



Letter from the Chair

Philip Y. Brown

“Through remote work, ingenuity, government stimulus and perseverance, we largely weathered what was forecast to be financial Armageddon.”

Over the last couple of years, it's only natural to have felt stressed, anxious, nervous, lonely, bored, overwhelmed or a host of other negative emotions as we endured a pandemic without a road map.

Through remote work, ingenuity, government stimulus, and perseverance, we largely weathered what was forecast to be financial Armageddon. It made a terrible situation somewhat more manageable. Investment returns for retirement systems boomed.

In 2022, we finally emerged from the worst of the pandemic with the health crisis largely mitigated and our daily lives returning to normal. However, the economy and financial markets went in the other direction as inflation rose, followed by interest rates, leading to double-digit investment losses for most systems.

It all reminds me of a favorite quote from former Red Sox General Manager Lou Gorman. A child of the Great Depression and a Navy veteran, Gorman brought some larger perspective to the spring of 1987. This was the season after the Red Sox lost a crushing seven-game World Series (which I unfortunately remember all too well) and Roger Clemens was the reigning Most Valuable Player and Cy Young Award winner as the American League's best pitcher. Clemens walked out of spring training in a contract dispute. After fielding questions from frenzied reporters preparing stories on the matter for a frenzied fan base, Gorman tried to bring some calm to the chaos when he said, *“The sun will rise, the sun will set, and I'll have lunch.”*

At the time, Gorman was derided, but Clemens was back with the team in a month and went on to win the Cy Young again in 1987. Life went on. Gorman's humor, perspective, and humanity endure today.

So, while it seems we weathered one storm only to encounter another, we have been here before; we pushed, we endured, we created, we rallied, we collaborated, we united, and we did it. And we will do it again. Already, the markets are showing signs of a bounce back with positive returns in the 1st and 2nd quarters of 2023. Careful and thoughtful long-term planning by retirement boards in vendor procurement, asset allocation, and portfolio structure have protected retirement fund assets as best as possible. Those assets will likewise be poised to recapture the gains.

Despite the market challenges, calendar year 2022 was still a time to celebrate. PERAC's live and in-person Emerging Issues Forum and Administrator Trainings returned and were well attended. We also returned to the much-loved MACRS conferences in Hyannis and Springfield. As much as the substance of each program was stellar, equally as important was reuniting — the human connection of being present with our colleagues who share this noble work of securing the promise of a well-earned retirement for public employees.



Letter from the Chair [cont'd.]



Our collaborations with the Inspector General, State Comptroller, and Executive Office of Technology Services and Security brought well-done and very welcome cyber security training opportunities. To our state partners and to all who participated, thank you.

State, Teachers', and many local systems enjoyed a 5% COLA thanks to enacted legislation and local approvals. Other legislation held retirees harmless from court decisions involving leave time used while on workers' compensation and payment in lieu of vacation. These measures also saved retirement boards from tasks that would have been extremely arduous, if not outright impossible.

We saw the lifting of temporary orders at two boards that worked diligently to improve their operations. We also saw the creation of an electronic signature regulation and the ongoing development of revised PERAC regulations.

We celebrated the tenures of two valuable contributors to PERAC, State Auditor and Vice Chair Suzanne Bump, and Compliance Director Tom O'Donnell. Thanks to both for their commitment to a fair, uniform, and strong public retirement system. We welcomed new State Auditor Diana DiZoglio to PERAC and embrace her dedication to equitable treatment for all.

Lastly, it's been a long goodbye, but this should be the last Annual Report from 5 Middlesex Avenue, Somerville. We are in the planning stage of an upcoming move and will be sure

to spread the word when plans are finalized and we move into our new space. It will be a time to celebrate for sure.

Thank you to all retirement board members, retirement board staff, PERAC staff, Commissioners, and

all members of the Massachusetts public retirement community for your continued dedication and diligence to operate, and advance, a well-run system.

Here's to you and to making time for lunch. ■

Sincerely,



Philip Y. Brown
Chair

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