

Commission Meeting Minutes

October 11, 2023

Chairman Philip Y. Brown called the meeting (held at PERAC Offices, 5 Middlesex Ave., Somerville) to order at 11:10 AM. Chairman Brown acknowledged the other Commissioners participating: Kate Fitzpatrick, Richard MacKinnon, Michael Leung-Tat, Kathleen Fallon, Jennifer Sullivan, and James Guido. Commissioner 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.

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, Director of Audits, Caryn M. Shea, Actuary John Boorack, Deputy General Counsel Patrick Charles, Associate General Counsel Felicia McGinniss, Senior System Engineer Robert Perez, Project Manager Anthony Tse, and Communications Director Natacha Dunker. Fraud Prevention Manager Sandra King participated remotely.

Guests attending in person: Sean Neilon and Rob Fabino representing the Massachusetts Teachers' Retirement System.

Guests attending remotely: Patrick Brock representing Hampshire County Retirement System, John Brown representing Middlesex County Retirement System and MACRS, Kathryn Kougias representing the State Retirement System, Colleen Loughlin representing the Reading Retirement System, and John Kelly representing the Boston Retirement System.

Chairman Brown requested a moment of silence for those affected by the recent attacks in Israel.

Commissioner MacKinnon made a motion to adopt the September 13, 2023 Commission minutes. Commissioner Guido seconded the motion, and a roll call vote was taken:

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

Audit/Fraud Sub-Committee Update

Audit/Fraud Sub-Committee Chair Fallon reported that the Sub-Committee met earlier to review proposed fraud posters designed by the Communications Unit. Ms. Fallon indicated that the Sub-Committee was provided with three posters from which to choose. One poster depicted superheroes, another one with a piggy bank and a third a jigsaw puzzle. The posters are sent to Retirement Boards, municipalities, and state agencies throughout the Commonwealth to enable PERAC to receive anonymous tips and/or notification of pension fraud. PERAC has a hotline and a dedicated email address for such reporting. Ms. Fallon indicated that the Sub-Committee is recommending the poster depicting the superheroes for the 2023-2025 Fraud campaign.

Chair Fallon made a motion to accept and adopt the recommendation made by the Audit/Fraud Subcommittee. Commissioner Fitzpatrick seconded the motion, and a roll call vote was taken:

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

Legal Update

Felicia McGinniss updated the Commission on the case of Rhoan Crichton v. State Bd. Of Ret. & PERAC, CR-21-0548. Mr. Crichton was a correction case worker who applied for Accidental Disability retirement under the Heart Law Presumption, G.L. c. 32, § 94. The State Board of Retirement (“SBR”) approved his application, but PERAC remanded it because he did not meet the criteria to retire under the Heart Law. PERAC suggested Mr. Crichton apply for accidental disability retirement pursuant to G.L. c. 32, § 7 if he could establish that he suffered an injury “as a result of, and while in the performance of his duties.” The SBR voted to deny his accidental disability retirement application following PERAC’s remand. The Division of Administrative Law Appeals (“DALA”) held that Mr. Crichton was not entitled to accidental disability retirement benefits pursuant to G.L. c. 32, § 94 for the reasons set out in PERAC’s remand letter. Mr. Crichton did not apply for accidental disability retirement benefits pursuant to G.L. c. 32, § 7. Mr. Crichton has until September 30, 2023 to file his objections to the DALA Decision with the Contributory Retirement Appeals Board.

Legislative Update

Bill Keefe reported that Governor Healey filed a close-out supplemental budget for FY23 that uses \$40 million of the remaining \$1.2 billion for the FY22 surplus to cover revenue shortfall due to lower-than-expected capital gains. The House and Senate sent a \$1 billion tax relief package to the Governor along with overriding a dozen vetoes of the Governor to restore about \$80 million in spending.

Mr. Keefe reported that Senator John Velis sponsored PERAC’s Veteran buyback bill and is trying to discharge the bill from the Public Service Committee into the Veteran’s Committee and include the bill as part of an Omnibus Veteran’s Bill around the Veteran’s Day Holiday.

Mr. Keefe reported on Executive Order 619, barring state agencies from purchasing any single-use plastic bottles less than 21 ounces.

Mr. Keefe also reported that PRIM’s August returns were -.82%. The calendar year to date return through August 31 is 7.66%. The fund balance as of August 31 was \$97.9 billion.

Lastly, Mr. Keefe reported that DOR revenues were \$4.2 billion for September, \$150 million or 3.5% below benchmark.

Audit Update

Caryn Shea reported that since the last Commission meeting, PERAC has released the Everett Retirement Board Audit with no findings and two follow-ups to previous audits of the Marlborough and Revere Retirement Boards. 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 the Audit Unit recently hired two new Auditors to join their team. Ms. Shea reported that the Audit Staff continue to review Annual Statements and the Annual Report is in the final proofing stages and almost ready to send to the printers for release.

Compliance Update

John. Parsons reported that included in the Commission materials is a draft memorandum to the Boards regarding the use of Outsourced Chief Investment Officers (OCIO).

Patrick Charles reported that the draft Memorandum incorporates discussions and concerns previously discussed by the Commission. He indicated that the memorandum details how an OCIO could be utilized by a Board and provides guidance to the Boards regarding the process of selecting the OCIO and contains the limitations previously set forth by the Commission.

Commissioner Guido made a motion to approve and adopt the OCIO guidelines contained in the draft Memorandum, and to issue a memorandum consistent with these guidelines to the Retirement Boards. Commissioner Leung-Tat seconded the motion, and a roll call vote was taken:

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

Executive Director's Report

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

He reported that included in the Commission Packet is PERAC's Pension News, 4th Quarter Education Memorandum, and the 2022 Investment Fee Report. He pointed out that several staff attended and presented at the Fall MACRS Conference held in Springfield at the beginning of October.

Mr. Parsons also highlighted that public hearings are scheduled in October to discuss proposed regulation changes which is a continuation of updating and reviewing all PERAC Regulations.

Also included in the Commission packets is a Draft 2024 Commission meeting schedule. If these dates do not conflict with Commissioner's schedules, then we will ask the Commission to vote and adopt this schedule at the November Commission meeting.

Mr. Parsons updated the Commission that both he and Caroline Carcia had a conversation with the current landlord, BioMed Realty regarding extending PERAC's lease and the future plans at 5 Middlesex Avenue. Mr. Parsons indicated that 10 Cabot Road, Medford, MA will not be vacant until June 30, 2024, at which point the build-out will begin for PERAC's space. A build out of PERAC's office plan will take approximately six months. Mr. Parsons discussed this timeframe with the current landlord, and they agreed with this plan and will extend the lease to allow for this. Mr. Parsons indicated that the Department of Capital Asset Management and Maintenance (DCAMM) will be working with BioMed Realty to write up a lease in the coming weeks.

Lastly, Mr. Parsons reported that included in the Commission Packet is information pertaining to the NCPERS 2024 Legislative Conference on January 22-24, 2024 in Washington, DC if any Commissioners wish to attend.

Commissioner MacKinnon made a motion to approve attendance for Commissioners at the NCPERS 2024 Legislative Conference, to be held January 22-24, 2024 in Washington, DC in accordance with PERAC Policy #97/002.

Commissioner Leung-Tat seconded the motion and a roll call vote was taken:

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

Other Business

Chairman Brown mentioned that Mr. Parsons will be retiring early next year, and the Commission must begin the process of hiring its next Executive Director. Harkening back to the most recent Executive Director search held five years ago, Chairman Brown indicated that the Commission will need to form an Executive Director Search Committee and decide on a process for proceeding with the search.

Chairman Brown then announced that the next Commission meeting will be held on Wednesday, November 8, 2023 at 11:00 AM at PERAC offices.

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

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

Commission Meeting Documents

Commission Agenda for the meeting of October 11, 2023

Commission Minutes dated September 13, 2023

Audit/Fraud Sub-Committee Update:

Proposed Fraud Poster Designs

Legal Update

Rhoan Crichton v. State Bd. Of Ret. & PERAC, CR-21-0548

Legislative Update

Memorandum regarding Legislative updates

Audit Update

Everett Retirement Board Audit

Marlborough Retirement Board Follow-up Audit

Revere Retirement Board Follow-up Audit

Audit Tracking Report

Compliance Update

Draft Memorandum RE: Outsourced Chief Investment Officer (OCIO) Policy

PRIM Summary of Plan Performance chart for the period ending July 31, 2023

Executive Director's Report

Staff Activities Memorandum

PERAC Pension News – No. 63

2022 Comparative Analysis Report

PERAC Memorandum #21/2023

Draft 2024 Commission Schedule

NCPERS Legislative Conference – January 22-24, Washington, DC

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission