

Commission Meeting Minutes

May 10, 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, Jennifer Sullivan, and Richard MacKinnon. Commissioners Fitzpatrick, Leung-Tat and Sullivan 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 James Guido was not in attendance.

PERAC Staff in attendance: Executive Director John Parsons, Deputy Executive Director Caroline Carcia, General Counsel Judith Corrigan, Assistant Deputy Directors Ken Hill and Bill Keefe, Deputy General Counsel Patrick Charles, Associate General Counsel Felicia McGinniss, Fiscal Director Virginia Barrows, and Project Manager Tony Tse. Communications Director Natacha Dunker, Fraud Prevention Manager Sandra King, and Actuary John Boorack participated remotely.

Guests attending remotely: Erika Glaster and Sean Neilon representing the Teachers' Retirement Board and Pat Brock representing the Hampshire County Retirement System.

Commissioner Fallon made a motion to adopt the April 12, 2023 Commission minutes. Commissioner MacKinnon seconded the motion, and a roll call vote was taken:

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

Administrative Sub-Committee Update

Chairman Brown told the Commission that the Administrative Sub-Committee met earlier that day to review the proposed Fiscal Year 2024 budget and Proposed PERAC Regulations 840 CMR 2.00 & 15.00.

John Parsons explained that the proposed Fiscal Year 2024 budget has a 6.11% increase in operating expenses from the Fiscal Year 2023 budget due to fringe benefits, rental costs, and funds for employee salary increases. In addition to the increased funds for operating expenses, the staff included in this proposed budget more funds for moving expenses. This is because staff have been working with various vendors and such quotes are higher than expected originally.

Commissioner MacKinnon made a motion to accept the recommendation of the Administrative Sub-Committee and approve the Fiscal Year 2024 proposed budget. Commissioner Fallon seconded the motion, and a roll call vote was taken:

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

Patrick Charles then reported on the various changes proposed to PERAC Regulations 840 CMR 2.00 & 15.00. He explained that many of the changes are style changes or corrections or deletions required in situations in which the subject matter had become obsolete. He explained that 840 CMR 2.00 are travel regulations and 840 CMR 15.00 is titled "Miscellaneous," which encompasses a number of topics not easily categorized elsewhere. This Miscellaneous section changes proposed include, among other subjects, a revision to the option factor actuarial chart and a change in how the death of active members may be tracked. The section relating to credit cards has been removed from 2.00 and inserted into 15.00.

Commissioner Fallon made a motion to accept the recommendation of the Administrative Subcommittee approving the changes proposed for PERAC Regulations 840 CMR 2.00 & 15.00 and to proceed with the next steps in the regulation process. Commissioner MacKinnon seconded the motion, and a roll call vote was taken:

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

Legal Update

Mr. Charles reported that Regulations 840 CMR 3.00 & 13.00 were submitted to the Legislature for comments and no changes were made. Therefore, the next step in the process is to submit these regulations to the Secretary of State for final promulgation.

Commissioner MacKinnon made a motion to approve sending the proposed PERAC Regulations 840 CMR 3.00 & 13.00 to the Secretary of State for promulgation. Commissioner Fallon seconded the motion, and a roll call vote was taken:

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

Legislative Update

Bill Keefe reported that the Senate budget was released earlier than expected omitting Section 12 ½ which exempts the executive director of the Municipal Police Training Committee from post-retirement hours and earnings limits. Mr. Keefe also told the Commissioners that the Public Service Committee held hearings in April and May regarding group classification bills. The committee has sought cost analyses of such classification bills from PERAC's Actuary, John Boorack who has fulfilled such requests. The committee has until June 15 to report on such bills and we expect more requests will be made for cost analysis.

Finally, Mr. Keefe stated that April revenues came in much lower than expected. Through March, revenue collections were ahead of original benchmarks by \$870 million and are now down \$703 million.

Audit Update

Caryn Shea reported that since the last Commission meeting, PERAC has released the West Springfield and Worcester Regional audits with no findings and the Gloucester Retirement follow-

up audit letter. Ms. Shea reported that the Gloucester Retirement Board has resolved their previous finding. Ms. Shea explained the status of all audits as outlined in the Audit Tracking Log included in the Commission packet. She then told the Commissioners that PERAC continues to receive Annual Statements and monthly cashbooks in PERAC's new portal and this has proven to be efficient. Ms. Shea indicated that the Audit Unit has vacant positions to fill and, while PERAC continues to advertise these positions on the state's website, the responses have been disappointing. Discussion ensued regarding advertising outside the state's hiring portal and reviewing compensation packages in order to retain and attract qualified candidates.

Compliance Update

John Galvin stated that PRIM's return for March was 1.22% with a fund balance as of March 31 of \$94 billion. The calendar year to date return through March 31 is 3.74%.

Mr. Galvin reported that PRIM held its quarterly Investment Committee on May 1 reporting back-to-back quarterly gains of 4.1% in Q4 2022 and 3.6% for the most recent quarter. Mr. Trotsky noted at the meeting that the volatile markets we've been experiencing create buying opportunities for long-term investments.

Mr. Galvin added that the Statement of Financial Interest (SFI) filing deadline was May 1, 2023. To date, PERAC has received over 90% of SFI filings. He indicated that PERAC is in the process of reaching out to those members who have not filed.

Executive Director's Report

Mr. Parsons discussed numerous staff activities since the last Commission meeting which are highlighted in the meeting materials. He pointed out that PERAC has received many legislative inquiries including requested cost analyses of group classification bills.

Mr. Parsons provided an update on the status of PERAC's new office space. He indicated that Caroline Carcia and he met with representatives from DCAMM and 10 Cabot Road to discuss next steps and the length of time for PERAC to move its operations to the new site.

Mr. Parsons pointed out that included in the Commission packet is the agenda for the MACRS Conference which will be held in Hyannis, MA from June 4, 2023 to June 7, 2023 and any Commissioners interested in attending to let us know.

Commissioner Fallon made a motion to approve attendance for Commissioners at the MACRS Spring Conference from June 4, 2023 to June 7, 2023 in Hyannis, MA in accordance with PERAC Policy #97/002.

Commissioner MacKinnon seconded the motion and a roll call vote was taken:

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

Other Business

Chairman Brown announced that the next Commission meeting will be held on Wednesday, June 14, 2023 at 11:00 AM at PERAC offices.

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

Chairman Philip Brown YES, Commissioners Kathleen Fallon, YES, Richard MacKinnon YES, Kate Fitzpatrick YES, and Michael Leung-Tat YES. Commission Sullivan, who was participating remotely, did not respond when asked to vote and may have departed the meeting shortly before this motion was made and seconded. Thus, the motion was unanimously adopted. The meeting was adjourned at 11:58 AM.

Commission Meeting Documents

Commission Agenda for the meeting of May 10, 2023

Commission Minutes dated April 12, 2023

Administrative Sub-Committee Meeting Update

FY24 Proposed Budget

Proposed Regulations 840 CMR 2.00 &15.00

Legal Update

Proposed Regulations 3.00 &13.00

Legislative Update

Memorandum regarding Legislative updates

Audit Update

West Springfield Retirement System Audit Report

Worcester Regional Retirement System Audit Report

Gloucester Retirement System Follow-up Letter

Audit Tracking Report

Compliance Update

Memorandum regarding Compliance updates

Pension & Investments article dated May 3, 2023, titled "Massachusetts PRIM reports 3.7% first quarter gain."

Executive Director's Report

Staff Activities Memorandum

MACR Spring Conference Agenda – June 4-7, 2023

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission