

**Massachusetts Teachers' Retirement Board
Meeting of April 26, 2019
9:00 a.m. to 2:00 p.m.
being held at:**

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

Agenda for April Board meeting

Regular Matters of Business Tab 1
 Open and Executive Minutes of the Regular Meeting held on March 29, 2019

Proposed amendments to Board Governance Policy: Forfeiture Tab 2

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

Termination Retirement * Tab 3

Technical Hosting Advisory Services for MyTRS Upgrade Tab 4

FY 2020 Operational Budget..... Tab 5

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

**To be considered in Executive Session*

Next meeting scheduled for
May 31, 2019
9:00 a.m. – 12:00 p.m.

Minutes of the Meeting of April 26, 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, 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, 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 March 29, 2019 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 March 29, 2019 are hereby approved as submitted.

II. Open Session

A. PROPOSED AMENDMENTS TO BOARD GOVERNANCE POLICY: FORFEITURE

Representatives from the Massachusetts Teachers Association ("MTA") Jennifer MacDougall, Staff Counsel, and Kathy Nagle, Paralegal, joined the meeting to support their agency's public comment on the proposed amendments.

Mr. O'Leary recalled that the proposed amendments to the forfeiture policy were first presented to the Board at its March 2019 meeting. At that meeting, the Board members requested that constituent organizations be given the

opportunity to review the proposed amendments and provide comment. Therefore, copies of the proposed amendments and supporting materials were forwarded to the Massachusetts Association of School Superintendents (“MASS”), the American Federation of Teachers (“AFT”) and the MTA with an invitation to submit written comments and/or attend the April board meeting. Prior to the start of the meeting, Mr. O’Leary had distributed the responses received from the attorneys representing the MASS and MTA. Mr. O’Leary reviewed the background of the policy and explained the amendments. The Board held a discussion on how these amendments would affect those members currently under criminal proceedings, and in the future. On a motion made by Ms. Wass, and seconded by Ms. Gorrie, the Board voted 4-3 to approve the proposed amendments, with Mr. Ruane, Mr. Naughton and Chairman Wulfson voting against the motion.

III. Executive Session

A motion was made by Mr. Liston, and seconded by Mr. Naughton, to enter executive session to consider applications for disability retirement and termination 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
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Michael Ruane	Yes
Anne Wass	Yes
Chairman Jeff Wulfson	Yes

At 9:45 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At 11:32 a.m. the Board reconvened into Open Session. Karen Guida, Internal Auditor from the Office of the State Treasurer, attended and observed the remainder of the meeting.

B. TECHNICAL HOSTING ADVISORY SERVICES FOR MYTRS UPGRADE

Susan Morgan, Chief Technology Officer, David Wright, Director of Network Services, and Surendra Puttagunta, Director of Application and Data Services, joined the meeting. Ms. Morgan recalled for the Board that an RFQ was initially issued for technical advisory services to provide a risk assessment and cost-benefit analysis of hosting options for the proposed upgrade of MyTRS from version 8.1 to version 10. However, no responses were received and the RFQ was then reposted and forwarded to contacts on the approved state vendor list. This effort resulted in two bids. Based on the result of the evaluation process, MTRS is requesting that KPMG be awarded the contract. Upon the Board's inquiry, Ms. Morgan provided the details of the evaluation results of the other bidder. On a motion made by Ms. Wass and seconded by Mr. Liston, the Board voted unanimously to award KPMG the contract, and authorized MTRS to execute a contract with them in an amount not to exceed \$125,000 in FY19.

C. FY 2020 OPERATIONAL BUDGET

Executive Director Erika Glaster presented the FY 2020 Operational Budget for the Board's approval. The proposed FY 2020 budget totals \$19,928,846, which represents a 5.6% increase in the agency's operating expenses, plus \$4.06 million in new technology expenses associated with the upgrade of the mission critical line of business application and associated managed hosting services. Ms. Glaster reviewed each line item and answered questions from the Board. On a motion made by Mr. Naughton, and seconded by Ms. Gorrie, the Board voted unanimously to approve the FY 2020 Operational Budget totaling \$19,928,846.

D. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster noted that at the board members' places she had distributed a draft of the upcoming spring seminar of the Massachusetts Association of Contributory Retirement Systems ("MACRS") and asked board members to notify staff if they would like to be registered. Additionally, Ms. Glaster noted she distributed copies of the *Public Employee Retirement Administration Commission ("PERAC") Memorandum #15-2019* notifying boards of the Application for a "Waiver of Education Restrictions," enacted by the

legislature via Chapter 439 of the Acts of 2018, which amended G.L. c. 32, §20(7), for waiver of educational requirements of board members due to extenuating circumstances. Also Ms. Glaster had included at their places a copy of the letter from PERAC confirming the investment return assumption of 7.25%, a reduction from the previous rate of 7.35%, to be used in the 2019 Commonwealth actuarial valuation.

2. Ms. Glaster notified the Board that PERAC has approved participation in the recent webinar offered by the National Council on Teacher Retirement, *"The California Rule: Recent Developments,"* for three continuing education credits. Ms. Gorrie, Mr. Naughton, and Chairman Wulfson all indicated they had participated. Board staff will confirm the credits on their behalf.
3. Ms. Glaster asked Mr. Neilon to provide an update on the status of the R+ transfer-in legislation. Mr. Neilon stated that the legislation was filed as House budget amendment #441 by Representative Tackey Chan of Quincy. Mr. Neilon reported that the amendment was not adopted, but could be included in the Senate budget. He added that the legislation is also moving through the regular legislative process, with a hearing before the Joint Committee on Public Service expected to be scheduled soon.
4. Following the legislative update, Mr. Naughton voiced his concern regarding the reference in the open minutes of the MTRS March board meeting on possible Cost of Living Adjustment ("COLA") reform. Ms. Glaster assured the Board that any proposed COLA reform measures would be brought to the Board for discussion before any further actions are taken by staff.
5. Ms. Glaster highlighted items from Mr. Osimo's quarterly report. She noted that the second mailing of the Benefit Verification Forms was sent Friday, April 19th to the 5,700 non-responders. She reminded the Board that payments for those who have not responded to this, and the subsequent third mailing, are not pulled until July. Ms. Glaster noted Mr. Osimo's reporting that retirement applications are up by 18% over last year's figures at this time. Finally, she noted the start of the *Your MTRS Benefits* seminars throughout the state in the month of May.

On a motion made by Mr. Liston and seconded by Mr. Naughton, the Board voted unanimously to adjourn the meeting at approximately 12:52 p.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of April 26, 2019

- Agenda for April 26, 2019 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of March 29, 2019 MTRS Board meeting
- Memorandum and supporting documents pertaining to Proposed amendments to Board Governance Policy: Forfeiture
- Memorandum pertaining to Technical Hosting Advisory Services for MyTRS Upgrade
- Memorandum and supporting documents pertaining to FY2020 Operational Budget