Hampden County Regional Contributory Retirement System Audit Report

January 1, 2014 - December 31, 2017

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
COMMONWEALTH OF MASSACHUSETTS

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February 16, 2021

The Public Employee Retirement Administration Commission has completed an examination of the Hampden County Regional Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2014 to December 31, 2017. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00.

In our opinion, the financial records are being maintained and the management functions are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission with the exception of those noted in the findings presented in this report.

In closing, I acknowledge the work of examiners Scott Henderson and Richard Wrona who conducted this examination, and express appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,

John W. Parsons, Esq.
Executive Director

EXPLANATION OF FINDINGS AND RECOMMENDATIONS

1. Board Expenses for Services not Received

The Hampden County Retirement Board (HCRB) paid more than $235,000 to over 50 entities from 2013 through 2018 for services generally described as "search engine optimization" or "online directory listings." These appear to have been scams and the Board continuously approved these expenses. The HCRB had no contracts for these services and had no documentation of monitoring the vendors' performance or of any work product from the vendors.

Recommendations: HCRB should follow proper procurement procedures, improve its exercise of due diligence, and more closely monitor the actions of its vendors. HCRB should consider pursuing recovery actions against these vendors.

Board Response:

The Board has a website which is hosted by a third party. The services mentioned in the finding were thought to be in direct correlation and a function of this website. - The Board remains unaware of what payments were made to vendors who performed no services and requests that the Auditor provide a specific inventory of payments in question.

The Board does not pay for any of these types of services at the present time. There has been a longstanding practice of disputing bogus invoices received for alleged services never rendered. If any contact or invoices are received, the Executive Director or staff alerts legal counsel to the Board. Counsel then contacts the vendor by telephone or mail refusing any payments unless and until proper documentation can be provided that shows there was an agreement in place between the vendor and System, services were provided, and payment is due. In probably every circumstance, the dispute concludes with no payment made to the vendor or third party.

PERAC Reply:

The Board notes that there has been a "longstanding practice of disputing bogus invoices", but payments were made based on these suspicious invoice documents. A number of these payments were brought to the attention of the Administrator during the audit and were also discussed with two Board members during the exit conference at the conclusion of the audit. We will provide a listing of all 119 payments in question to the Board as requested. Most of the invoices and related documents expressed a "need for immediate action" as they were allegedly coming from the company legal department, a collection agency, or were offering a discount to settle the account now. For the invoices that contained reference to a contract or order number, these numbers were fictitious, as were most references to company websites; a simple online search would have shown these do not exist. We repeat the recommendation that HCRB should improve its exercise of due diligence, more closely monitor its vendors and consider pursuing recovery actions as invoices were falsified and services not provided.

2. Bank Service Charges

HCRB paid $87,229 in bank service charges during the audit period which were authorized as part of the monthly expense approval process by the Board. Average monthly balances in 2017 ranged from $5.6 million to $27.4 million. Other Boards we have audited with balances of that nature or greater do not pay bank fees. Additionally, prior to October 2014, HCRB was not charged bank fees and due diligence should have led HCRB to question these new costs. Subsequent to the completion of audit fieldwork, in July 2019 HCRB changed to another bank that is not charging fees as long as sufficient balances are maintained.

Recommendation: The HCRB should more closely scrutinize expenses being approved on the monthly warrants.

Board Response:
The Retirement Board at the end of calendar year 2018 decided to review the Board's cash accounts and on July 1, 2019, moved the accounts to a new financial institution that has no fees associated with either account.

3. Board Attorneys
During the audit period, HCRB employed two attorneys and, as part of their contracts, considered them part time employees for purposes of enrolling in the Board's health insurance. Not only did HCRB allow the attorneys to join the health insurance program but they also made the attorneys members of the system. HCRB deducted retirement contributions from their compensation and granted them creditable service for retirement purposes, which is contrary to law. Pursuant to G.L. c. 34B, §19(l) the provisions of G.L. c. 32, §20(3)(e) apply to regional retirement systems. That section provides that any such county retirement board may employ an attorney from time to time as required, but such attorney shall not be a member in service of the system or a member of the retirement board. The contract provides that the attorneys shall appear at the retirement board office to provide a portion of these services at least four days per month and HCRB did not provide documentation to support the hours worked by the attorneys.

We also noted that the attorneys contract allows them to receive health insurance through the HCRB. This means that, in addition to the $179,266 in legal fees, the HCRB paid 90% of the attorneys' health insurance premiums totaling $269,144, for a grand total of $448,210. It is highly unusual for a Board to enter into a contract with an independent contractor which provides for that contractor to receive health insurance as if they were a permanent employee of the Board.

Recommendations: HCRB should:

1. Cease treating the remaining attorney as an employee.
2. Refund the contributions, without interest, withheld from the Board attorneys and rescind any creditable service that has been granted.
3. Conduct a procurement for legal services.

Board Response:
The Board's legal counsels were hired and made members of the System pursuant to Section X of the Board's Rules & Regulations which was approved by PERAC. An agreement in 2012 between two legal counsels and the Board negotiated a change in compensation. Monthly salaries were reduced, and the attorneys were allowed to participate in the System's health insurance plan. As part time

employees, they also became members of the System. Currently, there is one attorney who still is a member of the system. According to the audit this situation is not allowed under Massachusetts General Laws.

The Board therefore will terminate the agreement, conduct a search by means of a request for proposal to hire legal counsel and will return to the attorney the contributions withheld.

PERAC Reply:
Regulations do not supersede the statute. The Board can still allow its units' Legal Counsels to join the System pursuant to the regulation, but the Board's Counsel is specifically prohibited from membership by statute.

Participation in the health insurance plan compounded the erroneous membership in the system and the effect of the salary reduction was de minimis in comparison to the HCRB cost of health insurance.

4. Travel

Three Board members attended three conferences during the audit period paid for by HCRB's investment consultant. The investment consultant paid for the conference, lodging, airport transfers, as well as the recreation and entertainment provided.

The investment consultant program brochures do not specify what the actual costs are, but our estimate of the approximate value of just the hotel expense was $10,936.

The investment consultant made provisions to avoid potential conflicts of interest since the conference brochures note that "if there are certain aspects of the conference you cannot accept, we can invoice you for payment." The Board members did not request being billed for portions of the conference. G.L. c. 268A prohibits public employees from accepting payments from others on their behalf with limited exceptions and prohibits actions that cause, or appear to cause, a conflict of interest. In accordance with G.L. c. 32, § 23(3), board members sign a pledge with PERAC under the penalty of perjury that they are aware of, and will adhere to, G.L. c. 268A for the duration of their term.

PERAC regulation 840 CMR 2.13 prohibits Board members from receiving anything of value from any entity that may reasonably seek to do business, or is currently doing business, with the Board. Subsequent to the audit period, the Board conducted a procurement for an investment consultant and the incumbent consultant was awarded the bid.

Recommendation: HCRB should review, adhere to, and where applicable, participate in training on PERAC's regulations on travel and G.L. c. 268A, the state's conflict of interest law.

Board Response:
It was an oversight by the Board members in question to not request a bill for attending the consultant sponsored conferences during the period of this audit. The consultant has been contacted and

provided the cost for each Board member to attend these prior conferences. The full Board will take up whether to approve and pay the amount due, which amounts to $7,983.70 (not $10,936.00 as noted in the audit).

PERAC Reply:
HCRB must reimburse the investment consultant the documented cost of attending the conferences in line with G.L. c 268A and 840 CMR 2.13.

5. Board Expense Documentation
We identified certain expenses that we believe are either questionable or were not properly documented.

1. Social Security Expenses Paid
   Three Board members were enrolled in Social Security, contrary to Massachusetts law. During the audit period, HCRB incurred costs of $4,842 paying the employer share of Social Security.

2. Unapproved Salary Increases for Board Chair
   The HCRB chair's salary increased from $25,642 to $27,485 during the audit period, but there was not a Board vote recorded in the minutes authorizing any increases.

3. Questionable Lodging Expense Reimbursement
   Our review concluded that a Board member received reimbursement for costs that may not have been incurred. The Board chair submitted questionable documents to receive a total of $1,825 in reimbursement during the audit period for non-hotel lodging expenses incurred while attending a conference on Cape Cod. The submitted documents raise serious concerns about the legitimacy of these expenses qualifying for reimbursement. G.L. c. 268A prohibits public employees from participating in any matter in which they have a financial interest and from making false claims. In accordance with G.L. c. 32, § 23(3), board members sign a pledge with PERAC under the penalty of perjury that they are aware of, and will adhere to, G.L. c. 268A for the duration of their term.

4. Overtime Costs
   While overtime pay is allowed by both the executive director's contract and the staff's union contract, there is no documented evidence of any policies and procedures to spell out when overtime is allowed, how it is approved, who approves it, what it is used for and how records to document its use are maintained. Separate payroll warrants for overtime contained only staff names and dollar amounts, with no indication of how many overtime hours had been worked or what the hourly rate was. It was noted that overtime costs primarily occurred during the same five-month period each year.

EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

Recommendations: HCRB should:

1. Stop paying Social Security for the board members.

2. Review their operating procedures and institute a process to place future pay increases for the Board chair on a meeting agenda, vote on any increase and record the vote in the meeting minutes.

3. Review and revise policies and procedures around travel approval and the reimbursement process. Review the questionable travel reimbursement documents cited and, if warranted, seek recoupment.

4. Institute policies and procedures regarding the usage, approval and documentation of overtime. Review workflow and staffing level to gain possible insights or strategies to limit overtime usage. The overtime payroll warrants should indicate both the number of hours worked and the hourly rate.

Board Response:

1. The withholding of Social Security from the Board members was in relation to having to provide a retirement account under IRS rules and regulations once these Board members, who were part of the System, retired. It was unclear that the members could be treated as "retired annuitants" and not have to have some type of retirement withholding. This error has been addressed and corrected.

2. An increase in the Chairman's salary was discussed at a meeting of the board held in 2008. The minutes of the meeting reflect part of the discussion but do not show an approval to raise the salary by the same amount as a Cost of Living increase granted to the staff. The recollection of the Board members and staff present at this meeting in 2008 was that a cost of living increase would be granted to the Chair, instead of the proposed increase. That position was the Board's intention. However, the approved minutes are not reflective of this discussion and approval. Any future increase will be taken up at the appropriate Board meeting and reflected in the minutes of said meeting. The increase has been granted since 2008 and no issue on the COLA increase had been stated in any prior audited period done by PERAC.

3. The Chair submitted appropriate and signed documentation from a rental regarding lodging at a different location than where the conference was held. All rooms at the conference center were booked at the time reservations were sought by the chair. With the conference location over 150 miles away, all attendees required lodging to attend the conference. The requested reimbursement for lodging costs was not only consistent with the conference center but less expensive than the conference center and surrounding hotels. This type of arrangement was used in prior years that had been audited by PERAC and no issues were found in the Chair making this type of arrangement for lodging. For future conferences however, all efforts will be made to seek lodging of the Board members at the conference site. Prior Board approval will also be sought to allow offsite lodging if necessary.

4. Historically, staff members were paid for overtime when an extenuating circumstance required an increase in hours for a finite period of time. An example would be to run a contested election for an Elected Board seat when the election timetable and regular operations could not be met with the regular office hours. The individual hours worked and rates of pay have always been available on payroll worksheets for review. This overtime work has been a practice prior to this audit period and no issues or findings were made be PERAC auditors in those reports. The Board will address at the appropriate meetings allowing staff to work overtime in order to complete essential and time sensitive work such as federal form filings, member's elections and completion of the PERAC annual statement.

PERAC Reply:
With regard to Social Security, it is well established that Massachusetts is not a Social Security state and there are alternatives available if required.

With regard to conference lodging, the issue is not the cost of the lodging nor that it was offsite. We question the legitimacy of the expense documents submitted for reimbursement. Two of the four receipts submitted specified property addresses (#10 and #12) which according to the Town Assessors database do not exist. However, these addresses are one number away from a condominium which is owned by the Chair (#11), according to the Town Assessors database. The other two receipts listed a rental company which does not conduct their usual business in the area where the property in question was located. We also noted various discrepancies with the signatures on the lodging documents provided.

Making repayment back to the Board for the lodging reimbursements cited should be strongly considered based on the provisions of G.L. c. 268A.

Policies and procedures for approving and documenting overtime should be implemented.

<u>6. Monthly Financial Information</u>
Our review determined various concerns with the budget and financial oversight process utilized by the HCRB. Specifically, we identified issues with the following items:

1. Budget:
    - HCRB exceeded its 2017 budgeted expenditures of $930,715 by $60,507 or 6.5%.
    - The budget is prepared on a fiscal year basis while the accounting system works on a calendar year.
    - The budget is not readily comparable to the accounting system since various budget items don't readily correlate to the expense accounts. For example, the budget provides for $275,000 for health, workers compensation, and liability insurance to cover staff, Board members, and legal counsel, but these expenses are comingled into the Administrative Expense account in the general ledger along with other costs such as office supplies, postage, telephone, and the payments for search engine optimization services discussed in finding 1.

EXPLANATION OF FINDINGS AND RECOMMENDATIONS
(Continued)

2. Cash:
   - The Board does not obtain or review bank statement reconciliations for its checking or money market accounts. At the monthly Board meeting, the Executive Director informs the Board what the bank balances are and the Board then votes to "approve" the bank balances, even though they see no statements or reconciliations. The balances they are approving are the unreconciled account balances based on the account balance the day before the meeting. The Board does, however, receive statements of the larger balances of investment funds held with PRIT and other fund managers.

   - Additionally, we found that the monthly reconciled bank balances do not always agree to the general ledger accounting system. For example, during calendar year 2017, variances ranged from $5 to $13,414. Lastly, as of December 31, 2017 there were 21 old outstanding checks that should be restored to the account totaling $9,754.

Recommendations: The HCRB should:

1. Have its budget and accounting system work on the same calendar, obtain and review periodic updates on the budget to actual spending throughout the year, and have budget categories correspond to the expenses captured in the accounting system.

2. Regarding cash, the Board should obtain reconciled bank account information, including the applicable bank statements, and compare them to the general ledger cash balances. Old outstanding checks should be restored to the account balance.

Board Response:

The Board receives a monthly expense budget breakdown and usage. The breakdown is part of the monthly agenda items and has been for over 20 years. The budget running on a fiscal year and the cash books on a calendar has been a standard practice for decades and is not an issue for the staff. PERAC only recently mandated a ledger number to account for benefits and that number is utilized in the accounting of benefits paid by the Board.

Cash reconciliation information was always readily available to the Board for their review. A copy of all cash accounts with reconciliation will be supplied to the Board members with their monthly meeting information.

FINAL DETERMINATION:

PERAC Audit staff will follow up in six (6) months to ensure appropriate actions have been taken regarding all findings.

STATEMENT OF LEDGER ASSETS AND LIABILITIES

	AS OF DECEMBER 31,			
	2017	2016	2015	2014
Net Assets Available For Benefits:				
Cash	$3,865,803	$13,393,401	$10,361,902	$9,808,934
Pooled Alternative Investment Funds	$2,703,563	2,638,973	3,571,458	4,046,799
Pooled Real Estate Funds	$0	620,131	1,322,159	2,677,628
PRIT Cash Fund	$23,825	255,826	28,318	263,224
PRIT Core Fund	$362,056,620	302,592,563	283,651,621	282,568,204
Prepaid Expenses	$4,177	4,177	4,177	4,177
Accounts Receivable	$792,499	865,660	969,121	504,576
Total	$369,446,486	$320,370,730	$299,908,756	$299,873,543
Fund Balances:				
Annuity Savings Fund	$102,275,064	$98,596,231	$96,042,834	$94,578,082
Annuity Reserve Fund	29,515,062	28,883,938	27,290,778	24,420,005
Pension Fund	0	794,563	0	0
Military Service Fund	51,993	51,941	57,215	58,886
Expense Fund	0	0	0	0
Pension Reserve Fund	237,604,367	192,044,056	176,517,929	180,816,570
Total	$369,446,486	$320,370,730	$299,908,756	$299,873,543

STATEMENT OF CHANGES IN FUND BALANCES

	Annuity Savings Fund	Annuity Reserve Fund	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total All Funds
Beginning Balance 2014	$91,735,663	$23,094,773	$0	$58,827	$0	$164,449,364	$279,338,628
Receipts	10,000,772	698,516	24,330,496	59	2,297,507	19,929,361	57,256,710
Interfund Transfers	(5,432,824)	5,447,487	3,547,492	0	0	(3,562,155)	0
Disbursements	(1,725,529)	(4,820,771)	(27,877,988)	0	(2,297,507)	0	(36,721,795)
Ending Balance 2014	94,578,082	24,420,005	0	58,886	0	180,816,570	299,873,543
Receipts	10,540,873	756,864	23,965,051	57	2,313,861	1,595,073	39,171,779
Interfund Transfers	(7,342,593)	7,344,239	5,893,795	(1,728)	0	(5,893,713)	0
Disbursements	(1,733,528)	(5,230,329)	(29,858,847)	0	(2,313,861)	0	(39,136,565)
Ending Balance 2015	96,042,834	27,290,778	0	57,215	0	176,517,929	299,908,756
Receipts	10,767,046	832,038	28,231,596	55	2,549,269	19,902,169	62,282,173
Interfund Transfers	(6,505,422)	6,532,129	4,354,665	(5,329)	0	(4,376,043)	0
Disbursements	(1,708,226)	(5,771,007)	(31,791,698)	0	(2,549,269)	0	(41,820,199)
Ending Balance 2016	98,596,231	28,883,938	794,563	51,941	0	192,044,056	320,370,730
Receipts	11,432,947	851,565	27,366,774	52	2,728,382	50,990,395	93,370,114
Interfund Transfers	(6,006,571)	5,983,481	5,453,174	0	0	(5,430,083)	0
Disbursements	(1,747,543)	(6,203,922)	(33,614,511)	0	(2,728,382)	0	(44,294,358)
Ending Balance 2017	$102,275,064	$29,515,062	$0	$51,993	$0	$237,604,367	$369,446,486

STATEMENT OF RECEIPTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2017	2016	2015	2014
Annuity Savings Fund:				
Members Deductions	$10,231,077	$9,734,124	$9,506,976	$9,198,422
Transfers from Other Systems	887,347	653,026	720,892	523,264
Member Make Up Payments and Re-deposits	59,101	139,068	24,774	23,348
Member Payments from Rollovers	124,164	119,134	144,284	118,222
Investment Income Credited to Member Accounts	131,258	121,694	143,947	137,515
Sub Total	11,432,947	10,767,046	10,540,873	10,000,772
Annuity Reserve Fund:				
Investment Income Credited to the Annuity Reserve Fund	851,565	832,038	756,864	698,516
Pension Fund:				
3 (8) (c) Reimbursements from Other Systems	745,578	704,065	652,791	598,882
Received from Commonwealth for COLA and Survivor Benefits	153,328	513,961	208,810	228,100
Pension Fund Appropriation	26,457,128	26,997,442	23,075,672	23,457,214
Settlement of Workers' Compensation Claims	6,750	4,200	18,100	34,300
Recovery of 91A Overearnings	3,991	11,928	9,679	12,000
Sub Total	27,366,774	28,231,596	23,965,051	24,330,496
Military Service Fund:				
Investment Income Credited to the Military Service Fund	52	55	57	59
Expense Fund:				
Investment Income Credited to the Expense Fund	2,728,382	2,549,269	2,313,861	2,297,507
Pension Reserve Fund:				
Pension Reserve Appropriation	248,583	247,366	249,408	241,874
Interest Not Refunded	184	73	14,833	520
Miscellaneous Income	10,645	5,671	1,203	5,274
Excess Investment Income	50,730,982	19,649,060	1,329,629	19,681,693
Sub Total	50,990,395	19,902,169	1,595,073	19,929,361
Total Receipts, Net	$93,370,114	$62,282,173	$39,171,779	$57,256,710

STATEMENT OF DISBURSEMENTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2017	2016	2015	2014
Annuity Savings Fund:				
Refunds to Members	$1,048,673	$854,510	$1,187,257	$1,006,703
Transfers to Other Systems	698,869	853,716	546,271	718,826
Sub Total	1,747,543	1,708,226	1,733,528	1,725,529
Annuity Reserve Fund:				
Annuities Paid	6,146,317	5,732,969	5,190,255	4,709,817
Option B Refunds	57,605	38,037	40,074	110,955
Sub Total	6,203,922	5,771,007	5,230,329	4,820,771
Pension Fund:				
Pensions Paid:				
Regular Pension Payments	24,887,572	23,660,297	21,995,560	20,509,601
Survivorship Payments	1,201,076	1,089,903	1,072,681	992,597
Ordinary Disability Payments	243,037	282,177	278,776	293,364
Accidental Disability Payments	3,533,644	3,418,456	3,165,395	3,014,701
Accidental Death Payments	915,788	857,428	848,514	813,735
Section 101 Benefits	131,351	122,125	126,227	161,213
3 (8) (c) Reimbursements to Other Systems	2,702,043	2,361,311	2,371,694	2,092,777
Sub Total	33,614,511	31,791,698	29,858,847	27,877,988
Expense Fund:				
Board Member Stipend	41,345	37,467	38,467	38,015
Salaries	272,920	240,355	259,929	246,026
Legal Expenses	46,507	46,507	43,126	43,126
Medical Expenses	72	219	170	79
Travel Expenses	15,293	10,273	12,859	12,849
Administrative Expenses	415,474	371,081	305,201	261,081
Actuarial Services	6,000	33,000	0	25,830
Accounting Services	33,000	66,000	0	0
Education and Training	8,300	6,700	6,200	5,800
Furniture and Equipment	351	0	195	4,747
Management Fees	1,741,941	1,592,470	1,504,604	1,513,901
Consultant Fees	43,000	42,917	41,917	44,250
Rent Expenses	50,127	50,127	50,127	50,127
Service Contracts	26,771	25,257	24,966	26,282
Fiduciary Insurance	27,281	26,897	26,100	25,396
Sub Total	2,728,382	2,549,269	2,313,861	2,297,507
Total Disbursements	$44,294,358	$41,820,199	$39,136,565	$36,721,795

INVESTMENT INCOME

	FOR THE PERIOD ENDING DECEMBER 31,			
	2017	2016	2015	2014
Investment Income Received From:				
Cash	$23,782	$25,710	$22,491	$15,474
Pooled or Mutual Funds	9,127,301	8,436,240	7,378,213	7,889,779
Total Investment Income	9,151,083	8,461,950	7,400,703	7,905,253
Plus:				
Realized Gains	15,494,166	9,211,047	12,300,309	13,802,130
Unrealized Gains	31,109,291	25,778,552	16,193,427	18,929,860
Sub Total	46,603,457	34,989,599	28,493,736	32,731,990
Less:				
Realized Loss	(934,779)	(255,098)	(591,320)	(744,700)
Unrealized Loss	(377,523)	(20,044,335)	(30,758,761)	(17,077,252)
Sub Total	(1,312,302)	(20,299,434)	(31,350,081)	(17,821,952)
Net Investment Income	54,442,238	23,152,116	4,544,358	22,815,290
Income Required:				
Annuity Savings Fund	131,258	121,694	143,947	137,515
Annuity Reserve Fund	851,565	832,038	756,864	698,516
Military Service Fund	52	55	57	59
Expense Fund	2,728,382	2,549,269	2,313,861	2,297,507
Total Income Required	3,711,256	3,503,055	3,214,729	3,133,597
Net Investment Income	54,442,238	23,152,116	4,544,358	22,815,290
Less: Total Income Required	3,711,256	3,503,055	3,214,729	3,133,597
Excess Income (Loss) To The Pension Reserve Fund	$50,730,982	$19,649,060	$1,329,629	$19,681,693

SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

	AS OF DECEMBER 31, 2017	
	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS
Cash	$3,865,803	1.0%
Pooled Alternative Investment Funds	2,703,563	0.7%
PRIT Cash Fund	23,825	0.0%
PRIT Core Fund	362,056,620	98.2%
Grand Total	$368,649,811	100.0%

For the year ending December 31, 2017, the rate of return for the investments of the Hampden County Regional Retirement System was 17.27%. For the five-year period ending December 31, 2017, the rate of return for the investments of the Hampden County Regional Retirement System averaged 9.78%. For the 33-year period ending December 31, 2017, since PERAC began evaluating the returns of the retirement systems, the rate of return on the investments of the Hampden County Regional Retirement System was 8.77%.

The composite rate of return for all retirement systems for the year ending December 31, 2017 was 17.63%. For the five-year period ending December 31, 2017, the composite rate of return for the investments of all retirement systems averaged 9.83%. For the 33-year period ending December 31, 2017, since PERAC began evaluating the returns of the retirement systems, the composite rate of return on the investments of all retirement systems averaged 9.36%.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF PLAN PROVISIONS

The plan is a contributory defined benefit plan covering all Hampden County Regional Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

ADMINISTRATION

There are 104 contributory retirement systems for public employees in Massachusetts. Each system is governed by a retirement board and all boards, although operating independently, are governed by Chapter 32 of the Massachusetts General Laws. This law in general provides uniform benefits, uniform contribution requirements and a uniform accounting and funds structure for all systems.

PARTICIPATION

Participation is mandatory for all full-time employees. Eligibility with respect to part-time, provisional, temporary, seasonal or intermittent employment is governed by regulations promulgated by the retirement board, and approved by PERAC. Membership is optional for certain elected officials.

There are 4 classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the State Police. The other 3 classes are as follows:

Group 1:

General employees, including clerical, administrative, technical and all other employees not otherwise classified.

Group 2:

Certain specified hazardous duty positions.

Group 4:

Police officers, firefighters, and other specified hazardous positions.

NOTES TO FINANCIAL STATEMENTS (Continued)

MEMBER CONTRIBUTIONS

Member contributions vary depending on the most recent date of membership:

Prior to 1975:	5% of regular compensation
1975 - 1983:	7% of regular compensation
1984 to 6/30/96:	8% of regular compensation
7/1/96 to present:	9% of regular compensation
1979 to present:	an additional 2% of regular compensation in excess of $30,000.

In addition, members of Group 1 who join the system on or after April 2, 2012 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

RATE OF INTEREST

Interest on regular deductions made after January 1, 1984 is a rate established by PERAC in consultation with the Commissioner of Banks. The rate is obtained from the average rates paid on individual savings accounts by a representative sample of at least 10 financial institutions.

RETIREMENT AGE

The mandatory retirement age for some Group 2 and Group 4 employees is age 65. Most Group 2 and Group 4 members may remain in service after reaching age 65. Group 4 members who are employed in certain public safety positions are required to retire at age 65. There is no mandatory retirement age for employees in Group 1.

SUPERANNUATION RETIREMENT

A person who became a member before April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- completion of 20 years of service, or
- attainment of age 55 if hired prior to 1978, or if classified in Group 4, or
- attainment of age 55 with 10 years of service, if hired after 1978, and if classified in Group 1 or 2.

A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- attainment of age 60 with 10 years of service if classified in Group 1, or
- attainment of age 55 with 10 years of service if classified in Group 2, or
- attainment of age 55 if classified in Group 4.

NOTES TO FINANCIAL STATEMENTS (Continued)

AMOUNT OF BENEFIT

A member's annual allowance is determined by multiplying average salary by a benefit rate related to the member's age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula cannot exceed 80% of the member's highest three year (or five year as discussed below) average salary. For veterans as defined in G.L. c. 32, s. 1, there is an additional benefit of $15 per year for each year of creditable service, up to a maximum of $300.

For employees who become members after January 1, 2011, regular compensation is limited to 64% of the federal limit found in 26 U.S.C. 401(a)(17). In addition, regular compensation will be limited to prohibit "spiking" of a member's salary to increase the retirement benefit.

• For persons who became members prior to April 2, 2012, Average Salary is the average annual rate of regular compensation received during the 3 consecutive years that produce the highest average, or, if greater, during the last 3 years (whether or not consecutive) preceding retirement.

• For persons who became members on or after April 2, 2012, Average Salary is the average annual rate of regular compensation received during the 5 consecutive years that produce the highest average, or, if greater, during the last 5 years (whether or not consecutive) preceding retirement.

• The Benefit Rate varies with the member's retirement age. For persons who became members prior to April 2, 2012 the highest rate of 2.5% applies to Group 1 employees who retire at or after age 65, Group 2 employees who retire at or after age 60, and to Group 4 employees who retire at or after age 55. A .1% reduction is applied for each year of age under the maximum age for the member's group. For Group 2 employees who terminate from service under age 55, the benefit rate for a Group 1 employee shall be used.

• For persons who became members on or after April 2, 2012 and retire with less than 30 years of creditable service, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 67, Group 2 employees who retire at or after age 62, and to Group 4 employees who retire at or after age 57. A .15% reduction is applied for each year of age under the maximum age for the member's group.

• For persons who became members on or after April 2, 2012 and retire with more than 30 years of creditable service, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 67, Group 2 employees who retire at or after age 62, and to Group 4 employees who retire at or after age 57. A .125% reduction is applied for each year of age under the maximum age for the member's group.

DEFERRED VESTED BENEFIT

A participant who has attained the requisite years of creditable service can elect to defer his or her retirement until a later date. Certain public safety employees cannot defer beyond age 65. All participants must begin to receive a retirement allowance or withdraw their accumulated deductions no later than April 15 of the calendar year following the year they reach age 72.

NOTES TO FINANCIAL STATEMENTS (Continued)

WITHDRAWAL OF CONTRIBUTIONS

Member contributions may be withdrawn upon termination of employment. The interest rate for employees who first become members on or after January 1, 1984 who voluntarily withdraw their contributions with less than 10 years of service will be 3%. Interest payable on all other withdrawals will be set at regular interest.

DISABILITY RETIREMENT

The Massachusetts Retirement Plan provides 2 types of disability retirement benefits:

ORDINARY DISABILITY

Eligibility: Non-veterans who become totally and permanently disabled by reason of a non-job related condition with at least 10 years of creditable service (or 15 years creditable service in systems in which the local option contained in G.L. c. 32, s. 6(1) has not been adopted).

Veterans with ten years of creditable service who become totally and permanently disabled by reason of a non-job related condition prior to reaching "maximum age". "Maximum age" applies only to those employees classified in Group 4 who are subject to mandatory retirement.

Retirement Allowance: For persons who became members prior to April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 55. If the member is a veteran, the benefit is 50% of the member's final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 55, he or she will receive not less than the superannuation allowance to which he or she is entitled.

For persons in Group 1 who became members on or after April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 60. If the member is a veteran, the benefit is 50% of the member's final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 60, he or she will receive not less than the superannuation allowance to which he or she would have been entitled had they retired for superannuation.

For persons in Group 2 and Group 4 who became members on or after April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 55. If the member is a veteran, the benefit is 50% of the member's final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 55, he or she will receive not less than the superannuation allowance to which he or she would have been entitled had they retired for superannuation.

ACCIDENTAL DISABILITY

Eligibility: Applies to members who become permanently and totally unable to perform the essential duties of the position as a result of a personal injury sustained or hazard undergone while in the performance of duties. There are no minimum age or service requirements.

Retirement Allowance: 72% of salary plus an annuity based on accumulated member contributions, with interest. This amount is not to exceed 100% of pay. For those who became members in service after January 1, 1988 or who have not been members in service continually since that date, the amount is limited to 75% of pay. There is an additional pension of $897.72 per year (or $312.00 per year in systems in which the local option contained in G.L. c. 32, s. 7(2)(a)(iii) has not been adopted), per child who is under 18 at the time of the member's retirement, with no age limitation if the child is mentally or physically incapacitated from earning. The additional pension may continue up to age 22 for any child who is a full time student at an accredited educational institution. For systems that have adopted Chapter 157 of the Acts of 2005, veterans as defined in G.L. c. 32, s. 1 receive an additional benefit of $15 per year for each year of creditable service, up to a maximum of $300.

ACCIDENTAL DEATH

Eligibility: Applies to members who die as a result of a work-related injury or if the member was retired for accidental disability and the death was the natural and proximate result of the injury or hazard undergone on account of which such member was retired.

Allowance: An immediate payment to a named beneficiary equal to the accumulated deductions at the time of death, plus a pension equal to 72% of current salary and payable to the surviving spouse, dependent children or the dependent parent, plus a supplement of $897.72 per year, per child (or $312.00 per year in systems in which the local option contained in G.L. c. 32, s. 9(2)(d)(ii) has not been adopted), payable to the spouse or legal guardian until all dependent children reach age 18 or 22 if a full time student, unless mentally or physically incapacitated.

The surviving spouse of a member of a police or fire department or any corrections officer who, under specific and limited circumstances detailed in the statute, suffers an accident and is killed or sustains injuries while in the performance of his duties that results in his death, may receive a pension equal to the maximum salary for the position held by the member upon his death. In addition, an eligible family member may receive a one-time payment of $300,000.00 from the State Retirement Board. This lump sum payment is also available to the family of a public prosecutor in certain, limited circumstances.

DEATH AFTER ACCIDENTAL DISABILITY RETIREMENT

Effective November 7, 1996, Accidental Disability retirees were allowed to select Option C at retirement and provide a benefit for an eligible survivor. For Accidental Disability retirees prior to November 7, 1996, who could not select Option C, if the member's death is from a cause unrelated to the condition for which the member received accidental disability benefits, a surviving spouse will receive an annual allowance of $6,000. For Systems that accept the provisions of Section 28 of Chapter 131 of the Acts of 2010, the amount of this benefit is $9,000. For Systems that accept the provisions of Section 63 of Chapter 139 of the Acts of 2012, the amount of this benefit is $12,000.

DEATH IN ACTIVE SERVICE (Option D)

Allowance: An immediate allowance equal to that which would have been payable had the member retired and selected Option C on the day before his or her death. For a member who became a member prior to April 2, 2012 whose death occurred prior to the member's superannuation retirement age, the age 55 benefit rate is used. For a member classified in Group 1 who became a member on or after April 2, 2012 whose death occurred prior to the member's superannuation retirement age, the age 60 benefit rate is used. If the member died after age 60, the actual age is used. For a member classified in Group 2 or Group 4, whose death occurred prior to the member's minimum superannuation retirement age, the benefit shall be calculated using an age 55 age factor. The minimum annual allowance payable to the surviving spouse of a member in service who dies with at least two years of creditable service is $3,000 unless the retirement system has accepted the local option increasing this minimum annual allowance to $6,000, provided that the member and the spouse were married for at least one year and living together on the member's date of death.

The surviving spouse of such a member in service receives an additional allowance equal to the sum of $1,440 per year for the first child and $1,080 per year for each additional child until all dependent children reach age 18 or 22 if a full time student, unless mentally or physically incapacitated.

COST OF LIVING

If a system has accepted Chapter 17 of the Acts of 1997, and the Retirement Board votes to pay a cost of living increase (COLA) for that year, the percentage is determined based on the increase in the Consumer Price Index used for indexing Social Security benefits, but cannot exceed 3.0%. Section 51 of Chapter 127 of the Acts of 1999, if accepted, allows boards to grant COLA increases greater than that determined by CPI but not to exceed 3.0%. Only a certain portion of a retiree's total allowance is subject to a COLA. The total COLA for periods from 1981 through 1996 is paid for by the Commonwealth of Massachusetts.

Under the provisions of Chapter 32, Section 103(j) inserted by Section 19 of Chapter 188 of the Acts of 2010, systems may increase the maximum base on which the COLA is calculated in multiples of $1,000. For many years the COLA base was calculated based upon the first $12,000 of a retiree's allowance. Now the maximum base upon which the COLA is calculated varies from system to system. Each increase in the base must be accepted by a majority vote of the Retirement Board and approved by the legislative body.

METHODS OF PAYMENT

A member may elect to receive his or her retirement allowance in one of 3 forms of payment.

Option A: Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.

Option B: A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided, however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.

Option C: A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

ALLOCATION OF PENSION COSTS

If a member's total creditable service was partly earned by employment in more than one retirement system, the cost of the "pension portion" is allocated between the different systems pro rata based on the member's service within each retirement system. In certain circumstances, if a member received regular compensation concurrently from two or more systems on or after January 1, 2010, and was not vested in both systems as of January 1, 2010, such a pro-ration may not be undertaken. This is because such a person may receive a separate retirement allowance from each system.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Public Employee Retirement Administration Commission.

Cash accounts are considered to be funds on deposit with banks and are available upon demand.

Short Term Investments are highly liquid investments that will mature within twelve months from the date of acquisition.

Investments are reported at their fair value. Securities traded on recognized exchanges are valued at the most recent sales price at year end. If no sale was reported, the mean of the bid and asked price is used when available, or the most recent bid price. Mutual, commingled and pooled funds are valued based on the net asset or unit value at year end. Real estate and alternative investments are valued based on estimates provided by the managers of those respective investments. Purchases and sales of securities are reflected on the date the trade is initiated. Realized gain or loss is largely based on the difference between the cost or the value at the prior year end and the funds realized upon liquidation. Dividend income is generally recorded when received. Interest income is recorded as earned on an accrual basis. Income from alternative investments is recorded as reported by the managing partner. Appreciation or depreciation in the value of investments consists of the unrealized gains and losses reported as the difference between the previous period and the current value.

The system makes estimates and assumptions that affect the reported values of assets and liabilities and the reported amounts added and deducted during the reporting periods. The fair value of real estate and alternative investment holdings are generally estimated in the absence of reliable exchange values. The actual funds realized upon liquidation may differ from these estimates.

The provisions of Massachusetts General Laws Chapter 32, § 23(2) generally govern the investment practices of the system. The Board primarily relies upon the investment strategy of the PRIM Board to maintain their progress toward full funding of the system. That strategy seeks to balance the exposure to common deposit and investment risks related to custody, credit concentrations, interest rate and foreign currency fluctuations.

Operating expenses include the ordinary and necessary cost of investment and professional services and the other miscellaneous administrative expenses of the system.

NOTES TO FINANCIAL STATEMENTS (Continued)

The Annuity Savings Fund is the fund in which members' contributions are deposited. Voluntary contributions, re-deposits, and transfers to and from other systems, are also accounted for in this fund. Members’ contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members’ contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

The Annuity Reserve Fund is the fund to which a member’s account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

NOTE 3 – BOARD REGULATIONS

The Hampden County Regional Retirement Board has adopted Supplemental Regulations which are available on the PERAC website at https://www.mass.gov/hampden-county-regional-retirement-board-regulations.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - ADMINISTRATION OF THE SYSTEM

The System is administered by a five-person Board of Retirement consisting of a Chairperson who shall be elected by the other four members, a second member appointed by the advisory council, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the other four board members.

Chairperson:	Richard M. Theroux	Term Expires	12/31/2021
Second Member:	Laurel A. Placzek	Term Expires:	12/31/2021
Elected Member:	Karl J. Schmaelzle	Term Expires:	12/31/2023
Elected Member:	Patricia C. Donovan	Term Expires:	12/31/2022
Appointed Member:	Patrick E. O'Neil	Term Expires:	12/1/2024

The Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the system. The board must annually file a financial statement of condition for the system with the Executive Director of PERAC.

The investment of the system's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board. The PERAC Actuary performs verification prior to payment, unless the system has obtained a waiver for superannuation calculations allowing them to bypass this requirement. All expenses incurred by the System must be approved by a majority vote of the Board. Payments shall be made only upon vouchers signed by two persons designated by the Board.

Retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts. Fidelity insurance is the only required policy coverage under Ch. 32 §21 and §23 as well as 840 CMR 17.01. The policy is designed to cover specific intentional acts such as theft, fraud or embezzlement and also specify who commits such acts, most commonly employees of the system. This coverage reimburses the system for the losses it suffers as a result of its employees' actions. It does not insure the employees for their illegal acts. Statutorily required coverage is provided by the current fidelity insurance policy to a limit of $1,000,000 with a $10,000 deductible issued through Travelers Casualty and Surety Company. The system also has Fiduciary coverage to a limit of $50,000,000 under a blanket policy issued through the Massachusetts Association of Contributory Retirement Systems.

NOTE 5 - ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by Segal Consulting as of January 1, 2018.

The actuarial liability for active members was	$318,513,122
The actuarial liability for vested terminated members was	8,473,690
The actuarial liability for non-vested terminated members was	2,220,481
The actuarial liability for retired members was	398,242,053
The total actuarial liability was	$727,449,346
System assets as of that date were (actuarial value)	356,865,958
The unfunded actuarial liability was	$370,583,388
The ratio of system's assets to total actuarial liability was	49.1%
As of that date the total covered employee payroll was	$109,713,930

The normal cost for employees on that date was	9.9% of payroll
The normal cost for the employer including administrative expenses was	5.9% of payroll

The principal actuarial assumptions used in the valuation are as follows:

Investment Return:	7.50% per annum
Rate of Salary Increase:	Varies by group and service

SCHEDULE OF FUNDING PROGRESS AS OF JANUARY 1, 2018

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Cov. Payroll ((b-a)/c)
1/1/2018	$356,865,958	$727,449,346	$370,583,388	49.1%	$109,713,930	337.8%
1/1/2016	$312,189,255	$656,842,104	$344,652,849	47.5%	$102,983,302	334.7%
1/1/2014	$266,930,021	$565,522,818	$298,592,797	47.2%	$100,077,260	298.4%
1/1/2012	$244,053,652	$499,009,329	$254,955,677	48.9%	$94,037,543	271.1%
1/1/2010	$220,585,830	$422,756,972	$202,171,142	52.2%	$91,149,295	221.8%
1/1/2008	$241,788,905	$363,670,449	$121,881,544	66.5%	$87,000,711	140.1%

* Beginning with January 1, 2016 valuation, we used actual payroll as covered payroll.

NOTE 6 - MEMBERSHIP EXHIBIT

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Retirement in Past Years										
Superannuation	59	71	75	67	62	69	80	99	86	76
Ordinary Disability	0	1	0	0	0	0	0	0	1	1
Accidental Disability	4	3	4	2	2	4	6	3	4	4
Total Retirements	63	75	79	69	64	73	86	102	91	81
Total Retirees, Beneficiaries and Survivors	1,457	1,496	1,537	1,553	1,554	1,590	1,619	1,659	1,702	1,716
Total Active Members	2,634	2,555	2,551	2,513	2,515	2,538	2,535	2,626	2,686	2,830
Pension Payments										
Superannuation	$13,859,283	$14,799,867	$15,743,094	$16,878,668	$18,052,488	$19,205,727	$20,509,601	$21,995,560	$23,660,297	$24,887,572
Survivor/Beneficiary Payments	825,001	843,982	861,746	878,179	1,054,353	949,848	992,597	1,072,681	1,089,903	1,201,076
Ordinary Disability	273,362	278,711	276,989	271,391	263,478	269,629	293,364	278,776	282,177	243,037
Accidental Disability	2,522,024	2,643,032	2,691,057	2,690,473	2,786,103	2,904,796	3,014,701	3,165,395	3,418,456	3,533,644
Other	2,403,754	2,455,621	2,725,584	2,723,505	2,713,669	3,290,217	3,067,725	3,346,435	3,340,864	3,749,182
Total Payments for Year	$19,883,424	$21,021,213	$22,298,470	$23,442,216	$24,870,091	$26,620,217	$27,877,988	$29,858,847	$31,791,698	$33,614,511

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 – LEASED PREMISES

The Hampden County Regional Retirement Board leases approximately 3,038 square feet of space for its offices located at 67 Hunt Street, Agawam, MA. The current lease is for a 5-year term ($16.50 per sq ft) which will expire April 30, 2022. The landlord is Pine Creek Agawam LLC.

The following schedule displays the minimum lease obligations on non-cancelable operating leases as of December 31, 2017:

For the year ending:	Annual Rent
2018	$ 50,127
2019	50,127
2020	50,127
2021	50,127
2022 (through April)	16,709
Total future minimum lease payments required	$217,217

COMMONWEALTH OF MASSACHUSETTS
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