

**Massachusetts Teachers' Retirement Board
Meeting of October 26, 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 October Board meeting

Regular Matters of BusinessTab 1
 Open and Executive Minutes of the Regular Meeting held on September 28, 2018

Applications for Ordinary and Accidental Disability Retirement* *Disability Folder*

Update on Security Incident *

Requests for waiver for overpaymentsTab 2

Request for Annual Write-off of Uncollectible Estate Accounts ReceivableTab 3

Approval of Expenses for Benefit Verification ProcessingTab 4

FY19 Legislative InitiativesTab 5

Executive Director's Report.....Tab 6

**To be considered in Executive Session*

Next meeting scheduled for
November 16, 2018
9:00 a.m. – 12:00 p.m.

Minutes of the Meeting of October 26, 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, Michael Ruane, Anne Wass, Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, Assistant Executive Director Jon Osimo, General Counsel James O'Leary, Associate General Counsel/Disability Case Manager Salvatore Coco, and Executive Assistant Helen Petruzzello.

The meeting was called to order at 9:00 a.m.

The minutes of the previous Board meeting, held on September 28, 2018 were reviewed and approved as submitted on a motion made by Mr. Liston and seconded by Mr. Naughton. The motion carried 7-0.

VOTED: The Open and Executive minutes of the Board meeting held on September 28, 2018 are hereby approved as submitted.

II. Executive Session

A motion was made by Mr. Naughton, and seconded by Ms. Wass, to enter executive session to consider applications for disability retirement, and to receive an update on a matter that may result in the filing of a criminal complaint. The Chairman stated the Board will then return to open session. 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
Michael Ruane	Yes
Anne Wass	Yes

At approximately 9:01 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At approximately 11:37 a.m. the Board reconvened in Open Session.

III. Open Session

A. UPDATE ON SECURITY INCIDENT

Following the discussion on the recent security incident in Executive Session, the Board voted to authorize the use of operating funds to reimburse the pension advance for the affected retired member. On a motion made by Mr. Liston, and seconded by Mr. Naughton, the Board voted unanimously to approve the transfer of funds totaling \$3,864.50 from the MTRS Administrative Expenses, line item 300, in the FY 19 Operational Budget to the MTRS Payroll and Pension Advance Account.

B. REQUESTS FOR WAIVER FOR OVERPAYMENTS

1. Pursuant to MGL Chapter 32, § 20(5)(c)(3), the Board reviewed and discussed the materials concerning the overpayment of retirement benefits to Laurie Chruniak in the amount of \$7,660.98. The Board found that the error persisted for more than one year, was not the result of erroneous information provided by the member, and the member did not have reason to believe that the benefit amount was in error. On a motion made by Mr. Naughton and seconded by Ms. Gorrie, the Board voted unanimously to approve the waiver.
2. Pursuant to MGL Chapter 32, § 20(5)(c)(3), the Board reviewed and discussed the materials concerning the overpayment of retirement benefits to Judith DeFalco in the amount of \$4,708.62. The Board found that the error persisted for more than one year, was not the result of erroneous information provided by the member, and the member did not have reason to believe that the benefit amount was in error. On a motion made by Mr. Naughton and seconded by Ms. Gorrie, the Board voted unanimously to approve the waiver.

3. Pursuant to MGL Chapter 32, § 20(5)(c)(3), the Board reviewed and discussed the materials concerning the overpayment of retirement benefits to Gail Grimes in the amount of \$564.30. The Board found that the error persisted for more than one year, was not the result of erroneous information provided by the member, and the member did not have reason to believe that the benefit amount was in error. On a motion made by Ms. Wass and seconded by Ms. Gorrie, the Board voted unanimously to approve the waiver.

C. REQUEST FOR ANNUAL WRITE-OFF OF UNCOLLECTIBLE ESTATE ACCOUNTS RECEIVABLE

Pursuant to G.L. c. 32, § 20(5)(m) and the MTRS Retiree Death Overpayments Recovery Policy, Ms. Glaster presented the recommendation for the write-off of uncollectible estate accounts receivable that have remained unpaid for at least three years. The Board held a discussion regarding their concern with the standard recovery process as it relates to the largest account receivable, totaling \$47,204.86. The Board asked staff to research the typical cost of pursuing litigation to recover overpayments due to unreported deaths in order to determine a threshold amount for such litigation. On a motion made by Ms. Wass, and seconded by Mr. Naughton, the Board voted 7-0 to approve the remaining portion of the write-off in the amount of \$40,717.60 for estate accounts receivable for the fiscal year period ending June 30, 2015.

D. APPROVAL OF EXPENSES FOR BENEFIT VERIFICATION PROCESSING

Pursuant to the Board Governance Policy, Ms. Glaster asked for the Board's approval for budgeted expenses totaling \$97,515.00 for the acknowledgement and processing services for the 2019 Benefit Verification. On a motion made by Mr. Naughton, and seconded by Ms. Gorrie, the Board voted unanimously to approve the expenses.

E. FY19 LEGISLATIVE INITIATIVES

Mr. Neilon requested the Board's direction on three potential topics for the FY19 legislative agenda, noting the upcoming deadline of November 7, 2018 to file legislation. After a discussion, the Board agreed that they would like to refile S. 2592: An Act relative to the Massachusetts teachers' retirement system, the legislation that addresses the RetirementPlus issues for members who transfer into the MTRS from one of the other Massachusetts contributory retirement systems. The Board also chose to file a re-drafted version of the forfeiture

legislation including the components of the Special Commission's legislation supported by the Board. The Board members also agreed that they would like to file legislation to create a special commission to evaluate and study the costs and benefits attributable to all service purchases allowed under Chapter 32, to review the associated actuarial liabilities, to recommend appropriate cost-sharing between employee and employer, to explore whether the types of allowable service purchases can be expanded, and recommend any other changes deemed necessary to improve the long-term sustainability of the MTRS and other Massachusetts contributory retirement systems. On a motion made by Mr. Naughton, and seconded by Ms. Gorrie, the Board voted unanimously to approve the three proposed legislative filings.

F. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster pointed out that included in the board materials was the certificate awarded to the MTRS from the Public Pension Coordinating Council, in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.
2. Ms. Glaster noted that at the Board members' places was the latest monthly update of the PRIT fund. Additionally, she had distributed copies of a brochure published by the Mass. Retirees Association commemorating their 50th anniversary. Also, a draft preview of the board meeting schedule for 2019 was distributed. Ms. Glaster asked board members to check it against their schedules for conflicts and bring to the November board meeting for finalization. Ms. Glaster also distributed copies of a letter received from a retired member in response to Ms. Glaster's response to his initial letter expressing concerns about the security measures taken at MTRS when a member has become the victim of identity theft. In her response, Ms. Glaster had detailed the security measures in the MyTRS application and made the recommendation that the member create a Member Self-Service ("MSS") account so that he can review and audit his information whenever he chooses. The member stated that he and his wife, also an MTRS member, were personally satisfied with Ms. Glaster's response, but he suggested that the agency instruct all retirees to set up MSS accounts and consider making member forms available only through MSS. The Board held a discussion regarding this suggestion, and other methods to raise awareness and communicate this issue to its retired membership.

3. Ms. Glaster offered printed final copies of the MTRS 2018 Actuarial Valuation report, which State Actuary Jim Lamenzo had presented in draft form, at the September board meeting.
4. Ms. Glaster announced that the Cyber Insurance procurement has been completed, with the agency entering into a \$5,000,000 policy with Lloyds of London, at a cost of approximately \$32,000. Once the actual policy is issued, Ms. Glaster will summarize it at a future board meeting.
5. Regretfully, Ms. Glaster notified the Board that two attorneys in the MTRS legal department had recently resigned to pursue other opportunities. The agency received approximately 45 applications for the open positions, and the interview process is underway. Ms. Glaster said she will update the Board once the positions are filled.
6. Ms. Glaster reported that work is underway to write the RFR for the salary study approved in the FY 19 operating budget. She will provide the Board with updates once the RFR is posted.
7. Ms. Glaster announced her plans to declare a skeleton force for the day following Thanksgiving but ensured that the offices will have sufficient coverage.
8. Ms. Glaster noted that mentioned in Mr. Osimo's quarterly member services summary was the schedule for the Ready for Retirement programs offered in various locations throughout the state. Ms. Glaster also notified the Board of six upcoming employer training programs offered in both the Charlestown and Springfield offices.
9. Finally, Ms. Glaster announced that her final term as Past President of the NPEA has ended, and at the last NCTR conference she was appointed to the NCTR Executive Committee for a two-year term.

On a motion made by Mr. Naughton and seconded by Mr. Liston, the Board voted unanimously to adjourn the meeting at approximately 12:40p.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of October 26, 2018

- Agenda for October 26, 2018 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of September 28, 2018 MTRS Board meeting
- Memorandum and supporting documents pertaining to Request for Waiver for Overpayments
- Memorandum pertaining to Annual Write-off of Uncollectible Estate Accounts Receivable
- Memorandum pertaining to Approval of Expenses for Benefit Verification Processing
- Memorandum and supporting documents pertaining to FY19 Legislative Initiatives