

HAMPSHIRE COUNTY RETIREMENT SYSTEM

A Massachusetts Regional Public Employee Retirement System



99 Industrial Drive, Suite 2, Northampton, MA 01060-2326

tel: (413) 584-9100 fax: (413) 587-9396

email: info@hampshireretirementma.org

www.hampshireretirementma.org



September 30, 2022

TO: Prospective Nominees for the Board

FROM: Patrick E. Brock, Chairman

RE: Information and Duties of Board Members

Thank you for your interest in seeking election as the Elected Member to the Hampshire County Retirement Board. I am sure you have many questions about the duties and responsibilities of an Elected Member of the Board. I have prepared this information sheet to give you an idea of some (hopefully most) of the activities of the Board. From this information, I hope that you can develop an appreciation of the scope of the duties and knowledge base as well as the time commitment required to fulfill the fiduciary responsibilities. If you would like to speak with myself or one of the other board members, please call our office at 584-9100 and the staff will arrange to have a board member call or meet with you.

How has COVID-19 impacted the operation of the Hampshire County Retirement System?

At the present time our office is open to the public and all our employees are working in the office while maintaining the State's mandatory safety standards for workplaces. Presently, the Board Meetings are conducted using Zoom meeting for Board Members and guests under the Legislature's extension of the Governor's Emergency Accommodations to the Open Meeting Law. This extension ends March 31, 2023 and many Retirement Boards are moving back to in person meetings. I am hopeful that Hampshire County Retirement Board will return to in person meetings before March 31, 2023. Additional information is available on our website at: www.hampshireretirementma.org.

What is the Hampshire County Retirement System?

The Hampshire County Retirement System, a Massachusetts Regional Retirement System, is a qualified defined benefit pension plan for public municipal employees of the towns and government agencies within Hampshire County except for those employees of Northampton, Easthampton, and all teachers who are members of the Massachusetts Teachers Retirement Board. As of December 31, 2021, they were 2,035 active employees; 1,408 retirees, beneficiaries and survivors; and 850 inactive members. The assets under management of the Board this past December 31, 2021 was over \$476 million. This represents a funded ratio of approximately 70%.

Patrick E. Brock
Chairman

Joseph A. Wilhelm, III
Vice Chairman

Harry Chadwick
Elected Member

Jane Wolfe
Appointed Member

Joyce Karpinski
Appointed Member

Mary G. Baronas
Administrator

The Board provides services to 37 municipal employers. They are:

Town of Amherst	Amherst Housing Authority
Town of Belchertown	Amherst Pelham Regional School District
Town of Chesterfield	Belchertown Housing Authority
Town of Cummington	Belchertown Water District
Town of Goshen	Chesterfield-Goshen Regional School District
Town of Granby	Foothills Health District
Town of Hadley	Gateway Regional School District
Town of Hatfield	Granby Housing Authority
Town of Huntington	Hadley Housing Authority
Town of Middlefield	Hampshire County Group Insurance Trust
Town of Pelham	Hampshire County Regional Housing Authority
Town of Plainfield	Hampshire Regional School District
Town of South Hadley	Hatfield Housing Authority
Town of Southhampton	Quabbin Health District
Town of Ware	South Hadley Fire District Number 1
Town of Westhampton	South Hadley Fire District Number 2
Town of Williamsburg	South Hadley Housing Authority
Town of Worthington	South Hadley and Easthampton Veterans' District
	Ware Housing Authority

Who makes up the Board?

There are five members of the Board as specified by Massachusetts General Laws (C34B, S19). The first member is the Chairman and is elected by the other four members of the Board. The second member is a unit treasurer and member of the Hampshire County Retirement System Advisory Council and is elected by the Advisory Council. The third and fourth members are the elected members. They are elected by the membership and must be either an active or a retired member of the Hampshire County Retirement System or a person who worked in the Hampshire County Retirement System but retired from another state retirement system. The fifth member is chosen by the other four members and cannot be an employee, retiree or official of the retirement system, or of any of its constituent governmental units. Elected members receive an annual stipend of four thousand five hundred dollars (\$4,500.00) per year paid monthly. Members of the Board shall also be reimbursed for reasonable expenses required in meeting their obligations of their fiduciary responsibility. MGL Chapter 34B, Section 19 (j) states, "An employer shall be required to provide a retirement board member under its employ with all necessary leave required for service to such board." This section has been applied inconsistently across the state concerning whether the leave is to be paid or unpaid. Active employees considering running for election to the Board should check with their employer for clarification.

What are the Board's duties?

Under the law, the Board is required to meet at least once a month. These meetings usually last between 3-5 hours. In addition, the Board does a Quarterly Investment Review every three months. This Review may be part of a regular monthly meeting or an additional separate meeting as determined by the Board. The Hampshire County Retirement Board has often found it necessary to occasionally have additional meetings to fulfill its responsibility to the members. The Board is responsible for adopting by-laws and making policy and procedural rules and regulations consistent with the law. It reviews and approves all payments for retirement allowances and other benefits and for all other necessary expenditures under the applicable provisions of law. The Board has other powers and performs other duties and functions necessary to comply with laws or regulations. For example, the Board has the power to take evidence, subpoena witnesses, administer oaths and examine such books and records pertinent to proceedings relating to questions in dispute. The Board is responsible for determining an annual operational budget, and with the assistance of a professional actuary, determining a funding schedule that sets the required contributions of each of the municipal units. The Board makes the final approval of all retirement benefits including disability benefits. For disability benefits, the Board examines the facts of each case and makes a determination based on the applicable laws and regulations. Finally, each member of the Board is a "fiduciary".

What is a fiduciary?

Section 1 of Chapter 32 of the General Laws defines a fiduciary as "any person who exercises any discretionary authority or discretionary control respecting management of the funds of any retirement system or exercises any authority or control respecting management or disposition of its assets."

The fiduciary standards are set forth in Section 23 of Chapter 32 of the General Laws which state, "A fiduciary as defined in section one shall discharge his duties for the exclusive purpose of providing benefits to members and their beneficiaries with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims and by diversifying the investments of the system so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so."

Board members have a fiduciary responsibility to understand the basics for investing pension funds. To meet the standards, the Board provides education for each of its members through orientation with the staff and board members as well as attendance at outside education programs provided by agencies and associations that service the Board. The Public Employee Retirement Administration Commission (PERAC) is the state's regulatory agency that oversees the 104 retirement boards in the state. Massachusetts Law and PERAC Regulations require Minimum Training for Board Members. During each member's term on the retirement board, the board member must complete 18 hours of training in order to continue serving beyond their current term. PERAC offers a wide range of courses including but not limited to, fiduciary responsibility, ethical conduct and conflict of interest. Due to COVID, PERAC has developed an extensive program of courses that are available remotely and on demand. The Massachusetts Association of Contributory Retirement Systems (MACRS) is an association of the 104 retirement boards for the purpose of educating its members and providing legislative action for

the benefit of its members. MACRS offers conferences that offer education classes to support the minimum educational requirements, updates on issues, lively debates, and general networking between board members and staff for the benefit of all the retirement boards. The Hampshire County Retirement System is committed to making sure that its Board members and staff are well prepared to carry out their responsibilities.

Note of Change in the Retirement Board's Investments

At the Retirement Board's Quarterly Investment Meeting on March 3, 2021, the Board voted unanimously to change from a multi-manager, multi-funds investment policy to the Commonwealth's Pension Reserve Investment Management Segmentation Funds. The Board terminated five investment managers who were managing nine separate funds and transferred the funds over nine months during 2021. Six small closed end private equity funds were not able to be transferred. The Segmentation Funds at PRIM that the Board invested in were Domestic Equity, International Equity, Emerging Markets Equity, and Value-Added Fixed Income. The Board had been investing in the PRIM's Core Fixed Income, Real Estate, and Vintage Year Private Equity for a number of years. The Board continued to retain an investment consultant who monitors the investment performance and performs asset allocation annual reviews. The Board believes that this change has reduced fees and workload for the Board and Staff.

Statement of Financial Interest

Since 2012, Board Members are required to file a Statement of Financial Interests annually with the Public Employee Retirement Administration Commission (PERAC). Under the law those submissions are not subject to release under the public records law and PERAC has taken comprehensive action to ensure the confidentiality of that information. This requirement is contained in Massachusetts General Laws, Chapter 32, Section 20C.

Is there any other qualification for members that seek election to the Board?

Yes! "No individual who has been convicted of robbery, bribery, extortion, embezzlement, fraud, grand larceny, burglary, arson, a felony violation of state or federal law defined in Section 102(a) of the Comprehensive Drug Abuse Prevention and Control Act of 1970, murder, rape, kidnapping, perjury, assault with intent to kill, any crime described in Section 9(a)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a-9(a)(1)), a violation of Section 302 of the Labor Management Relations Act, 1947 (29 U.S.C. 186), a violation of Chapter 63 of Title 18, United States Code, a violation of Section 874, 1027, 1503, 1505, 1506, 1510, 1951, or 1954 of Title 18 United States Code, a violation of the Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 401), any felony involving abuse or misuse of such person's position or employment in a labor organization or employee benefit plan to seek or obtain an illegal gain at the expense of the members of the labor organization or the beneficiaries of the employee benefit plan, or conspiracy to commit any such crimes, or a crime in which any of the foregoing is an element or has been found by the Commission or any court to have violated his/her fiduciary duty or has been found by the Ethics Commission or any other court to have violated M.G.L. c. 268A, shall serve or be permitted to serve as a Board member." (840 CMR 1.03 – Prohibition Against Certain Persons Holding Certain Positions)

The Board appreciates your interest in serving the public employees of Hampshire County Retirement System. I hope this summary has provided you with a better understanding of the skills and commitment required to effectively serve the needs of our members.