

## **Commission Meeting Minutes**

**March 8, 2023**

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: Kate Fitzpatrick, Michael Leung-Tat, Kathleen Fallon, Richard MacKinnon and James Guido. Commissioner Guido participated remotely. Therefore, the Chairman explained, all motions made at this meeting will be voted on by roll call vote. The Chairman announced the meeting was being recorded. Commissioner Sullivan was not in attendance for the meeting.

PERAC staff in attendance: Deputy Executive Director Caroline Carcia, General Counsel Judith Corrigan, Assistant Deputy Director Bill Keefe, Actuary John Boorack, Assistant Deputy Director Ken Hill, Compliance Analyst John Galvin, Deputy General Counsel Patrick Charles, Associate General Counsel Felicia McGinniss, Director of Audits Caryn Shea, Communications Director Natacha Dunker, and Project Manager Tony Tse.

Guests in Attendance: Tom Gibson representing the Belmont and Middlesex County Retirement Systems.

Guests participating remotely: Sean Neilon representing the Teachers' Retirement Board and Pat Brock representing the Hampshire County Retirement Board.

Commissioner Fallon made a motion to adopt the February 8, 2023 Audit/Fraud Sub-Committee minutes. Commissioner MacKinnon seconded the motion, and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Kathleen Fallon, YES, Richard MacKinnon YES, Kate Fitzpatrick YES, Michael Leung-Tat YES, and James Guido YES and the minutes were unanimously adopted.

Commissioner Fitzpatrick made a motion to adopt the February 8, 2023 Commission minutes. Commissioner MacKinnon seconded the motion, and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Kathleen Fallon, YES, Richard MacKinnon YES, Kate Fitzpatrick YES, Michael Leung-Tat YES, and James Guido YES and the minutes were unanimously adopted.

### **Administrative Sub-Committee Update**

Chairman Brown updated the Commission that the Sub-Committee met earlier that day to review the Executive Director's annual performance for the period January 13, 2022 through January 13, 2023. The Chairman explained that the committee members will be submitting ratings for the various key competencies and success indicators outlined in the evaluation form to either him or Caroline Carcia no later than March 31, 2023 so that the final review and increase recommendation may be conducted at the next Administrative Sub-Committee meeting on April 12, 2023 at 10:30 a.m. He informed the Commission that the committee discussed salary increases for the Executive Director along with staff increases for the FY24 budget cycle which will be further discussed at the next Administrative Sub-Committee meeting for the Commission members' consideration.

## **Actuarial Update**

John Boorack reported that the Investment Return Assumption has decreased seven times since January 2012. PERAC bases its recommendations on several sources such as the NEPC study, (PRIM's Investment Consultant), the Horizon Study, NASRA, and other investment consultants. PERAC's recommendations generally have not reduced the prior assumption by more than 25 basis points in a given year. Although some of the sources above suggest a decrease in the assumption, it is not enough to reduce the rate this year. Mr. Boorack noted that a review is conducted yearly and based on this year's analysis, he recommends maintaining the current assumption at 7.0%.

Commissioner MacKinnon made a motion recommending using the current Investment Return Assumption of 7.0% for the January 1, 2023 valuation of the Commonwealth. 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 Guido YES, and Richard MacKinnon YES and the recommendation to keep the investment return rate assumption at 7% was unanimously adopted.

## **Legal Update**

Ken Hill updated the Commission on the Malden District Court case of Conway v. Medford Retirement Board & PERAC. Mr. Conway, an accidental disability retiree since 2001, had filed suit against the Medford Retirement Board ("the Board") and PERAC because PERAC would not certify him as medically able to return to work as a firefighter. Specifically, Mr. Conway underwent PERAC's Comprehensive Medical Evaluation in late 2022, pursuant to G.L. c. 32, § 8, and was found unable to return to work. He filed an appeal to the Division of Administrative Law Appeals ("DALA") and to the Malden District Court. However, the District Court has no jurisdiction to hear such cases, and the Court dismissed his appeal on the motions of both PERAC and the Board. Mr. Conway's case remains active, but he will attain maximum age for Group 4 in 2023, and thus become legally ineligible to return to work as a firefighter, even in the unlikely event that PERAC's determination as to his medical ability to return to work was overturned.

In accordance with the Commission's Travel Policy, Ms. McGinniss reported on her recent attendance at the National Association of Public Pension Attorneys' ("NAPPA") Conference in Tucson, Arizona. She explained this is the first NAPPA Conference she has been able to attend in person. She found the tax and disability discussions most beneficial, and explained a new roundtable approach NAPPA instituted wherein small groups would share information amongst themselves. She thought it was interesting how different the many public pension systems are, and the other public pension system's participants found the Massachusetts' public pension set up to be very unique. Ms. McGinniss told the Commissioners she learned a lot at the conference.

## **Legislative Update**

Bill Keefe reported that the House adopted a measure in Section 38 to extend the current Open Meeting Law waiver until March 31, 2025. The bill will then go to the Senate for action. PERAC will distribute an advisory to the retirement board community once adopted. Mr. Keefe reported

that the Governor's FY24 budget included a 3% COLA and the Alternative 4 appropriation schedule recommended by the Commission which has a 9.64% increasing appropriation to FY28 then 4.0% increasing amortization of the Unfunded Actuarial Liability until FY36.

Mr. Keefe indicated that the Public Service leadership will remain Representative Ken Gordon and Senator Michael Brady. He noted that two Boston representatives resigned to accept positions in Governor Healey's administration, therefore, special elections will be held in May.

Finally, Mr. Keefe reported that although DOR missed the benchmark in January, DOR reported that February tax revenue numbers exceeded the benchmark again with a total of \$1.98 billion, which is \$49 million, or 2.5%, over the benchmark. For FY 23, tax revenues are \$1 billion, or 4.4%, over the benchmark.

### **Audit Update**

Caryn Shea reported that since the last Commission meeting, PERAC has released the Montague audit and Brockton follow-up audit. Ms. Shea discussed the findings in the audit and reported that PERAC will follow up with Brockton in the coming months regarding unresolved findings as reported in the follow-up. Ms. Shea reported on the status of audits as outlined in the Audit Tracking Log included in the Commission packet. She then reported that several staff presented on the newly released PROSPER Finance portal which will go live in March for board administrators to submit Annual Statements and monthly Cashbooks.

### **Compliance Update**

John Galvin reported that PRIM's return for January was 4.12% with a fund balance as of January 31 of \$95 billion.

Mr. Galvin reported that PRIM's private equity program is well positioned and within their range. In Calendar Year 2022, the Compliance Unit acknowledged 128 procurements, reviewed 1,065 Annual Vendor Disclosures, and approved 1,529 education courses. He further reported that the 2023 Vendor Disclosure Forms have been sent out to vendors and the Certificate of Eligibility Forms have been sent to board members in January with a due date of May 1.

### **Executive Director's Report**

Caroline Carcia discussed numerous staff activities since the last Commission meeting which are highlighted in the meeting materials. She pointed out that beginning in March, retirement boards will now be submitting Annual Statements and monthly cashbooks in PROSPER's new Finance Portal. She indicated that we continue to expand the functions in PROSPER to make it more efficient and streamline board administrator's functions.

Ms. Carcia updated the Commission regarding PERAC's office search and indicated that we are focusing our efforts on the 10 Cabot Road, Medford location. She indicated that their price proposal for that area was one of the lowest and it met all of PERAC's square footage needs. She indicated that the Division of Capital Asset Management (DCAMM) who oversees state agency leases has yet to secure this space and we await their response to move forward. Ms. Carcia

indicated that PERAC's lease at 5 Middlesex Ave., Somerville, MA expires on June 30, 2023 and that it is unrealistic at this point that we would be in new office spaces by that date. Ms. Carcia indicated that DCAMM will have to negotiate a lease extension at the current location until PERAC is able to re-locate our offices. She expressed her concern as to the timeliness of DCAMM's process and indicated that we cannot procure many items such as furniture, cubicles, filing systems, etc. until we have a space plan which will cause a further delay.

Ms. Carcia indicated that included in the Commission materials is the current sub-committee membership list. She inquired if any Commissioners wanted to recommend making any changes to the list. The Commissioners had no recommended changes.

Commissioner MacKinnon made a motion to adjourn the meeting. Commissioner Leung-Tat seconded the motion, and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Kathleen Fallon, YES, Richard MacKinnon YES, Kate Fitzpatrick YES, Michael Leung-Tat YES, and James Guido YES and the motion was unanimously adopted. The meeting was adjourned at 12:00 PM.

#### **Commission Meeting Documents**

Commission Agenda for the meeting of March 8, 2023

Audit/Fraud sub-committee minutes dated February 8, 2023

Commission Minutes dated February 8, 2023

#### **Administrative Sub-Committee Meeting Update**

Executive Director's Performance Review for period 01/13/22 – 01/13/23

#### **Actuarial Update**

Investment Return Assumption Analysis

#### **Legal Update**

*Conway v. Medford Ret. Bd. And PERAC*, 2250CV000721 (Malden Dist. Ct.) (February 21, 2023)  
2023 NAPPA Conference (February 22-23, 2023) Agenda Materials

#### **Legislative Update**

Memorandum regarding Legislative updates

#### **Audit Update**

Montague Retirement System Audit Report

Brockton Retirement System Follow-up

Audit Tracking Report

**Compliance Update**

Memorandum regarding Compliance updates

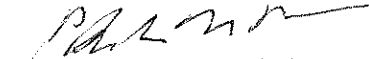
Pension & Investments Article – “Mass PRIM’s private equity program well positioned after turbulent year – CIO”

**Executive Director’s Report**

Staff Activities Memorandum

Sub-Committee Member List

Approved:



Philip Y. Brown, Chairman  
Public Employee Retirement  
Administration Commission