



MTRS Board Meeting, Friday, September 20, 2019

# Annual System Review and Constituents Forum 2019

## Members of the Board

Jeff Wulfson  
Chairman, Designee of the  
Commissioner of Elementary and  
Secondary Education

Deborah B. Goldberg  
State Treasurer  
Nicola Favorito  
Designee, Executive Director of  
State Retirement System

Suzanne M. Bump  
State Auditor  
Michael P. Ruane  
Designee, Deputy General Counsel

Dennis J. Naughton  
Jacqueline A. Gorrie  
Richard L. Liston  
Anne Wass

## Administration

Erika M. Glaster  
Executive Director

Sean P. Neilon  
Assistant Executive Director

Jonathan Osimo  
Assistant Executive Director

James C. O'Leary  
General Counsel

Susan Morgan  
Chief Technology Officer

Scott Olsen  
Director of Communications

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## Agenda

9:00 – 9:30 a.m. . . . . MTRS September Board meeting

- 1 Regular matters of business**  
Open and Executive minutes of the regular meeting held on August 22, 2019  
**Applications for Ordinary Disability Retirement\***

### 2 Executive Director's Report

9:15 – 9:30 a.m. . . . . Arrival of constituents

- 9:30 – 10:30 a.m. . . . . **3 PRIM Update**  
Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer, PRIM  
Francesco Daniele, Senior Client Services Officer, PRIM

10:30 – 10:45 a.m. . . . . Break

- 10:45 – 11:45 a.m. . . . . **4 PERAC Update and Draft 2019 MTRS Valuation**  
John W. Parsons, Executive Director, PERAC  
John Boorack, Actuary, PERAC

11:45 a.m. – 1:30 p.m. . . . . **Lunch, MTRS Management Updates and Constituent Discussion**

*Next meeting . . . . . Friday, October 25, 2019, 9 a.m. – 12:00 p.m.*

\*To be considered in Executive Session

**Minutes of the Meeting of September 20, 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, General Counsel James O'Leary, Associate General Counsel/Disability Case Manager Salvatore Coco, Chief Technology Officer Susan Morgan, Director of Communications Scott Olsen, and Executive Assistant Helen Petruzziello.

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

The minutes of the previous Board meeting, held on August 22, 2019 were reviewed and approved as submitted on a motion made by Mr. Naughton and seconded by Mr. Liston. The motion carried 6-0-1 with Chairman Wulfson abstaining due to his absence from the meeting.

**VOTED: The Open and Executive minutes of the Board meeting held on August 22, 2019 are hereby approved as submitted.**

**II. Executive Session**

A motion was made by Mr. Liston, and seconded by Mr. Naughton, to enter executive session to consider an application for disability retirement. The Chairman stated the Board will then return to open session. 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 9:03 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At 9:08 a.m. the Board reconvened in Open Session at which point Chairman Wulfson welcomed Auditor Suzanne Bump to the meeting.

### **III. Open Session**

#### **A. VITECH CONTRACT FOR V10 UPGRADE AND HOSTING SERVICES<sup>1</sup>**

Ms. Glaster updated the Board on the contract negotiations with Vitech Systems Sub LLC for the upgrade of the MyTRS application from version 8.1 to version 10 (“V10”), including the cloud/IaaS hosting solution, “V3locity.” She reported that with the assistance of outside legal counsel, staff was making progress toward contract terms that would protect MTRS interests and facilitate timely completion of the project. In order to stay on schedule, Ms. Glaster requested Board authorization to finalize the contract in the coming weeks.

Ms. Gorrie made the motion that, given the progress of negotiations described in the Executive Director’s September 20<sup>th</sup> memorandum, the Board authorize her to conclude the negotiations, and execute a contract for V10/V3locity; provided, however, that the Executive Director shall report back on the final terms of the contract at the Board’s October meeting. Mr. Naughton seconded the motion. The Board voted 7-0.

#### **B. EXECUTIVE DIRECTOR’S REPORT**

1. Ms. Glaster noted that included in the materials was an outline of a proposal for reforms to state and teacher retirees’ COLAs, written by the Retired State, County and Municipal Employees Association of Massachusetts, which would provide incremental supplemental COLAs for eligible retirees who have been retired for ten or more years. Also included

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<sup>1</sup> This matter was originally discussed in executive session, with the Board vote occurring in open session. The executive session was later determined to be an error. Therefore, both the discussion and the vote have been included in these open session minutes.

in the materials was information prepared by State Actuary John Boorack indicating the number of MTRS retirees who have been retired for 10, 15 and 20 or more years, along with their average age and benefits.

