

Worcester Regional Retirement Board Meeting
July 26, 2022

The meeting was called to order at 8:03 a.m. Due to COVID 19 regulations, social distancing considerations the meeting took place by Zoom Conferencing. Present at the meeting were Chairman Kevin Blanchette, Board Members Mr. Gene Durgin, Mr. Michael Donoghue and Ms. Pauline Lajoie and Ms. Rebecca Tuttle. Also present were Michael Sacco, Chief Executive Officer, Colleen Canty, and Carol Rocco. The Chairman noted that all votes will be taken by roll call, and unless there is a dissenting vote, a unanimous roll call vote will be recorded as “all in favor.”

APPROVAL - MEETING MINUTES: June 28, 2022

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

MONTHLY WARRANTS:

Accounts Payable: Warrant #38 \$19,695.56

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

Staff Salaries: Warrant #41 \$51,746.17

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

Board Compensation: Warrant #42 \$2,500.00

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

3(8)(c)'s: Warrant #44 \$3,002,845.71

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

Pension Vouchers: \$8,673,440.78

MOTION: *made by Ms. Lajoie 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, invoices, member and retiree files related to items on the agenda.

The Board reviewed the Cash Balances and the PRIT Fund balance.

Cash Balance: \$72,583,771.69

PRIT Fund balance: \$936,187,822.06

Refunds and Transfers: Warrant #43 \$930,919.47

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

NEW MEMBER APPLICATIONS: (13)

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

RETIREMENT APPROVALS: (29)

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

The Board discussed the need to transfer appropriations collections from the Webster Five Cents Savings Bank account to the PRIT Fund account in the amount of \$62,000,000. Since the Board meeting is virtual this month the bank will require Board approval with signatures from Chairman Blanchette and Mr. Sacco.

MOTION to approve the transfer of \$62,000,000.00 from Webster Five Cents Savings Bank to the PRIT Fund: *made by Mr. Donoghue and seconded by Ms. Lajoie. All in favor.*

CHIEF EXECUTIVE OFFICER'S REPORT:

The CEO provided his monthly report. On the legal side, there are four matters. David McMorrow v. WRRS - we responded to a DALA Pre-hearing order – this case involves the Board granting credit for past call firefighter service when McMorrow never became a permanent member of the same fire department, and upon discovery of the error, a reduction in his creditable service was made and he appealed. Matthew Rodwill v. WRRS – we also responded to a DALA Pre-hearing order – this case involves a member claiming to have not received our mailing on the notice to purchase past military service, but we have evidence of the mailing, and we denied his purchase request, and he appealed. The CEO noted there are two DALA hearings coming up – the first is Paul LaPalme v. WRRS – this is a late entry into membership case – Town of Auburn employee who was put into OBRA rather than the WRRS, and we were unaware of his existence for 8.5 years. Once the Town discovered its error, he was enrolled but he was apparently unaware of all of this until he contacted us to retire, at which time he was told he did not have enough time to retire. We ultimately billed him for the 8.5 years and he retired, but he requested a waiver of the interest portion of the buyback and the Board denied that request. He appealed and his hearing is coming up on August 10, 2022. Second case – Brian Sanders v. WRRS – the Board may recall this involves a Lunenberg Custodian who claimed to have injured himself while weed-whacking – there was a split medical panel, negative minority on causation – Board denied based on no actual injury having occurred, and if an injury did occur, it did not cause his permanent incapacity. We will also argue Panel majority is flawed, and that he was cleared to go back to work post-injury, and his fear of reinjury is not reasonable under the circumstances. Hearing scheduled to go forward on August 24, 2022.

PRIM / PRIT Update – the CEO reported that the Dow Jones Industrial Average was still down about 4500 points since January 1, 2022. Most experts are expecting to see our second quarter of negative growth in a row which is the traditional definition of a recession, but regardless of how it is defined, investment markets are struggling. The WRRS assets were at \$936 million as of June 30, 2022, which is down about \$75 million from our \$1 billion peak only a few short months ago. In remotely attending PRIM Board investment and subcommittee meetings, the CEO noted there is no immediate plan to change the PRIT fund's asset allocation. The CEO reminded the Board of Michael Trotsky's mantra – "you can't predict the market so we don't try, you can't time the market so we don't try" – and in looking at the PRIT fund's performance, the fund is doing exactly what Mr. Trotsky said it would – in the up markets, the fund participates but is not outperforming some other funds, but in the down market, there is sufficient protection built in such that it does outperform relative to its peers.

