

Worcester Regional Retirement Board Meeting
July 28, 2020

The meeting was called to order at 8:01 a.m. Due to COVID 19 regulations and social distancing considerations, the meeting took place at the Auburn Elks, 74 Southbridge Street, Auburn, MA 01501. Present at the meeting were **Chairman** Kevin Blanchette, **Board Members** Gene Durgin, Joanne L. Savignac, Michael Donoghue and Pauline Lajoie. Also present were Michael Sacco, Chief Executive Officer, Colleen Canty and Lynn Whitney.

Chairman, Kevin Blanchette welcomed all to the meeting.

APPROVAL - MEETING MINUTES: June 30, 2020.

MOTION: *made by Michael Donoghue and seconded by Gene Durgin. All were in favor.*

MONTHLY WARRANTS:

Accounts Payable: Warrant #47 \$46,263.39

MOTION: *made by Gene Durgin and seconded by Pauline Lajoie. All in favor.*

Staff Salaries: Warrant #50 \$59,591.64

MOTION: *made by Joanne L. Savignac and seconded by Michael Donoghue. All in favor.*

Board Compensation: Warrant #51 \$2,500.00

MOTION: *made by Pauline Lajoie and seconded by Gene Durgin. All in favor.*

Pension Vouchers: Warrants #49 \$7,440,765.92

MOTION: *made by Pauline Lajoie and seconded by Michael Donoghue. All in favor.*

Option B: Warrant #53 \$4,955.73

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

3(8)c's: Warrant 54# \$238,645.21

MOTION: *made by and seconded by Michael 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.

The Board reviewed the Cash Balance, total Revenue Report and the Trial Bal

Refunds and Transfers: Warrant #52 \$2,843.27

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

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Refunds and Transfers: Warrant #52A \$433,266.97

MOTION: *made by Pauline Lajoie and seconded by Pauline Michael Donoghue. All in favor.*

RETIREMENT APPROVALS: (12)

MOTION: *made by Michael Donoghue and seconded by Joanne Savignac. All in favor.*

**July 24, 2020 Anne O'Hara rescinded.*

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NEW MEMBER APPLICATIONS: (20)

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

PRIM/PRIT

Michael Sacco, Chief Executive Officer (“CEO”) informed the Board, as of June 30, 2020 - \$743,155.481. Dow Jones was 26,469.89 on July 24th. The month of June was flat, up a bit in July.

CEO informed the Board, Michael Trotsky, Executive Director, Pension Reserves Investment Management Board will be attending our August 25, 2020 Board Meeting.

LEGAL / LEGISLATIVE

- Robert Desrosiers v. WRRB, CR-18-0596 – DALA affirmed Board decision to exclude \$23,723 in compensation that Anna Maria College paid him correct – Desrosiers has filed objections to CRAB.
- Robert P. Happy, Retiree, deceased 6/18/2020. – Quadro on file. Mr. Happy has three x-wives and a widow. Filed Superannuation, Option B. Option to be distributed to 2 ex-wives. Widow does not have a legal claim. No appeal has been filed.

ACTUARIAL UPDATE

KMS ACTUARIES, LLC

Linda Bournival, Worcester Regional Retirement System’s Actuary, presented to the Board “Preliminary Result of the January 1, 2020 Actuarial Valuation” dated July 28, 2020.

After great discussion, Chairman requested Ms. Bournival to do a study and re-visit the numbers on the C4 Schedule before making a final vote.

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

FIDUCIARY INVESTMENT ADVISORS

The Board met with Tony Tranghese from FIA to discuss the project for which they have been retained. Mr. Tranghese briefly outlined the various investment options that are available to the Board and wanted to make sure that what his firm is proposing to deliver to the Board meets their needs. It was agreed that FIA would attend the September 29, 2020 Board Meeting and it will provide the Board with its report a week prior to the meeting so the Board can review. Chairman Blanchette stated the Board looks forward to the upcoming meeting with FIA.

WILLIAM KLANSEK

William Klansek, his wife and counsel John Smillie, Esq. were in attendance.

CEO states that Thomas Gregory, Town Administrator was scheduled to appear, but last week contacted the office to say that he could not physically appear, but he was willing to attend remotely. The CEO’s

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subsequent communications with Mr. Gregory were not returned, and the final communication to Mr. Gregory was that his presence was not needed.

CEO stated there are two options: (1) Affirmative Medical Panel – Can Approve and move forward with the Disability; (2) Second Clarification – Send a second request to PERAC for a re-examination as the panel agreed to do following the Board’s initial clarification request.

CEO suggested further clarification. A Request to the Medical Panel to re-examine Mr. Klansek and review the MRI, which the panel stated it did not have in its possession at the time of the examination, would be appropriate.

CEO informed Attorney Smillie, he would copy him on the request to PERAC, and provided a copy of PERAC’s response once received

MOTION: *made by Michael Donoghue and seconded Joanne L. Savignac to seek further clarification from PERAC. All in favor.*

EMPLOYEE HANDBOOK

CEO informed the Board, he amended the Employee Handbook to conform to evolving workplace standards and requirements, as well as some administrative edits. Prior to the Board Meeting, copies were provided to the Board for their review. CEO explained most of the changes were cosmetic with certain updates. Chairman Blanchette mentioned that the Legislature recently enacted a new state holiday – “Juneteenth” – and we would need to include the new holiday in the Handbook. The CEO told the Board he would confirm and amend the Handbook if necessary.

MOTION TO ADOPT AND APPROVE THE HANDBOOK, as AMENDED IF NEEDED,
made by Michael Donoghue and seconded by Pauline Lajoie All in favor.

STAFF ACTIVITIES

- CEO stated the Board Member Unit Assessment were all due July 1, 2020. Some pay in full for the discount, others pay ½ with ½ due on January 1st of the following year. We have considered payments made (postmarked) on or before 7/15 to be on time – currently:
 - Blackstone Housing, Lunenburg Water, Millbury Housing and West Brookfield have not paid yet
 - Holden, Sturbridge, Blackstone-Millville and Dudley-Charlton were received on 7/16
 - Narragansett was received on 7/21
 - Should we assess interest is the question?
 - The Board elects to stay with the policy. Send out Notice to Supplemental Units with Assessment of Interest to those member units whose payments were not postmarked on or before July 15, 2020.
- Rosemary Shaughnessy continues to be out on medical leave, with an expected return on August 3rd. Both Lynn Whitney and Leslie Destefano have been very helpful and taking on Rose’s tasks.
- An Executive Assistant Position was posted. We had about a dozen resumes, whittled it down to 4. Conducted a scheduled interview and bringing someone back for a second interview with CEO Thursday, July 30, 2020.

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- Excess earnings – Albert Bourget, Holden retiree - took no action on the July check – amount owed is \$58,980 for calendar year 2019 – he proposed \$300 month – 16 years to repay – statute silent on collection other than we can bring an action in contract – DALA has taken jurisdiction of these cases – monthly check is about \$4,000 gross / \$3,500 after insurance deductions – if we withheld gross – 14 months – if we withheld net – 17 months – if we withheld 50% of gross – 2.5 years. Discussion ensued on appropriate course of action – Board agreed that 50% of the gross should be withheld, willing to reconsider upon Mr. Bourget's production of additional documents, including but not limited to his tax returns.
- CEO conducted Performance Reviews – All conducted, went well, everyone pleased with compensation and comments.
- CEO is hoping to get back out on the road in September/October. CEO would like to conduct at least 4 regional meetings on general benefit issues, reschedule some other meetings as needed
- No plan on opening office to the public – continue with current operating plan until the State of Emergency is lifted.
- Section 3(8)(c) issue with State – generally, since 2017. Board has disputed the amount billed and not paid. Anne McNamara has done significant amount in work in reconciling – basically 3 buckets – (1) retirees we acknowledge for whom we have liability, (2) retirees we know that we don't have liability, and (3) retirees that we have insufficient information to know whether they are ours or not - \$4.1 million over 2017-2019 – long history, Chairman has discussed, tried to resolve with State to the point of hand-delivering money, still unresolved. Board's plan is for CEO to engage Nick Favorito at the State Board and try to get this resolved so that moving forward we are only billed for retirees that we have accepted liability.
- 2019 Performance Numbers Out – 16.6%, #74 out of 104 – PRIT 16.7%, #61 – Top 10 Boards all did 20% or better in 2019. CEO will forward to each of the Board Member's a spreadsheet of the numbers compiled for all retirement boards for 2019, 5, 10 and 35 year so you can review
- Membership Regulation – no public hearing yet. Board needs to decide whether we implement as a policy for September or just delay implementation until next September after we can have a hearing – just to refresh Board's recollection – change regulation to require permanently employed 20 or more hours per week, however part-time employees must wait 15 months before becoming a member. All agreed that due to the inability to conduct a timely public hearing to implement the new regulation for September 1, 2020, Board will have a public hearing when safe to do so and target implementing new regulation sometime during 2021.
- COLA – payment included with July check, along with the election notice

ADJOURN MOTION: *Motion was made by Michael J. Donoghue and seconded by Pauline Lajoie at 11:05 a.m. to close meeting and adjourn. All in favor. The motion carried by a roll call vote with Michael Donoghue, yes; Gene Durgin, yes; Pauline Lajoie; yes, Joanne Savignac; yes, and Chairman, Kevin Blanchette, yes*