

Commission Meeting Minutes
February 9, 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, Actuary John Boorack, 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, and Fraud Prevention Manager Sandra King.

Guests participating remotely: Tim Smyth representing the Boston Retirement Board, Sean Neilon representing the Massachusetts Teachers' Retirement System, Kathleen Kiely-Becchetti representing the Norfolk County and Watertown Retirement Systems and MACRS, and Brendan McGough representing the State Retirement System.

Commissioner Fitzpatrick made a motion to adopt the January 12, 2022 Commission meeting minutes. Commissioner Machado 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 minutes were unanimously adopted.

Actuarial Update

John Boorack discussed the OPEB Summary Report dated December 2021 that was recently released by PERAC's Actuarial Unit. He indicated that this report is conducted every few years, the last report having been issued in 2016. This report encompasses the cities and towns of the Commonwealth. The next report to be released will include data of over 250 other entities such as housing authorities. This OPEB Summary Report is located on PERAC's website in two different formats. The first format is a standard PDF format and the second format allows users to sort various variables within the tables of the report such as systems by the largest plan, systems by funding, etc.

The Commissioners thanked John for this report, and noted that this will be a great resource to the communities.

Legal Update

Ms. Corrigan reported on three matters. First, she told the Commission about four Division of Administrative Law Appeals (“DALA”) decisions which were issued after the last Commission meeting. All four decisions involved Section 3(8)(c), the section of Chapter 32 which provides that retirement systems share the financial responsibility for an employee’s retirement allowance when an employee has worked in different retirement systems throughout their career. These four decisions involve the effective date of a Section 3(8)(c) calculation, as well as the retroactivity of such a calculation. This section of the law contains no statute of limitations, however, DALA, relying on a recent decision of the Supreme Judicial Court (“SJC”) in *Suburban Home Health Care, Inc. v. EOHHS*, 488 Mass. 347 (2021), has found that a six-year statute of limitations applies. CRAB has decided on its own initiative to review these DALA cases.

Ms. Corrigan then reported on the *O’Leary* case, which involves the regular compensation status of unused vacation time. The SJC will hear oral arguments in the case on April 6, 2022. Assistant Deputy Director Kenneth Hill will argue the case at the SJC on behalf of PERAC.

Finally, Ms. Corrigan informed the Commission that the SJC had issued a decision regarding the long running *Vernava* matter. The decision arrived too late to be included in the Commission packet. Ms. Corrigan said she will report on that case next month, but that the SJC had rejected PERAC’s approach in implementing the original *Vernava* decision so we will need to send a memo to the Boards informing them of this fact.

Legislative Update

Mr. Keefe reported that all eight of PERAC’s bills this legislative session have been reported favorably. He then explained that the House and Senate have passed differing versions of a supplemental budget bill. Of interest to the retirement community, Section 8 of the House bill, includes a waiver from hours and earnings restrictions in calendar year 2022 for superannuation retirees working in the public sector. This is the same waiver on post-retirement earning limitations that was in place during the Governor’s State of Emergency that ended June 15, 2021. The Senate version of the supplemental budget bill does not contain this language.

Mr. Keefe reported that the Governor filed his budget recommendations on January 26, 2022. Some items of interest within his recommendations include limiting sick time accrual to 1,000 hours, a \$250 million payment to the Pension Liability Fund from a FY23 surplus, and authorizing a 3% COLA for State and Teachers’ Retirement Systems.

Mr. Keefe indicated the Department of Revenue continues to report strong revenues which are above benchmarks.

Audit Update

Ms. Shea reported that since the last Commission meeting, PERAC has released the Newton Audit Report with no findings and the Malden Audit Report with several findings. She then explained the findings included in the Malden audit. 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 staff continues to work with 2 retirement systems under Temporary Orders and also stated that the Audit Unit is preparing for the Annual Statement training for retirement board administrators in the coming weeks.

Compliance Update

Mr. Galvin reported the 2021 Statement of Financial Interests have been distributed to board members through PROSPER and we're already receiving responses through the portal. Additionally, Annual Vendor Disclosures have been distributed to over 1,000 service providers. These disclosures are due by March 1.

Mr. Galvin also reported that included in the packet is The Beige Book report produced by the Federal Reserve Bank. The Beige Book is a summary of information on economic conditions in its districts through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. The summary report in the packet has been trimmed down to focus on the Boston area.

Executive Director's Report

Mr. Parsons discussed numerous staff activities since the last Commission meeting which are highlighted in the meeting materials. He mentioned that PERAC staff have met with many legislators on various bills other than our own bills. He also discussed several upcoming trainings that both the Comptroller's Office and the Inspector General's Office have agreed to host. Topics include Internal Controls and Cybersecurity Awareness Training.

Mr. Parsons discussed the requirements of the Conflict of Interest Law and noted that a copy of the requirements is included in the packet. Each year, the acknowledgment form must be signed and submitted. In addition, individuals must take an online training every two years. He informed the Commissioners that we would provide each Commissioner with the date of their last training completion to determine the need for taking the training in 2022. However, he stressed again that the acknowledgment form must be signed and submitted annually.

Mr. Parsons informed the Commissioners that included in the packet is a copy of the Executive Session minutes that were approved to open at the January 11, 2022 Commission meeting. The two Executive Session minutes that remain closed due to still ongoing matters are the November 10, 2021 and December 8, 2021 meeting minutes.

Mr. Parsons also discussed the article from the State House News Service outlining the PRIT fund's gains of over 20 percent in 2021.

Other Business

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

Commissioner Machado made a motion to adjourn the meeting. 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 YES, and the motion was unanimously adopted. The meeting was adjourned at 11:49 AM.

Commission Meeting Documents

Commission Agenda for the meeting of February 9, 2022
Commission Minutes dated January 12, 2022

Legal Update

DALA decisions regarding Chapter 32, Section 3(8)(c)
O'Leary – SJC notice

Legislative Update

Memorandum regarding Legislative updates

Audit Update

Audit Findings Cover Page
Malden Audit
Newton Audit
Audit Tracking Report

Compliance Update

Memorandum regarding Compliance updates
The Beige Book - Boston

Executive Director's Report

Staff Activities
Conflict of Interest Law Summary
Conflict of Interest Law Acknowledgment Form
Open Executive Session Minutes
State House News Article

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission