

**Massachusetts Teachers' Retirement Board
Meeting of March 23, 2018
9:00 a.m. to 12:00 p.m.
being held at:**

Massachusetts Teachers' Retirement System
500 Rutherford Avenue, Suite 210, Charlestown, MA

Agenda for March Board meeting

Regular Matters of Business Tab 1
Open and Executive Minutes of the Regular Meeting held on February 23, 2018

Applications for Ordinary and Accidental Disability Retirement* Disability Folder

Section 15 Possible Forfeiture..... Tab 2

MTRS website demonstration
Sue Theil, Director of Communications

Executive Director's Report..... Tab 3
An Act requiring divestment from ammunition and firearms
State Auditor's Designee on the MTRS Board

**To be considered in Executive Session*

Next meeting scheduled for
April 27, 2018
9:00 a.m. – 2:00 p.m.

Minutes of the Meeting of March 23, 2018

of the

MASSACHUSETTS TEACHERS' RETIREMENT BOARD

I. Regular Matters of Business

In attendance at this regular meeting of the Massachusetts Teachers' Retirement Board ("the Board") were Chairman Jeff Wulfson, Vice Chair Nicola Favorito, Jacqueline A. Gorrie, Richard L. Liston, Dennis J. Naughton, Joannah M. Quinn, Anne Wass, Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, Assistant Executive Director Jon Osimo, General Counsel James O'Leary, Senior Associate Counsel Rob Fabino, and Executive Assistant Helen Petruzzello.

The meeting was called to order at 9:00 a.m. and recessed at 9:01 a.m., awaiting the arrival of a couple of unexpectedly delayed board members. The board meeting reconvened at 9:10 a.m.

The minutes of the previous Board meeting, held on February 23, 2018, were reviewed and approved as submitted on a motion made by Ms. Wass and seconded by Mr. Naughton. The motion carried 5-0-1, with Mr. Liston abstaining due to his absence from the February meeting.

VOTED: The Open and Executive minutes of the Board meeting held on February 23, 2018 are hereby approved as submitted.

The Chairman announced that the items would be reviewed out of order from the original agenda and welcomed Mr. O'Leary to his first board meeting serving in his new position as General Counsel.

II. Open Session

A. SECTION 15 POSSIBLE FORFEITURE

The Board considered the Stipulation, and supporting documents regarding the forfeiture under G.L. c. 32 § 15(4) of Ivan Grail. On a motion made by Ms. Wass and seconded by Mr. Naughton, the Board voted 6-0 to forfeit the \$52.22 in

interest on Mr. Grail's contributions and forfeit his right to receive a future retirement allowance from the MTRS or any other Massachusetts contributory retirement system.

B. MTRS WEBSITE DEMONSTRATION

Ms. Quinn arrived at approximately 9:21 a.m.

Sue Theil, Director of Communications, joined the meeting to demonstrate the features and pages of the new MTRS website, expected to go live the following week. Ms. Theil acknowledged the collaborative efforts of the IT unit, Member Services unit, Employer Services unit and most notably, Will Culbert and Leslie Lovett of the Communications Unit, in the successful development of the new website. Ms. Glaster added her appreciation and recognition to Ms. Theil for her excellent supervision of the entire process.

C. EXECUTIVE DIRECTOR'S REPORT

1. At the Board members' seats, Ms. Glaster had distributed the monthly PRIT update noting the decrease of 2.39% in the last month's rates of return (gross of fees) and increase of .28% for the calendar year.
2. In addition, Ms. Glaster had distributed copies of an article from *MASSLive* reporting an issue affecting approximately 10% of the 10,000 MTRS retirees covered under the Group Insurance Commission's Retired Municipal Teachers ("RMT") program. This group of retirees has been in a separate coverage pool for which Unicare was the only insurance provider to bid on the contract for this upcoming year. While about 90% of the RMT members have coverage with Unicare, the 10% (or 1,000 retirees) who have coverage with other providers would see significantly higher premiums under Unicare. In response to this situation, the Governor filed a bill that would move the RMT participants to the regular employee insurance pool and allow them to remain with their same coverage or make changes during the upcoming enrollment period.
3. Ms. Glaster referenced the Senate bill filed in partnership with Treasurer Deborah Goldberg requiring the divestment from ammunition and firearms companies. Ms. Glaster asked the board whether they wanted to publically comment on the bill, recognizing that while the Board typically remains neutral on social investment issues pursuant to PRIM's

fiduciary duty to maximize returns while mitigating risk, this issue involves children and schools. A number of Board members individually expressed their heartfelt and significant concerns about this issue and voiced their support for the Parkland, Florida students and school community. The Board concluded that this subject would be best-served by placing it on the April board agenda for formal discussion.

4. Ms. Glaster confirmed that, as expected, State Actuary Jim Lamenzo recommended a reduction in the assumed rate of return from 7.5 to 7.35% for the MTRS 1/1/18 valuation. She added that the change in the assumed rate of return also results in a change to the buyback interest rate, which will go from 3.75% to 3.675% on 1/1/19.
5. Ms. Glaster updated the Board on the status of the Management Letter Comment (“MLC”) in the audit of the Commonwealth’s Comprehensive Annual Financial Report being conducted by KPMG. In the initial draft of the MLC, KPMG recommended that the State Employees and Teachers’ Retirement Boards have a role in establishing the actuarial assumptions for their respective plans, which would require legislative action. However, after discussions with the Public Employee Retirement Administration Commission (“PERAC”) and the Governor’s Office of Administration and Finance (“ANF”), KPMG removed the retirement systems from the MLC and recommended that the current statutory stakeholders (PERAC, ANF, and/or the Joint Committee on Ways and Means) clarify who is responsible for the actuarial assumptions for financial reporting purposes. The Board expressed disappointment with this change.
6. Ms. Glaster reported that Mr. Neilon, Sean King of the Massachusetts Teachers Association, and Mike Canavan of the American Federation of Teachers-MA, continue to work on the legislation that addresses the R+ election process for members who transfer into the MTRS system from another MA retirement system. We are hoping to get the bill passed before the next busy summer enrollment season. Also, Ms. Glaster noted that if additional support for the bill is needed, the agency is considering sending a direct email notification to the approximately 7,000 members who transferred into the MTRS from another local Board since July 2001 and did not respond to the original series of R+ election mailing notices, as they would potentially benefit from the legislation.
7. After attending the joint NASRA/NCTR conference in Washington DC in late February, Ms. Glaster shared highlights from the presentations,

including the risk that technical corrections to the federal tax law may resurrect the Unrelated Business Income Tax (“UBIT”) as a source of federal revenue. Ms. Glaster also informed the Board of a new initiative by anti-public pension interest groups that involves stochastic analysis highlighting the impact on funding of a variety of potential market events and assumption changes. Finally, Ms. Glaster informed the Board that she and Mr. Favorito met with Deva Kyle, Tax Counsel for the House Committee on Ways and Means to discuss social security issues and recent developments with multi-employer plans.

8. Ms. Glaster stated that the GASB 68 report has been completed and will be posted on the new MTRS website, in mid-April.
9. Ms. Glaster announced that after review of the four bids that were received for the Fiduciary Counsel RFR, the law firm of Duane Morris emerged as the successful bidder. There will be a kickoff meeting on April 5th with lead counsel John Nixon.
10. Ms. Glaster recognized that this was the last board meeting for Joannah Quinn, who is stepping down as the Auditor’s designee after serving for six years. Ms. Glaster expressed her gratitude to Ms. Quinn, noting her empathy for our members, intelligence, wit, charm, and sense of style. Ms. Quinn thanked the Board members for the experience of serving alongside them and described this change as a good opportunity for Michael Ruane, her successor. The Chairman stated that Mr. Ruane had big shoes to fill and described Ms. Quinn as a valuable member of the Board.

At approximately 10:09 a.m. the Board recessed and reconvened at approximately 10:21 a.m.

III. Executive Session

A motion was made by Mr. Liston, and seconded by Mr. Naughton, to enter into executive session in order to review applications for disability retirement. On roll call, the vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes

Joannah M. Quinn	Yes
Anne Wass	Yes
Chairman Jeff Wulfson	Yes

At approximately 10:21 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session only for the purpose of adjournment of the meeting.

At approximately 12:51 p.m. the Board reconvened in Open Session and on a motion made by Mr. Naughton and seconded by Mr. Liston, the Board voted unanimously to adjourn the meeting.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of March 23, 2018

- Agenda for March 23, 2018 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of February 23, 2018 MTRS Board meeting
- Memorandum and supporting documents pertaining to Section 15 Possible Forfeiture
- Document pertaining to *An Act requiring divestment from ammunition and firearms*