

Commission Meeting Minutes

July 10, 2024

Chairman Philip Y. Brown called the meeting (held at PERAC Offices, 5 Middlesex Ave., Somerville) to order at 11:03 AM. Chairman Brown acknowledged the other Commissioners present: Kate Fitzpatrick, Richard MacKinnon, Michael Leung-Tat, and James Guido. Commissioner Kathleen Fallon 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 Jennifer Sullivan was not in attendance.

PERAC Staff in attendance at the PERAC offices: Executive Director Bill Keefe, First Deputy Executive Director Caroline Carcia, General Counsel Judith Corrigan, Assistant Deputy Director Patrick Charles, Director of Audits Caryn Shea, Actuary John Boorack, Compliance Manager John Galvin, Senior Associate General Counsel Felicia McGinniss, Communications Director Natacha Dunker, and Project Manager Anthony Tse.

PERAC staff attending remotely: Deputy Executive Director Kenneth Hill.

Guests in attendance at the PERAC offices: Sean Neilon representing the Teachers Retirement System.

Guests attending remotely: Matt Feeney representing the Norfolk County Retirement System.

Commissioner MacKinnon made a motion to adopt the minutes of the Administrative Sub-Committee meeting of May 8, 2024. Commissioner Fitzpatrick seconded the motion, and a roll call vote was taken:

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

Commissioner Leung-Tat made a motion to adopt the minutes of the Commission meeting of June 10, 2024. Commissioner MacKinnon seconded the motion, and a roll call vote was taken:

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

Legal Update

Judith Corrigan reported on the recent passing of Attorney Carol Nesson. Ms. Corrigan stated that Ms. Nesson was one of the founding members of the Massachusetts Association of Public Pension Attorneys (“MAPPA”) which was established back in 1996. Ms. Nesson had served as General Counsel for the Boston Retirement System, and following her retirement from that position, had gone into private practice, specializing in assisting members with Domestic Relations Orders. She was well known and well respected within the Massachusetts Public Pension community and will be missed.

Felicia McGinniss updated the Commission on the National Association of Public Pension Attorney’s (“NAPPA”) Educational Conference which was held from June 25-28, 2024 in Fort Lauderdale, FL. She indicated that the topics and presentations were very informative. Topics included Fiduciary Responsibilities, Cybersecurity, Artificial Intelligence, Ethics, and IRS Changes.

Legislative Update

Patrick Charles reported that on June 13, 2024, the Senate passed the HERO Act (S.2826) which includes the veterans' buyback proposal that PERAC had sponsored in past sessions. He further reported that PERAC's Statement of Financial Interests ("SFI") bill passed the House. This bill would allow for a waiver to be granted if a board member fails to file their SFI on time due to extenuating circumstances. He also reported that S.2827, An Act Empowering Municipalities and Local Governments was released by the Joint Committee of Municipalities and Regional Government did not include the language allowing for a critical shortage waiver for post-retirement work that was originally included in the language filed by Governor Healey.

He also reported that we are still watching some legislation of interest to the Massachusetts public pension community as this legislation makes its way through conference committees. In particular, we are monitoring bills involving the Special Commission to Study the COLA, PRIM board membership, mandatory life insurance increases, restoration to service for disability retirees, and the Post Retiree Work task force.

He reported that Legislature passed, and the Governor signed a \$6.9 billion interim budget to cover state expenses through July 2024.

Mr. Charles also reported that the Department of Revenue ("DOR") figures have not been released at this time.

Audit Update

Caryn Shea reported that since the last Commission meeting, PERAC has released the Cambridge Retirement Board Audit and follow-up audits of the Mass Water Resources Authority Retirement Board and Winchester Retirement Board. Ms. Shea explained that the Cambridge Retirement Board had two findings relating to regular compensation and membership. She indicated that the two new hires of the PERAC Audit Unit are currently in training, and PERAC continues to seek additional staff for that Unit. She explained that the audit program which has been in use has been refined, which will help with completing audits more efficiently and in a timelier manner. She then told the Commissioners that the PERAC Investment Analysts continue to prepare the Annual Report for calendar year 2023. She also reported that members of the Audit Unit are currently working on presentations for the upcoming Administrator's Training in Northampton on August 21.

Compliance Unit

John Galvin reported that PRIM's return for May was 2.65%. The fund balance as of May 31, 2024 was \$104.5 billion.

Mr. Galvin reported that there are three active members remaining who have not completed their Statement of Financial Interests. He indicated that we will be sending the certified letters to them by July 15.

Executive Director's Report

Mr. Keefe reported on the passing of our Senior Auditor Richard Wrona's wife and the passing of our Actuary John Boorack's father in recent days. Mr. Keefe requested a moment of silence.

Mr. Keefe discussed numerous staff activities since the last Commission meeting, which are highlighted in the meeting materials. He reported on recent personnel changes to the agency including the promotion of Sarita Yee to Deputy Compliance Manager. In this new position, Ms. Yee will oversee the Investment

Analysts. The Investment Analysts were originally under the Compliance Unit, but in the past several years they have been under the Audit Unit. It made sense to move them back to Compliance.

Ms. Carcia provided an update on the status of 10 Cabot Road. She indicated that PERAC proposed to pay half the overage in construction costs as a lump payment in the amount of \$240,560 to the broker, Brookwood, and we are still awaiting confirmation on their acceptance. She also reported that the current tenant at 10 Cabot Road, Bond Construction was still occupying the space even though their lease expired on June 30, 2024. She expressed her concerns with the broker that construction has not begun, the tenant still occupies the space, and we have no signed lease. The Commission discussed elevating the situation to the Commissioner of the Department of Capital Asset Management and Maintenance (“DCAMM”) with a strong written message from the Chairman and request a meeting to resolve the issues the Commission is faced with and alleviate its concerns.

Mr. Keefe also reported that included in the Commission packet is a list of duties and responsibilities of the agency which the managers compiled into a working document. He also explained that included in the monthly package is the 2023 Investment Report which highlights the 2023 investment returns of the retirement boards. He also stated that no retirement boards are subject to transfer their assets over to PRIM in accordance with the provisions of Chapter 21 of Acts of 2009.

Mr. Keefe also reported that included in the packet is proposed changes to the Commission Policy #97-002 Travel/Education, however, further recommendations were not included, and he requested that the Commission table this topic for consideration at its September 11, 2024 Commission meeting.

Commissioner Fitzpatrick made a motion to table the proposed changes to Commission Policy #97-002 Travel/Education for the September 11, 2024 Commission meeting. Commissioner MacKinnon seconded the motion, and a roll call vote was taken:

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

Mr. Keefe briefed the Commissioners on the most recent PERAC memorandums distributed and included in the Commission packets relating to the 3rd Quarter Education session offerings. The 3rd Quarter will include one of the three scheduled Administrator Trainings that will be held in Northampton, Danvers, and Norwood. An additional memorandum distributed announces the new PROSPER application for the Audit Process. This new application will streamline the audit planning process, gather materials more efficiently and confidentially, and provide for tracking of submissions.

Mr. Keefe informed the Commission that we need to have a Legislative Sub-Committee meeting in September to discuss bills for the upcoming session in October.

He further informed the Commission that one of our recent auditors, Naomi Marinez gave birth to her first child, a daughter, at the beginning of the month. He also announced that Commissioner MacKinnon will be awarded the Irish Echo Labor Award September in New York City. Lastly, he announced that Chairman Brown just won an Appeals Court decision and will be featured on the front page of the Massachusetts Lawyers Weekly.

Chairman Brown then announced that the next Commission meeting will be held on Wednesday, September 11, 2024 at 11:00 AM at the PERAC offices.

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

Chairman Philip Brown YES, Commissioners Kate Fitzpatrick YES, James Guido YES, Michael Leung-Tat YES, Kathleen Fallon YES, and Richard MacKinnon YES. Thus, the motion was adopted. The meeting was adjourned at 11:56 AM.

Commission Meeting Documents

Commission Agenda for the meeting of July 10, 2024
Administrative Sub-Committee Minutes dated May 8, 2024
Commission Minutes dated June 12, 2024

Legal Update

National Association of Public Pension Attorney's ("NAPPA") Conference brochure for June 25-28, 2024, Fort Lauderdale, FL

Legislative Update

Memorandum regarding Legislative updates

Audit Update

Cambridge Retirement Board Audit
Massachusetts Water Resources Authority Retirement Board Follow-Up Audit
Winchester Retirement Board Follow-Up Audit
Audit Tracking Report

Compliance Update

Memorandum regarding Compliance updates
PRIM Summary of Plan Performance – As of May 31, 2024

Executive Director's Report

Staff Activities Memorandum
PERAC's Duties & Responsibilities Spreadsheet
2023 Investment Report
Veterans Buyback Notice to Retirement Board
Commission Policy 97-002 – Travel/Education Policy
PERAC MEMO #17, 2024 – 3rd Quarter Education Memorandum
PERAC MEMO #18, 2024 – PROSPER Audit Process

Approved:



Philip Y. Brown, Chairman
Public Employee Retirement
Administration Commission