November 10, 2021 and December 8, 2021 Executive Session minutes in Executive Session status as both matters are still ongoing.

Commissioner Sullivan made a motion to accept the recommendation from the Executive Director and open the Executive Session minutes regarding the meeting dated August 14, 2019, February 10, 2021 (Purpose 1), February 10, 2021 (Purpose 7), and October 13, 2021 and to keep the Commission minutes regarding November 10, 2021 and December 8, 2021 meetings in Executive Session status. Commissioner Fitzpatrick seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Kathy Fallon YES, Kate Fitzpatrick YES, Michael Leung-Tat YES, James Machado YES, Richard MacKinnon YES, and Jennifer Sullivan YES, and the motion was unanimously adopted.

Mr. Parsons stated that Caryn Shea, Bill Keefe, and he 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. He reported that the 2018 – 2020 audit is ongoing. He reported that a new chairman has been hired with a clear job description and a reduced salary, one elected member seat has been filled and one more board member's seat remains to be filled. The Board has also hired a new executive director and a deputy director. Mr. Parsons said that the Hampden County Retirement System assets are fully invested in PRIM.

Mr. Parsons reported that, after over 20 years of service to PERAC, Kim Boisvert will be retiring at the end of this month. Ms. Boisvert has served as the liaison between members of the Commission and the PERAC staff.

The Chairman thanked Ms. Boisvert for all her hard work and professionalism. Other members of the Commission also thanked her, stated that it would not be the same without her, and wished her health and happiness in her retirement. Ms. Boisvert thanked the Commission for their kind words.

Other Business

Chairman Brown announced that the next Commission meeting will be held on Wednesday, February 9, 2022 at 11:00 AM.

Commissioner Sullivan made a motion to adjourn the meeting. Commissioner Fitzpatrick seconded the motion and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Kathy Fallon YES, Kate Fitzpatrick YES, Michael Leung-Tat YES, James Machado YES, Richard MacKinnon YES, and Jennifer Sullivan YES, and the motion was unanimously adopted. The meeting was adjourned at 11:49 AM.

Commission Meeting Documents

Commission Agenda for the meeting of January 12, 2022.
Commission Minutes dated December 8, 2021

Legal Update

Barnstable County RB & Daniel Parkka vs. PERAC, CR-21-0155
Paula DeGiacomo v. State Retirement Board & PERAC, CR-20-0116

Legislative Update

Memorandum regarding Legislative updates

Audit Update

Audit Findings Cover Page
Lexington Follow-up
Needham Follow-up
Audit Tracking Report

Compliance Update

Memorandum regarding Compliance updates
Q3 2021 PRIM Quarterly Update

Executive Director's Report

Staff Activities
Closed Executive Session List

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission