

**Massachusetts Teachers' Retirement Board
Meeting of February 22, 2019
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 February Board meeting

Regular Matters of BusinessTab 1
 Open and Executive Minutes of the Regular Meeting held on January 25, 2019

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

Request for Waiver of Overpayment.....Tab 2

Approval of Contract Extension - Benefit Recipient Death Reporting Services.....Tab 3

Executive Director's Report
 PERAC SFI Filing
 NCTR Executive Committee Meeting, April 11-14

**To be considered in Executive Session*

**Next meeting scheduled for
March 29, 2019
9:00 a.m. – 12:00 p.m.**

Minutes of the Meeting of February 22, 2019

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, Michael Ruane, Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, Assistant Executive Director Jon Osimo, General Counsel James O'Leary, Senior Legal Counsel Salvatore Coco, Associate General Counsel Ashley Freeman, 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 January 25, 2019 were reviewed and approved as submitted on a motion made by Ms. Gorrie and seconded by Mr. Favorito. The motion carried 4-0.

VOTED: The Open and Executive minutes of the Board meeting held on January 25, 2019 are hereby approved as submitted.

II. Executive Session

A motion was made by Ms. Gorrie, and seconded by Mr. Favorito, 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:

VOTED: Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Michael Ruane	Yes
Chairman Jeff Wulfson	Yes

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

At 9:58 a.m. the Board reconvened into Open Session and took a brief recess, resuming at 10:04 a.m.

III. Open Session

A. REQUEST FOR WAIVER OF OVERPAYMENT

1. Pursuant to M.G.L. c. 32, § 20(5)(c)(3), the Board reviewed and discussed the materials concerning the overpayment of retirement benefits to Maria Hortaridis in the amount of \$918.14. The Board found that the error persisted for more than one year, was not the result of erroneous information provided by the member, and held a discussion on whether the member had reason to believe that the benefit amount was in error. On a motion made by Ms. Gorrie, and seconded by Mr. Favorito, the Board voted 3-1 to approve the waiver. Chairman Wulfson voted against the motion, stating that the member had reason to know of the error based on the data provided to her on Notice of Estimated Retirement Benefit sent prior to her retirement. The Chairman asked Board staff to include this item on a future agenda.
2. Pursuant to M.G.L. c. 32, § 20(5)(c)(3), the Board reviewed and discussed the materials concerning the overpayment of retirement benefits to John Souther in the amount of \$3,629.60. 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. Ruane, and seconded by Mr. Favorito, the Board voted 4-0 to approve the waiver.

B. APPROVAL OF CONTRACT EXTENSION-BENEFIT RECIPIENT DEATH REPORTING SERVICES

Pursuant to the MTRS Board Governance Policy requiring Board approval for procurements over \$50,000, Mr. Neilon requested the Board's approval for a three-year contract extension with Pension Benefit Information ("PBI"), the vendor currently contracted by MTRS for Death Match Services. Mr. Neilon provided the history behind obtaining PBI for death match services. He further explained that his recommendation to extend was based on the excellent service provided by PBI over the previous two years, the increased services provided under the new "Managed Solutions" option, and the 10% discount for extending the contract for three years. On a motion made by Ms.

Gorrie, and seconded by Mr. Ruane, the Board voted unanimously to approve the three-year extension of Death Match Services with PBI.

C. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster noted that she listed on the agenda a reminder that the Statement of Financial Interests are due to PERAC on May 1, 2019, and asked board members to notify her or Ms. Petruzzello if they had not received the email notification from PERAC.

Ms. Glaster also informed the Board that, due to her new position on the National Council on Teacher Retirement ("NCTR") Executive Committee, she had submitted a *Disclosure by Non-Elected Public Employee of Travel Expenses Serving a Legitimate Public Purpose as Required by 930 CMR 5.08(2)(d)1* form for the Chairman's approval and signature. Ms. Glaster stated that as an Executive Committee member, she is required to attend an annual Committee meeting held at various locations across the country for which the travel expenses are paid by NCTR, and that she would be asking for the Board's approval at their next meeting. The Board stated their preference to approve the travel request at this meeting. Therefore, pursuant to the provisions of the MTRS Board Governance Policy for Travel, Ms. Glaster requested the Board's approval to attend the NCTR Annual Executive Committee meeting. The meeting is being held in California from Thursday, April 11th to Sunday, April 14th. On a motion made by Mr. Favorito, and seconded by Ms. Gorrie, the Board unanimously approved the Out of State Travel Request for the Executive Director.

2. Prior to the board meeting, Ms. Glaster had distributed at the Board members' places the January 2019 General Allocation Account Activity Statement of the Pension Reserves Investment Trust ("PRIT") account.

Additionally, Ms. Glaster provided the board members with copies of a recent report published by the Pioneer Institute on the Commonwealth's unfunded pension liability. Ms. Glaster stated she felt the report provided a valuable historical narrative of system funding and raised legitimate concerns regarding the annual 8.94% increase in the current funding schedule. However, while the report makes a general recommendation that the state should find solutions to increase funding or decrease costs, it is short on specifics.

Continuing on this subject, Ms. Glaster noted that the report may serve as a catalyst to encourage meaningful discussions on the funding schedule. She stated that the next triennial schedule will take effect in January 2020 and

will be based on the 2019 valuation. As he has done in the past, Jim Lamenzo will be running various scenarios for consideration by ANF and the Legislature, including upfront payments that could make future increases more reasonable. Ms. Glaster noted staff's intention to engage with PERAC regarding the scenarios and discuss with the Board at a future meeting.

3. Ms. Glaster provided an update on the issue reported at last month's board meeting on the incorrect 1099-R forms, due to a regression error by Vitech. She described the fallout as minimal and further explained that a vast majority of the affected members had already recovered the full amount of their excludable. Ms. Morgan is negotiating with Vitech for a credit for the additional production and printing expenses to address and fix the error, which is approximately \$8,000.
4. With approximately 10,000 signed and notarized Benefit Verification Forms ("BVF") received, Ms. Glaster announced that confirmation postcards are being mailed out to those members in compliance. She reminded the Board that, on their recommendation, the first deadline to return the forms had been extended to the end of March, in order to accommodate members who are restricted by the winter weather. She reported that the majority of calls have been from members who did not think they received their BVF form, not realizing that it was "nested" inside their 1099-R form.
5. Ms. Glaster noted that, at the latest meeting of the PERAC Commission, she asked the Chief Auditor for the status of PERAC's audit of the MTRS, and was told that we should be receiving a set of follow up questions from the PERAC Auditor soon. Ms. Glaster also announced the impending retirement of Actuary Jim Lamenzo in April and the plan to promote John Boorack to take Jim's position. In order to assist with this transition, Mr. Lamenzo plans to return to work for PERAC on a part time basis.
6. In providing a status update on the compensation study being conducted by Segal Waters Consulting, Ms. Glaster announced that 4 of the identified peer agencies have returned their surveys. Ms. Glaster stated that the study is on target for the expected submission of Segal's report by end of March.
7. Noting that this was the last day of the February vacation week, Ms. Glaster announced that the agency set a new record with 407 of 413 calls answered in the Contact Center on Tuesday that week. She credited the hiring of 4 additional Call Center Representatives to supplement staffing during peak volume periods.

On a motion made by Mr. Favorito and seconded by Mr. Ruane, the Board voted unanimously to adjourn the meeting at approximately 10:45 a.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of February 22, 2019

- Agenda for February 22, 2019 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of January 25, 2019 MTRS Board meeting
- Memorandum and supporting documents pertaining to Request for Waiver of Overpayment
- Memorandum pertaining to Approval of Contract Extension – Benefit Recipient Death Reporting Services