

**Massachusetts Teachers' Retirement Board
Meeting of December 14, 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 December Board meeting

Regular Matters of Business Tab 1
 Open and Executive Minutes of the Regular Meeting held on November 16, 2018

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

Review and Approval of the FY18 Annual Financial Statement Tab 2

Review of Retiree Death Overpayment Recovery Policy..... Tab 3

Request for Write-off of Remaining Balance of Uncollectible Estate Accounts Receivable Tab 4

Request for Approval of Out of State Travel for Executive Director Tab 5

 • NASRA/NCTR Legislative Conference
 February 23 – February 26

Executive Director's Report..... Tab 6
 Final 2019 Board meeting schedule

**To be considered in Executive Session*

Next meeting scheduled for
January 25, 2019
9:00 a.m. – 2:00 p.m.

Minutes of the Meeting of December 14, 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 November 16, 2018 were reviewed and approved as amended on a motion made by Ms. Wass and seconded by Mr. Liston. The motion carried 7-0.

VOTED: The Open and Executive minutes of the Board meeting held on November 16, 2018 are hereby approved as amended.

Mr. O'Leary introduced Ashley Freeman and Marko Samardzic, who recently joined the MTRS legal unit in the position of Associate General Counsel. In addition, Mr. O'Leary announced that Mr. Coco was recently promoted to Senior Legal Counsel. The Board welcomed and congratulated the staff members.

II. Executive Session

A motion was made by Mr. Naughton, and seconded by Mr. Liston, to enter executive session to consider applications for disability retirement. The Chairman stated the Board will then return to Open Session. On roll call, the vote was as follows:

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| VOTED: Vice Chair Nicola Favorito | Yes |
| Jacqueline A. Gorrie | Yes |

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|-----------------------|-----|
| Richard L. Liston | Yes |
| Dennis J. Naughton | Yes |
| Michael Ruane | Yes |
| Anne Wass | Yes |
| Chairman Jeff Wulfson | Yes |

At approximately 9:02 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At approximately 10:48 a.m. the Board reconvened into Open Session and immediately went into recess, reconvening at 10:51 a.m.

III. Open Session

A. REVIEW AND APPROVAL OF THE FY18 ANNUAL FINANCIAL STATEMENT

Marybeth Shaughnessy-Newell, MTRS Compliance Officer, joined the meeting to present the FY18 MTRS Annual Financial Statement for forwarding to the Public Employee Retirement Administration Commission ("PERAC"). Ms. Shaughnessy-Newell distributed and reviewed a PowerPoint handout summarizing the highlights of the report and noted that, after review by the Comptroller's office, the balances will be integrated into the Commonwealth's 2018 Comprehensive Annual Financial Report ("CAFR"). On a motion made by Mr. Liston and seconded by Ms. Wass, the Board voted 7-0 to approve the FY18 MTRS Annual Financial Statement.

B. REVIEW OF RETIREE DEATH OVERPAYMENT RECOVERY POLICY

Mr. O'Leary proposed amendments to the Retiree Death Overpayment Recovery Policy including quarterly outreach and monitoring by the Legal Unit of collection agency activities for estate accounts receivable in excess of \$10,000, and referral to the Office of the Attorney General to pursue litigation of cases where the receivable is greater than \$30,000. The Board asked questions on the proposed process. On a motion made by Ms. Gorrie, and seconded by Mr. Liston, the Board voted unanimously to approve the proposed amendments.

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

Ms. Glaster reminded the Board of their action at the October Board meeting approving the write-off of uncollectible estate accounts receivable that had been outstanding for over three years, pursuant to G.L. c. 32, §20(5)(m). At that time, noting the considerable amount of the overpayment of benefits to deceased retiree Grace Jodice (\$47,204.86), the Board had requested that staff investigate whether further legal collection action would be effective in recovering that overpayment and refrained from including that amount in the write-off. Ms. Glaster reviewed the facts of the case leading to the substantial overpayment amount. She described the subsequent steps taken by staff, without any success, to communicate with the surviving family members, and recounted the failure of the contracted collection agency. Having exhausted all avenues of recourse, and in consideration of the state of Florida's two-year statute of limitations on estate claims, Ms. Glaster requested the Board's approval of the write-off. The Board expressed their reluctance as fiduciaries of the system in approving such a substantial write-off but acknowledged that all steps were properly taken to recover the funds. On a motion made by Ms. Gorrie, and seconded by Mr. Liston, the Board voted unanimously to approve the write-off for the remaining balance of \$47,204.86.

