

Commission Meeting Minutes

May 11, 2022

Chairman Philip Y. Brown called the meeting (held at PERAC Offices, 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, Jennifer Sullivan, and James Machado. Commissioner Rich MacKinnon was not present for the meeting. The Chairman announced the meeting was being recorded. Commissioner Sullivan participated remotely, therefore, all motions made at this meeting will be voted on by roll call vote.

PERAC staff in attendance: Executive Director John Parsons, Deputy Executive Director Caroline Carcia, General Counsel Judith Corrigan, 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, Fraud Prevention Manager Sandra King, Project Manager Tony Tse and Communications Director Natacha Dunker.

Guests in attendance: Shawn Duhamel and Frank Valeri representing the Massachusetts Retiree Association and Tom Gibson, representing the Middlesex County and Belmont Retirement Systems.

Commissioner Fallon made a motion to adopt the April 13, 2022 Commission meeting minutes. 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, and James Machado YES and the minutes were adopted. Jennifer Sullivan abstained as she was not present for the April 13, 2022 Commission meeting.

Administrative Sub-Committee Update

Chairman Brown reported that the Administrative Sub-Committee met earlier this morning just prior to the Commission meeting to finalize the Executive Director's review after the sub-committee had a chance to provide him with the ratings outlined in the review. The Chairman indicated that the final tally resulted in a rating of Excellent/Outstanding. The Chairman also indicated that the narrative was changed slightly to incorporate feedback from Administrative Sub-Committee members. The Administrative Sub-Committee's recommendation to the full Commission is to accept the review as written, approve a salary increase commensurate with staff, and extend the Executive Director's contract for one year.

Commissioner Machado made a motion to approve the Administrative Sub-Committee recommendations. Commissioner Leung-Tat 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 Jennifer Sullivan YES and the motion was adopted.

Chairman Brown reported that the Administrative Sub-Committee also discussed the Proposed Fiscal Year 2023 budget which is an increase of 3.67% in operational costs. The Proposed Fiscal Year 2023 budget includes a separate line item for moving expenses which will be tracked separately. Chairman Brown further reported that the Administrative Sub-Committee discussed a one-time COVID Bonus for employees that was awarded to Executive Branch and Constitutional employees during the current fiscal year. The Administrative Sub-Committee's recommendation to the full Commission is to approve the Fiscal Year 2023 Budget and the one-time 1.5% COVID bonus.

Commissioner Machado made a motion to accept the recommendations of the Administrative Sub-Committee and approve the Fiscal Year 2023 budget and one-time COVID bonus. Commissioner Leung-Tat 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 Jennifer Sullivan YES and the motion was adopted.

Mr. Parsons thanked the Commissioners for their continued support and noted that employees will be pleased and are very appreciative.

Legal Update

Mr. Hill provided the Commissioners with an update on the case of Smith v. Gloucester Ret. Bd., and PERAC, CR-19-494 (April 22, 2022). Mr. Hill reported that Division of Administrative Law Appeals ("DALA") affirmed the decision of the Gloucester Retirement Board to deny line of duty benefits to MaryBeth Smith pursuant to G.L. c.32, § 100 following the death of her late husband, Michael Smith. Mr. Smith passed away in July 2012 as a result of lung cancer. Ms. Smith applied for and received an accidental death allowance pursuant to G.L. c. 32, § 9. She later applied for line of duty benefits. However, to receive such benefits under this part of the statute, you must show that a particular event was the cause of the death. The DALA Magistrate determined that it was not possible from the record before him to conclude that Mr. Smith's death resulted from one particular fire. Ms. Smith has appealed this decision to the Contributory Retirement Appeal Board ("CRAB").

Legislative Update

Mr. Keefe reported that the House adopted the amendment which would hold retirees and survivors/beneficiaries harmless who would otherwise be affected by the SJC *Vernava* decision. We are working with the Senate Ways and Means Committee to incorporate this amendment into the Senate budget.

Mr. Keefe reported that the House passed a 5% COLA for the State and Teachers' Retirement Systems for the FY23 budget. Additionally, the House budget includes language changing the Governor's appointment to the PRIM Board from a public safety seat to selecting from one of three candidates nominated by the MACRS Executive Board.