Actuarial / Audit Update – the CEO deferred to Linda Bournival who is up next to discuss the annual valuation and funding schedule on the actuarial side, and the CEO, Colleen Canty and Anne McNamara had a conference call with Matt Hunt at CliftonLarsenAllen to discuss the upcoming audit, and we expect them to be in next month to continue with the process.

Staff Activities – the CEO informed the Board that the entire FY23 appropriation - \$82,742,153 –had been paid, and we only had 2 minor issues – Boylston Water paid the full amount instead of the discount amount, so we owe a small refund (\$302) and Templeton Housing paid after July 15th, so we need to assess them interest, but their payment was only \$58,114 so it will be minimal - \$62 million will be going to Webster (then to PRIM) – retaining remainder for payroll and the Section 3(8)(c) reimbursements. The CEO personally spoke PTG President John Reidy after last month’s meeting on the data migration issues, and Colleen has been working with them to get this resolved – priority has been addressing the issues internally to get the data to Linda for the valuation, which was accomplished. The CEO settled the Michael Maguire and Todd Girard worker’s compensation cases, resulting in \$10,000 and \$7,500, respectively, coming back to WRRS. The CEO along with Colleen conducted the staff FY22 year-end reviews, all of which went well.

The CEO spoke with Jeffrey Lydon, Lydon & Murphy Insurance, Norwood and he is working with Mr. Lydon to obtain a quote for Cybersecurity Insurance. The proposal has gone out to the market and we are waiting for responses. The CEO also met with Ed and Jared Wong from Tech Pro Services on the WISOP (Written Information Security Operation Program) they are developing at the CEO’s request, as well as other Cybersecurity issues. The CEO is implementing a multi-prong approach to upgrading our cybersecurity – the CEO did not want to discuss security protocols in open session but we have a proposal to purchase a new computer and data back-up that will be dedicated to running payroll and a few other critical applications in the event of a cyber-attack – the cost is \$5,500, with daily offsite back-up of our data for payroll and a few critical applications, which is \$275 per month – looking for approval, either vote or authorization – WISOP is the implementation of a program to create effective administrative, technical and physical safeguards for the protection of personal information in our computer system. The Chairman asked for an authorization motion:

MOTION: Motion to purchase a new computer and daily offsite back-up services: *made by Mr. Donoghue and seconded by Ms. Lajoie. All in favor.*

The CEO informed the Board that we hired a new employee, Cheryl Zalauskas, who is currently working at UMass Memorial doing payroll and clerical work, and she will start with us on August 1st. The CEO remotely attended a PERAC meeting, with much of the discussion on pending legislation – Vernava, 5% COLA – as well as the Open Meeting Law remote extension, and a new regulation adopted for electronic signatures, which if the Legislature approves will be up to each board to decide once enacted whether it wishes to allow it to be used. The CEO also informed that Board that he had been consulted by Mendon Fire Chief William Kesler and the Town of Mendon regarding a job-sharing contract issue that he helped to resolve. The CEO also issued a Memo to our Unit Treasurers on Membership and Regular Compensation Issues, addressing the “once a member” rule, and on regular compensation, he needed to clarify some confusion between working out of grade and shift differential. The CEO also revised the Rules for Election, 2022 Election Timetable and Election Notice, which were provided to the Board in advance of the meeting, and he asked for a vote to approve and to appoint an Election Officer. The Chairman asked for a motion:

MOTION: Motion to adopt the Election Timetable: *made by Mr. Durgin and seconded by Mr. Donoghue. All in favor.*

MOTION: Motion to appoint Rebecca Tuttle as the Election Officer: *made by Mr. Donoghue and seconded by Ms. Lajoie. All in favor.*

On the Legislative front, the CEO noted that the Governor signed An Act Relative to Extending Certain State of Emergency Accommodations extending fully remote participation for open meetings through March 31, 2023. The Legislature included in the budget a COLA increase for State and Teachers to 5%, local option for other retirement systems to award between 3 and 5%, but the Governor offered changes to the local option provision and sent that back to the Legislature for its further consideration.

Finally, the CEO will be reaching out to member units to set fall schedule for educational retirement seminars and meetings, and he is looking forward to getting back out on the road for those.

Chairman, Kevin Blanchette opened the meeting to guest speaker Linda Bournival of KMS Actuaries. Ms. Bournival presented their Preliminary Results of the January 1, 2022 Actuarial Valuation and Funding Schedule Scenarios. At the conclusion of the presentation, the Board thanked our guest for her presentation and comments. After some discussion among the Board members, the Chairman suggested and the Board agreed that since it was not necessary for a decision to be made today on the funding schedule, that the Board table any action on this matter until the August meeting.

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, seconded by Ms. Tuttle, non-debatable motion. All in favor.*

Meeting adjourned at 10:43 a.m.