D. REQUEST FOR APPROVAL OF OUT OF STATE TRAVEL FOR EXECUTIVE DIRECTOR

Pursuant to the provisions of the MTRS Official Travel Policy, Ms. Glaster requested the Board's approval to attend the annual System Roundtable of the National Association of State Retirement Administrators (NASRA) and joint NASRA/NCTR Legislative Conference in Washington, D.C. from Saturday, February 23 – Monday, February 25, 2019, and to schedule meetings with members of the Massachusetts congressional delegation on February 26, 2019. On a motion made by Mr. Liston, and seconded by Mr. Naughton, the Board voted unanimously to approve the request for travel by the Executive Director.

E. EXECUTIVE DIRECTOR'S REPORT

1. Included in the Board meeting materials, Ms. Glaster noted were the Final 2019 Board meeting schedule and the *PERAC Pension News* and *Newsflash* with articles on the retirement of Executive Director, Joe Connarton and the appointment of his successor, PERAC Deputy Director John Parsons.
2. At the Board member's places, Ms. Glaster had distributed copies of an email phishing attempt received by selected staff members using her identity and cautioned Board members to be on alert for any similar fraudulent emails they may receive.
3. Ms. Glaster provided the Board with an update on the direct deposit issue, reporting that the detective working on the case had contacted the individual who seems to be the common link, who has been very cooperative in providing further information. The Detective has not yet received the surveillance footage from the retail establishment, which he predicts will take approximately another month.
4. Ms. Glaster announced that Ice Miller has confirmed that ANF counsel had submitted the application for a closing agreement concerning the Exclusive Benefit Rule issues to the Internal Revenue Service ("IRS") on November 27th, including powers of attorney for both firms, as requested, namely Mintz Levin and Ice Miller. Ms. Glaster offered copies of the closing agreement application to the board members. Ice Miller indicated it will take a number of months before an update will be provided from the IRS.
5. Ms. Glaster stated the PERAC auditors are no longer onsite and are currently working on their draft report, which they indicated will be ready after the holidays. At that point, they will meet with MTRS to review.
6. In operational news, Ms. Glaster reported that two MTRS staff members, Assistant Director of Employer Services Shannon Murphy and Senior Communications Specialist Will Culbert, did an excellent job presenting, on very short notice, a segment of the National Council on Teacher Retirement webinar entitled, "Employers are Customers Too." Additionally, Ms. Glaster stated that she has asked the Communications team to demonstrate at the January board meeting a sampling of the member and employer online educational videos and provide background information on what goes into their production. She has also asked the presenters to attend that segment of the meeting so the Board will have an opportunity to meet them.

7. Ms. Glaster informed the Board that two bids, one from a small and one from a large consulting firm, were received in response to the Compensation Study RFR and are currently being evaluated. Ms. Glaster reminded the Board that \$45,000 was approved in the FY19 operating budget for the study and the successful bidder will be announced at the January meeting.
8. Ms. Glaster reported that, in keeping with an annual tradition, the staff members recently participated in a Department of Children and Families holiday drive, providing gifts for 25 children who have been displaced from their homes.

On a motion made by Mr. Naughton and seconded by Mr. Liston, the Board voted unanimously to adjourn the meeting at approximately 11:25 a.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of December 14, 2018

- Agenda for December 14, 2018 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of November 14, 2018 MTRS Board meeting, including amendment
- Annual Statement of the Financial Condition of the Massachusetts Teachers' Retirement System FY 18
- Memorandum and supporting documents pertaining to Review of Retiree Death Overpayment Recovery Policy
- Memorandum pertaining to Write-off of remaining uncollectible estate account receivable
- Memorandum pertaining to Out of State Travel Request for Executive Director