Mr. Keefe reported on H.4456, the hours and earnings waiver for calendar year 2022 for superannuation retirees working in the public sector. There has been no movement on this bill

since the last Commission meeting. It remains with the Senate. If enacted, H4456 would allow the waiver to be in place “up to 90 days” following the end of the declared Public Health Emergency or until December 31, 2022, whichever date occurs first.

Mr. Keefe reported that the Public Service Committee has asked for an extension to review H. 4568 relating to expanding the membership of the Hampden Regional Retirement Board from five members to seven members.

Mr. Keefe reported that PRIM’s return for March was 1.71%, creating a first quarter return of minus -2.11%. Mr. Keefe also reported that the Department of Revenue’s April revenue was \$6.94 billion, 42.1% above the benchmark.

Audit Update

Ms. Shea reported that since the last Commission meeting, PERAC has released the Easthampton and Northampton Audits with findings in the Easthampton Audit only. She then explained the findings included in the audit. Ms. Shea then reported that 92 Annual Statements have been submitted to PERAC to date and being reviewed by Audit Staff.

Compliance Update

Mr. Galvin reported that PERAC has received over 88% of the Statement of Financial Interest forms from active board members as of this date. Mr. Galvin also reported on an article written by Jean-Pierre Aubry, an Associate Director for state and local research at the Center for Retirement Research at Boston College. The article is titled: *Forensic Analysis of Pension Funding* and is included in the Commission Packet.

Executive Director’s Report

Mr. Parsons discussed numerous staff activities since the last Commission meeting which are highlighted in the meeting materials.

Mr. Parsons reported that the agency will be transitioning to Office 365 in the coming weeks. PERAC’s IT Unit has been working with the Executive Office of Technology Services and Security (EOTSS) testing and preparing staff for this upcoming change.

Other Business

Chairman Brown announced that Commissioner Machado will not be seeking re-appointment to the Commission and that today will be his last Commission meeting. Chairman Brown read a Resolution that was presented to Commissioner Machado and presented him with a gift for his long-standing service on the Commission. Chairman Brown further stated that Commissioner Machado has been on the Commission since 2002 and has been appointed by five Governors during his tenure. Chairman Brown stated that Commissioner Machado has been a steady advocate for the agency and PERAC personnel. He has been an advocate for the members of our system and has clearly displayed his commitment to protect the integrity of the pension systems in

Massachusetts. Chairman Brown and other Commissioners thanked Commissioner Machado for his service and wished him good health and a happy retirement.

Commissioner Machado thanked the Commission and staff for their dedication and commitment to the public pension system. He enjoyed serving on the Commission for the past 20 plus years and will truly miss his peers. Commissioner Machado indicated that he has retired as Sergeant of the Fall River Police Department and believes his seat on the Commission should be an active member in the public sector, hence his decision.

Chairman Brown made a motion to adopt the Resolution presented to Commissioner Machado. Commissioner Fallon 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, and Jennifer Sullivan YES and the motion was unanimously adopted.

Chairman Brown announced that the next Commission meeting will be held on Wednesday, June 8, 2022 at 11:00 AM at the PERAC offices.

Commissioner Machado made a motion to adjourn the meeting. Commissioner Fallon 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 Jennifer Sullivan YES and the motion was unanimously adopted. The meeting was adjourned at 12:01 PM.

Commission Meeting Documents

Commission Agenda for the meeting of May 11, 2022
Commission Minutes dated April 13, 2022

Administrative Sub-Committee Update

FY23 Budget Recommendations Memorandum
FY23 Proposed Budget
FY23 Proposed Fringe Rates Memorandum from Comptroller's Office

Legal Update

Smith v. Gloucester Ret. Bd. and PERAC, CR-19-493 (DALA) (Apr. 22, 2022) decision

Legislative Update

Memorandum regarding Legislative updates

Audit Update

Easthampton Audit
Northampton Audit
Audit Tracking Report

Compliance Update

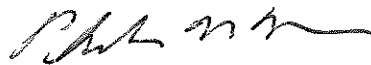
Memorandum regarding Compliance updates

Article: Center for Retirement Research of Boston College – *Forensic Analysis of Pension Funding: A Tool for Policymakers*

Executive Director's Report

Staff Activities

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission