

**Massachusetts Teachers' Retirement Board  
Meeting of July 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 July Board meeting**

**Regular Matters of Business ..... Tab 1**  
    Open Minutes of the Regular Meeting held on June 21, 2019

**Vitech V10 Upgrade and Hosting Proposal ..... Tab 2**

**Application for Accidental Disability Retirement\* ..... *Disability Folder***

**Potential Forfeiture of Benefits\* ..... Tab 3**

**Fall 2019 MTRS Board election:**  
**Request for approval of recommended election services and vendor ..... Tab 4**

**Executive Director's Report..... Tab 5**

**Executive Director Evaluation ..... Tab 6**

*\*To be considered in Executive Session*

**Next meeting scheduled for  
August 23, 2019  
9:00 a.m. – 12:00 p.m.**

## Minutes of the Meeting of July 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 Vice Chair Nicola Favorito, Jacqueline A. Gorrie, Richard L. Liston, Dennis Naughton, Michael Ruane, Anne Wass, Executive Director Erika Glaster, General Counsel James O'Leary, Senior Legal Counsel Salvatore Coco, and Executive Assistant Helen Petruzzello. Chairman Jeff Wulfson was absent due to personal reasons.

The meeting was called to order at 9:00 a.m. Vice Chair Favorito requested that anyone who wished to record the meeting please first notify him, pursuant to G.L. c. 30A, s. 20(f), and announced that Board staff would be recording the meeting in its entirety.

The minutes of the previous Board meeting, held on June 21, 2019 were reviewed and approved as amended on a motion made by Mr. Liston and seconded by Ms. Gorrie. The motion carried 5-0-1, with Mr. Naughton abstaining due to his absence from the June meeting.

**VOTED: The Open minutes of the Board meeting held on June 21, 2019 are hereby approved as amended.**

#### II. Open Session

##### A. VITECH V10 UPGRADE AND HOSTING PROPOSAL

Susan Morgan, MTRS Chief Technology Officer, introduced representatives from Vitech to the Board including: Chris Lodge, Executive Vice President/Chief Operating Officer, Paul Kelly, Executive Vice President, Brian McKinney, Director, and Caroline Juon Wild, Senior Solutions Manager. Also attending the meeting representing MTRS were Surendra

Puttagunta, Director of Application and Data Services, and David Wright, Director of Network Services, who joined the meeting at 9:13.

Vitech presented their proposal for the Version 10 (“V10”) upgrade of the MTRS’s pension administration software, and their managed hosting services, V3locity. V3locity is Vitech’s new offering of infrastructure as a service (IaaS)/cloud managed hosting services, housed at Amazon Web Services (AWS). At the request of Board staff, Mr. Lodge addressed the recent change to Vitech’s corporate structure, namely their partnership with CVC Capital Partners. Mr. Lodge stated that Vitech Systems Group merged with and into Vitech Systems Sub LLC, and will continue to do business under “Vitech Systems Group.” He further stated that Vitech’s existing management team will remain in place with CVC’s backing and support. Upon the Vice Chair’s questioning, Mr. Lodge stated that CVC holds a 60% share. He further noted that Jamie Vitiello will remain Chief Operating Officer, and that this is not expected to change. Noting the long-term relationship between MTRS and Vitech, Ms. Glaster asked what the impact on the MTRS would be if CVC were to sell their Vitech holdings after a period of time. Mr. Lodge surmised that Vitech would remain in business even if the shares were purchased by another investor. Noting the new corporate structure, Mr. O’Leary asked for Vitech to produce financial reports for MTRS to review. Board members asked additional follow-up questions regarding the impact of the new corporate structure.

Mr. McKinney reviewed the updated support terms of the new three-year contract for the existing V3 version 8.1 application covering the period from September 2019 to August 2022. He provided the details of the “bank of hours” approach, which includes 1500 hours of support services to address both defects and enhancements. The Board questioned whether the amount of time was sufficient and whether remaining hours would carry over into the next year. Mr. McKinney explained how MTRS could control and address their enhancements with any remaining hours. Ms. Morgan noted that the current version of the application is mature and defects are rare, so she was comfortable that the amount of hours would be sufficient. Mr. McKinney then reviewed the improved features of V10, noting new security measures including two factor authentication. He explained Vitech’s updated and improved development methodology and

summarized the implementation timeline. He also reviewed the milestone payment schedule and two options for License and Support Agreements.

Mr. Kelly reviewed the features of the V3locity managed hosting service and, upon Ms. Glaster's request, described the "availability zones" in AWS and the failover capabilities. He explained the security advantages of the technical architecture of V3locity, as well as the expenses associated with this hosting option.

The representatives from Vitech left the meeting at 10:07 a.m.

MTRS staff and Board members further discussed the potential impact of the majority investment in Vitech by CVC Partners. Ms. Glaster stated that if the Board authorizes staff to enter into contract negotiations for the V10 upgrade, staff will work with Ice Miller legal counsel to ensure that the MTRS's interests are protected.

Ms. Morgan reviewed for the Board the findings on hosting options, including V3locity, presented by KPMG at last month's meeting. She related feedback received from another pension system that is currently live with V3locity. She also reminded the Board of the "end of life" for the current hosting infrastructure at the end of calendar year 2021, and the need to begin the V10 upgrade this fall in order to avoid the significant cost of replacing that infrastructure. The Board asked a number of questions, including whether staff are comfortable with Vitech's plan for quarterly security testing, and Mr. Wright confirmed his approval, adding that the industry standard is to perform biannual or annual testing. He further stated that MTRS has an independent agency conduct biannual testing, which includes penetration testing. The Board also questioned whether additional resources would be needed and Ms. Morgan replied that possibly one additional quality assurance tester may be needed during the upgrade project, the salary for which was included in the FY 20 budget approved by the Board in April.

Ms. Glaster asked for the Board's authorization to begin contract negotiations with Vitech for the implementation of the V10 upgrade. The board requested that negotiations include financial penalties to Vitech if deadlines are not met for the implementation of the V10 upgrade. It is the

intention of MTRS to have a contract ready for the Board's approval at the September board meeting. On a motion made by Mr. Liston, and seconded by Ms. Gorrie, the Board voted 6-0 to authorize staff to begin contract negotiations with Vitech for the implementation of the V10 upgrade.

The Board recessed at 10:30 a.m. and reconvened at 10:37 a.m.

### III. Executive Session

A motion was made by Mr. Liston, and seconded by Ms. Wass, to enter executive session to consider applications for disability retirement and potential forfeiture of benefits. On roll call, the vote was as follows:

<b>VOTED:</b> Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Michael Ruane	Yes
Anne Wass	Yes

At 10:37 a.m. the Board went into Executive Session. The Vice Chair stated that the Board would return to Open Session.

At 11:24 a.m. the Board reconvened into Open Session.

### IV. Open Session

#### B. FALL 2019 MTRS BOARD ELECTION: REQUEST FOR APPROVAL OF RECOMMENDED ELECTION SERVICES AND VENDOR

Sue Theil, Director of Communications, joined the meeting to present the results of the election services RFR, and her recommendations for the selected vendor and election materials. Ms. Glaster reminded the Board of Ms. Theil's upcoming retirement and recognized her excellent service to the agency over the past twenty-five years.

Ms. Glaster asked for the Board's approval of Ms. Theil's recommendation for the election materials and to award the contract for election services to

Election-America at a cost of \$34,484.65 plus postage. On a motion made by Mr. Liston, and seconded by Ms. Gorrie, the Board voted 6-0 to approve the recommendations.

Ms. Theil thanked the Board and stated that "It has been a pleasure to work here for 25 years."

### **C. EXECUTIVE DIRECTOR'S REPORT**

1. At the Board members' places, Ms. Glaster noted were copies of a member's email expressing his objections to the Board's re-filing of its forfeiture legislation, and the staff's response indicating that the member's message would be shared with the Board.
2. Ms. Glaster announced that, due to the Governor signing the budget after the close of the warrant, the Cost of Living Adjustment would be paid retroactively to July 1<sup>st</sup> in the August check, and retirees would be notified via their EFT statements and check stubs, as well as through a broadcast email. Ms. Glaster noted that the Mass. Retirees Association had posted a notification on their website regarding the August payment of the COLA.
3. Ms. Glaster had distributed copies of the latest statement of the Pension Reserves Investment Trust account at the board members' places.
4. Additionally, at their places board members found a copy of an excerpt from Ms. Glaster's presentation to the Massachusetts Association of School Superintendents (M.A.S.S.) at their annual summer conference. In this portion of her presentation, Ms. Glaster had provided the history of the system's funding and detailed the reasons for the growing unfunded liability. She praised the current administration for its commitment to increasing the pension appropriations over the past several years, but pointed out the consistent failure of the Commonwealth to fund the annual required contribution (ARC), as determined by the actuary. She further addressed the unsustainability of the current backend loaded funding schedule, which requires annual increases of 8.94% through 2037. M.A.S.S. expressed concern about the system funding, and agreed to advocate for more retirement funding. Ms. Glaster will draft language for the Board's review that M.A.S.S. and other interested constituent groups can use for this purpose.
5. In the board materials, Ms. Glaster had included a copy of the broadcast email notification from the Public Employee Retirement Administration

Commission (“PERAC”) that registration for the upcoming Emerging Issues Forum is now open. Ms. Glaster stated that she will be serving on the panel discussion on best practices, and will address cyber security.

6. Also included in the board materials was the preliminary agenda for the National Council on Teacher Retirement (“NCTR”) annual conference being held in Nashville, Tennessee. Ms. Glaster noted that at the conference she will be facilitating a panel discussion on Actuarial Audits.
7. Referring to the current list of educational offerings included in the board materials, Ms. Glaster informed the Board that she is currently coordinating a conversation with NCTR about PERAC becoming a member in order to be able to offer credits for participation in webinars.
8. After answering all of their follow-up questions, Ms. Glaster has received no request for an exit interview yet from PERAC on their recent audit.
9. Ms. Glaster has received confirmation from PERAC Executive Director John Parsons and PRIM Executive Director/ CIO Michael Trotsky that they will present at this year’s forum. In addition, John Boorack, State Actuary, will present the 2019 MTRS Valuation report. Invitations were sent out to Treasurer Goldberg and Auditor Bump. “Save the Date” notifications were sent out to the constituent organizations.
10. As referenced in Mr. Osimo’s quarterly Member Services report, the third and final mailing of the Benefit Verification Forms was sent out in the second week of June with a final due date of July 8<sup>th</sup>. Approximately 400 July checks were “pulled” for those non-responders, which produces paper checks that are held in the office until the Benefit Verification Forms are returned. Health insurance and tax deductions are still withheld.
11. Ms. Glaster gave kudos to Mr. Osimo’s Member Services team for their huge effort in getting over 1,100 on-time June 30<sup>th</sup> retirement applicants paid on the July warrant, thus meeting the agency’s service goal.
12. Ms. Glaster announced that after an extensive hiring process, which included presentations by the finalists on their analysis of the MTRS web site, Scott Olsen, from the Office of the Comptroller, has been chosen as the next MTRS Director of Communications. Ms. Glaster stated that while the two finalists were both excellent, Mr. Olsen’s experience and skillset best fit the needs of the agency. He will start on August 19<sup>th</sup>.

#### D. EXECUTIVE DIRECTOR EVALUATION

Each board member brought to the meeting their individual written evaluations of Ms. Glaster's performance over the past year, using the MTRB Executive Director Evaluation form (spring 2019), and provided a recap of their individual ratings. Vice Chair Favorito stated that Chairman Wulfson had forwarded a copy of his evaluation. A copy of each evaluation will be included in the materials to be used in a review of the Executive Director's compensation at the August MTRS Board meeting.

On a motion made by Ms. Wass and seconded by Mr. Liston, the Board voted unanimously to adjourn the meeting at 11:55 a.m.

Respectfully submitted,

---

Erika M. Glaster,  
Executive Director

---

Date

**Documents used in MTRS Board meeting of July 26, 2019**

- Agenda for July 26, 2019 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes of June 21, 2019 MTRS Board meeting
- Memorandum pertaining to Vitech's presentation of MyTRS V10 upgrade and V3locity proposal
- Memorandum and supporting documents pertaining to Fall 2019 MTRS Board Election: Request For Approval Of Recommended Election Services And Vendor
- Memorandum and supporting documents pertaining to Request for Waiver for Overpayment
- Memorandum and supporting documents pertaining to MTRS Board Election 2019
- Board Member's individual performance evaluation forms of the Executive Director