

Commission Meeting Minutes April 13, 2022

Chairman Philip Y. Brown called the meeting (held at PERAC Office, 5 Middlesex Ave., Somerville) to order at 11:05 AM. Chairman Brown acknowledged the other Commissioners participating: Commissioners Kathy Fallon, Kate Fitzpatrick, Michael Leung-Tat, James Machado and Richard MacKinnon. The Chairman announced the meeting was being recorded. Although Commissioner Sullivan was later established to not be in attendance, when the meeting convened it was unclear whether she would be participating remotely or not. Therefore, the Chairman explained at the outset of the meeting that any votes in this meeting should be taken by roll call vote in the event Commissioner Sullivan participates remotely.

PERAC staff in attendance: Executive Director John Parsons, Deputy Executive Director Caroline Carcia, Assistant Deputy Director Kenneth Hill, Assistant Deputy Director Bill Keefe, Actuary John Boorack, Compliance Director Tom O'Donnell, Compliance Analyst John Galvin, Senior Associate General Counsel Patrick Charles, Associate General Counsel Felicia McGinniss, Project Manager Tony Tse and Communications Director Natacha Dunker.

Guests in attendance: John Brown representing the Middlesex County and Fitchburg Retirement Systems, as well as MACRS, and Thomas Gibson, representing Middlesex County and Belmont Retirement Systems.

Commissioner Machado made a motion to adopt the March 9, 2022 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, and Richard MacKinnon YES and the minutes were adopted.

Administrative Sub-Committee Update

Chairman Brown reported that the Administrative Sub-Committee met earlier this morning just prior to the Commission meeting to discuss the Executive Director's review which was provided to the Sub-Committee members in Draft Form for review, editing, and commentary. The Chairman indicated that the Sub-Committee members will provide him with ratings as outlined in the review by May 1, 2022 so that the review can be discussed further and finalized at the next Administrative Sub-Committee meeting scheduled for May 11, 2022 @ 10:00 a.m. Chairman Brown also reported that the Sub-Committee discussed Commonwealth Union Contracts which provided for COVID Bonus payments along with higher salary adjustments than expected for Executive Branch employees. He also reported that the Sub-Committee discussed the future location of PERAC offices.

Legal Update

Mr. Charles provided the Commissioners with an update on the status of PERAC's draft electronic signature regulations. Mr. Charles reported that both the Executive Office of Administration and

Finance and Secretary of State's office have approved the regulations. Mr. Charles then updated the Commission on the next phases of the regulation process.

Mr. Hill discussed the O'Leary case that he argued before the Supreme Judicial Court (SJC) on April 6, 2022. Mr. Hill discussed the case, his experience arguing before the SJC and various questions that were asked of all parties that day. Mr. Hill indicated that we are awaiting the decision and after it is issued, PERAC will provide further guidance to the boards.

Legislative Update

Mr. Keefe reported that H.4456, relating to increasing the number of hours a superannuation retiree may work for a public employer in this calendar year is now with the Senate. The House adopted the Governor's amendment to this bill and should the Senate also adopt the amendment, it will go to the Governor for his approval.

Mr. Keefe reported that the Governor signed Chapter 42 of the Acts of 2022 into law on April 1, directing PRIM to divest any holdings in companies incorporated in Russia or companies that have been sanctioned by the U.S. Government.

Mr. Keefe reported on H.4568, which is aimed at restructuring the Hampden County Regional Retirement System and increasing membership on the board from five to seven members. The bill was heard via submission of written testimony to the Public Service Committee on April 5 and 6. The Hampden Regional Retirement Board, MACRS and PFFM submitted testimony in opposition to the bill.

Mr. Keefe reported that Public Service favorably reported an amended version of the Teachers ERI from 10 years of age and service to a combination of five years. The original version of the bill was too costly.

Mr. Keefe reported that PRIM's returns for February was -1.07 and is minus -3.75 for the first two months of 2022. Mr. Keefe also reported that the Department of Revenue's March revenue was \$3.85 billion, 12.5% above the benchmark.

Audit Update

Mr. Keefe reported that since the last Commission meeting, PERAC has released the Norwood and Southbridge Audits with several findings each. He then explained the findings included in the audits. Mr. Keefe then reported on the various stages of audits as outlined in the audit tracking log as well as reporting that we continue to work with two retirement systems under Temporary Orders. He then reported that the audit staff continue to review the 2021 Annual Statements submitted by retirement boards that are due on May 1.

Compliance Update

Mr. Galvin reported that PERAC has received over 60% of the Statement of Financial Interest forms from active board members as of this date. Mr. Galvin also reported that the presentation the Comptroller's Office gave on March 31 for retirement board members and administrators had

a turnout of over 200 in attendance. One jaw dropping statistic from the presentation: The Commonwealth averages over 500,000,000 pings a day against its systems from bad actors. He further discussed that the Department of Labor recently issued guidance on cryptocurrencies and the serious risks involved to retirement plans from cryptocurrencies.

Executive Director's Report

Mr. Parsons discussed numerous staff activities since the last Commission meeting which are highlighted in the meeting materials. He indicated that there were many legislative meetings this past month as noted in the memorandum.

Mr. Parsons discussed the letter that was sent to the Governor and legislative leadership regarding the SJC decision in Vernava II, recommending correcting through legislation to avoid hardship of members.

Mr. Parsons discussed the second quarter education memo which includes a training in May that the Inspector General will be presenting on Public Sector Ethics. He then discussed the training presented by the Comptroller's Office on Internal Control Guides which had a great turnout and was well done. He further discussed that PERAC staff are preparing an Internal Control Plan template for retirement boards to use as a tool for their plans.

Mr. Parsons discussed that in-person conferences will be held in the coming months for both NCPERS and MACRS if Commissioners are interested in attending.

Commissioner Machado made a motion to approve attendance for Commissioners at the NCPERS and MACRS conferences. 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, and Richard MacKinnon YES and the minutes were adopted.

Other Business

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

Commissioner MacKinnon made a motion to adjourn the meeting. 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, and Richard MacKinnon YES and the motion was unanimously adopted. The meeting was adjourned at 11:35 AM.

Commission Meeting Documents

Commission Agenda for the meeting of April 13, 2022
Commission Minutes dated March 9, 2022

Administrative Sub-Committee Update

Administrative Sub-Committee Agenda for the meeting of April 13, 2022
Administrative Sub-Committee Minutes for March 9, 2022
Memorandum from Executive Director regarding Performance Review
Draft Performance Review Form for Executive Director
Memorandum from Deputy Executive Director regarding compensation

Legislative Update

Memorandum regarding Legislative updates

Audit Update

Norwood Audit
Southbridge Audit
Audit Tracking Report

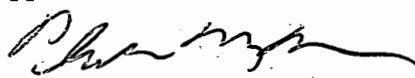
Compliance Update

Memorandum regarding Compliance updates

Executive Director's Report

Staff Activities
Copy of Letter to Governor Baker recommending corrective legislation RE: SJC Decision (Vernava II) case
Copy of Letter to Treasurer Goldberg adopting investment return assumption for 2022
NCPERS Conference details
PERAC MEMO #11/2022 – 2nd Quarter Education Training Schedule

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission