

**Worcester Regional Retirement Board Meeting**  
**June 28, 2022**

The meeting was called to order at 8:07 a.m. Present at the meeting were Chairman Kevin Blanchette, Board Members Gene Durgin, Rebecca Tuttle, Michael Donoghue and Pauline Lajoie. Also present were Michael Sacco, Chief Executive Officer, Colleen Canty, and Carol Rocco.

*At 8:07 a.m. in accordance with Section 21(a)(1) of Chapter 30A of the General Laws, a motion was made to go into Executive Session to discuss the physical and/or mental status of retirement system members who are seeking an accidental disability retirement and take action on the application related thereto, and to return to open session.*

**MOTION:** *Motion to move into executive session was carried by a roll call vote with, Mr. Donoghue, yes; Mr. Durgin, yes; Ms. Lajoie, yes; Ms. Tuttle, yes; Chairman, Blanchette, yes.*

*The Board returned to open session at 8:47 a.m.*

**APPROVAL - MEETING MINUTES: May 24, 2022.**

**MOTION:** *made by Mr. Durgin and seconded by Mr. Donoghue. All in favor.*

**MONTHLY WARRANTS:**

**Accounts Payable:                      Warrant #32    \$29,957.35**

**MOTION:** *made by Mr. Durgin and seconded by Ms. Lajoie. All in favor.*

**Staff Salaries:                              Warrant #35    \$60,189.55**

**MOTION:** *made by Mr. Donoghue and seconded by Ms. Tuttle. All in favor.*

**Board Compensation:                      Warrant #36    \$2,500.00**

**MOTION:** *made by Ms. Lajoie and seconded by Mr. Donoghue. All in favor.*

**Revised May  
Staff Salaries:                              Warrant #28 (amendment)    \$50,549.40**

**MOTION:** *made by Mr. Donoghue and seconded by Ms. Tuttle. All in favor.*

**Pension Vouchers:    \$8,543,459.60**

**MOTION:** *made by Mr. Durgin and seconded by Mr. Donoghue. All in favor.*

Prior to and during the meeting, the following items were available for the Board's review: monthly financial statements, current investment statements, invoices, member and retiree files related to items on the agenda.

**Refunds & Transfers                      Warrant #37    \$1,183,680.49**

**MOTION:** *made by Mr. Donoghue and seconded by Ms. Lajoie. All in favor.*

**NEW MEMBER APPLICATIONS: (58)**

**MOTION:** *made by Mr. Donoghue and seconded by Mr. Durgin. All in favor.*

**RETIREMENT APPROVALS: (42)**

**MOTION:** *made by Ms. Lajoie and seconded by Mr. Donoghue. All in favor.*

The CEO gave his monthly report to the Board. Legal Update - PERAC Memorandum #16 - *Vernava II* decision was finally issued to retirement boards, and the memo affirmed everything the CEO had been telling the Board since *Vernava I* was issued back in 2018 (as counsel)– (1) supplemental pay when paid to supplement workers’ compensation is not regular compensation under any circumstances, (2) any deductions withheld from the supplemental pay must be returned to the member/retiree, (3) any creditable service granted based on the supplemental pay must be rescinded and (4) if any retirees’ retirement date and/or retirement benefit was based on the receipt of supplemental pay, then it must be adjusted, and the Board must pay what it owes to or collect from (or waive) the impacted retirees. The CEO noted that he sent a copy of the PERAC memo to all the member unit Treasurers to not only remind them to not take out retirement deductions from supplemental pay, but to seek any information they may have regarding current and former employees who received workers’ compensation to assist us in implementing the *Vernava II* decision. The CEO also mentioned that legislation had been filed to “grandfather” retirees from *Vernava II*’s reach, but the Chairman mentioned that he believed the legislation had been withdrawn. The CEO stated he would continue to monitor the current legislative session that ends on July 31<sup>st</sup>, and if no legislative action is taken then he will work with the staff and the Treasurers in implementing the decision.

PRIM / PRIT Update – the CEO noted that due to depressed market conditions, our fund had dropped below the \$1 billion level to \$963 million. The CEO noted that the Dow Jones Industrial average was down approximately 5,000 points since December 31, 2022, and unless there are some dramatic policy changes, it appears we are in for a rough ride in the coming months, if not further. The Chairman inquired whether PRIM was changing its strategy/asset allocation in response to the investment landscape and the economic forecast, and the CEO said that in the most recent PRIM board meeting he remotely attended, Michael Trotsky repeated his familiar philosophy – “you can’t predict the future so we don’t try, and you can’t time the markets so we don’t try” and as he informed the Board during his last appearance back in the fall, the PRIT fund is positioned so that while it may not be the best performer in a bull market, it will perform far better relatively and comparatively speaking in a bear market, and the most recent investment performance numbers bear that out. The PRIT fund was the 9<sup>th</sup> best Massachusetts Public Pension fund in 2021 with a robust 20.67% return and PRIT’s 5-year number was 12.9%, which was good enough to be the 22<sup>nd</sup> best performing fund.

Actuarial / Audit Update – the CEO stated that while it was anticipated that Linda Bournival from KMS would be appearing at this meeting with her actuarial valuation report to discuss with the Board, the Board staff discovered additional errors in the data that occurred during the conversion to PTG from TACS, and despite the staff’s best efforts the data could not be corrected in time to provide it to Ms. Bournival to conduct her analysis. The Chairman expressed his profound disappointment in not having these issues resolved to allow Ms. Bournival to be able to appear at this meeting, and reiterated that providing this information to the members units in a timely manner is one of the most important things we do as a Board. The Chairman strongly encouraged the CEO to take whatever steps are necessary to get this matter resolved as quickly as possible. The CEO apologized to the Board and accepted full responsibility for not having the matter resolved in time for this meeting, and said he would be speaking with PTG’s President directly to rectify the software issues.

The CEO also informed the Board that he, Colleen and Anne McNamara have a telephone conference scheduled for this afternoon to speak with Matt Hunt at CLA to address any outstanding issues with the audit.

#### Staff Activities -

The CEO attended the MACRS conference June 14-16 – Former Boston Bruin Rick Middleton was the Keynote speaker – he discussed the upcoming movie Tough Sledding, of which he was a part, which told the story of the 2002 U.S. Paralympian Hockey Team which had only won 1 international game ever, and the team was only invited because Salt Lake City was the host site. The US was the lowest ranked team going in and they somehow went undefeated and won the Gold medal. Falmouth Retirement System Executive Director Francis “Kip” St. Germaine was a member of that team. Very inspirational story. There was also a myriad of bills discussed that are still in the Legislature, and relevant to retirement are the bills pertaining to the *Vernava* case and the *O’Leary* case (vacation buyback as regular compensation) currently pending before the SJC. There was also two (2) Cybersecurity Sessions – a Barnstable Police Officer who works with the federal task force on cybercrime was very informative, and there was a panel that discussed cybersecurity insurance coverage. The Tuesday morning session featured the usual PRIM/PERAC/Mass Retirees segments, and in the afternoon the CEO participated in the Legal Panel, which was well received.

The CEO noted that Colleen and Anne have been interviewing for a new staff member, and we hope to have someone in by late July – mid August.

Colleen, Anne and the CEO had a conference call with Jane Cullen at Webster 5 - they were just reaching out to see if we were happy and needed anything, and we increased our minimums to cover increased retirement allowance costs and operating account.

The CEO also noted that at this time of year, we are awaiting the appropriation payments that are due on July 1<sup>st</sup> – as of yesterday, the CEO stated that only 4-member unit treasurers had confirmed commitments to use the electronic submission option, 25 have asked for the information, so if all use will be about 33% participation rate.

The CEO also noted that there has been a higher volume of retirees this year – in addition to the 42 who were on today's agenda, we have another 37 in the queue. That concluded the CEO's report.

The Chairman asked if there was any other business before the Board, and hearing none, the Chairman called for a motion to adjourn.

**MOTION:** *made by Mr. Durgin and seconded by Mr. Donoghue to adjourn the meeting. Non-debatable motion. All in favor.*

*The Board adjourned the meeting at 9:33 a.m.*