2. Ms. Glaster also noted the inclusion in the Board packet of background materials for the constituent group discussion on system funding, including a copy of M.G.L. c. 32, § 22C, which details the pension appropriations in the current triennial schedule, and a spreadsheet comparing the Annual Required Contribution (ARC) to the actual Commonwealth pension appropriation during the past 18 years. Ms. Glaster reported that she asked Mr. Boorack to prepare funding scenarios for the next triennial schedule, addressing what is needed to eliminate negative amortization in the short-term and achieve a more sustainable schedule going forward.
3. Mr. Naughton, referencing one of the legal case summaries in the Board background materials, requested that a future Board agenda include the subject of regular compensation determinations when a school district is under receivership. Chairman Wulfson noted that he had asked Mr. O'Leary to contact the relevant staff at the Department of Elementary and Secondary Education, and prepare a draft policy for the Board's review and discussion.

The Board meeting recessed at 9:28 a.m. to allow for the arrival of the meeting participants, and reconvened at approximately 9:40 a.m. Assistant Executive Director Sean Neilon and Assistant Executive Director Jonathan Osimo joined the meeting at that time.

### **C. ANNUAL SYSTEM REVIEW AND CONSTITUENTS FORUM**

Chairman Wulfson welcomed all invited speakers and participants, and introduced State Auditor Suzanne Bump to the group. Attendees included speakers Michael Trotsky, Executive Director and Chief Investment Officer (CIO) and Francesco Daniele, Senior Client Services Officer, of the Pension Reserves Investment Management ("PRIM") Board. Also present were Paul Shanley, Elected Member of the PRIM Board representing the members of the State Employees' Retirement System, and Robert Brousseau, Elected Member of the PRIM Board representing the members of the Teachers' Retirement System. Additionally, representatives of the various constituent groups included Frank Valeri and Shawn Duhamel of the Retired State, County, and Municipal Employees Association, Paul Andrews of the Massachusetts

Association of School Superintendents, Lisa Gallatin of the Massachusetts Teachers Association, Glenn Koocher of the Massachusetts Association of School Committees, Jim Lucia of Massachusetts Retirees United, Marie Patrice Hurley of the Retired Educators Association of Massachusetts, and Mike Canavan of the MA Chapter of the American Federation of Teachers.

The Chairman thanked the group and expressed his gratitude to the MTRS board members, especially the four retired teachers, for their commitment and empathetic consideration shown to the MTRS membership.

Auditor Bump made a brief statement, expressing her concern over the state of the finances of the Commonwealth.

Mr. Trotsky distributed copies and provided an explanation of the highlights of the PRIT Fund Performance Review. Mr. Trotsky provided the group with a recap of the year's activities at the PRIM Board, including an organizational update with recent personnel additions. He gave a review of the past year's accomplishments, including multiple awards presented to members of the PRIM staff, and responded to questions from the meeting participants.

Invited speakers John Parsons, Executive Director, and John Boorack, Actuary, of the Public Employee Retirement Administration Commission joined the meeting at 10:35 a.m.

The Chairman thanked Mr. Trotsky, and the meeting recessed at 10:49 a.m., reconvening at 10:58 a.m., at which point Chairman Wulfson introduced Mr. Parsons and Mr. Boorack to the group.

Mr. Parsons provided updates regarding PERAC's legislative filings, including bills on forfeiture, military service purchases and post retirement earnings limits. Mr. Parsons also discussed continuing board education and the state of PERAC's PROSPER computer portal, and responded to questions from the meeting participants.

Mr. Boorack gave a presentation regarding the preliminary results of the January 2019 MTRS Actuarial Valuation, and noted that the final valuation report would be available in October. Mr. Boorack responded to questions from the Board and meeting participants.

At 12:10 p.m. the meeting recessed for a luncheon break, at which point Ms. Gorrie left. The meeting reconvened at approximately 12:30 p.m.

Chairman Wulfson led the group discussion and invited Mr. Valeri to discuss his COLA proposal. Mr. Valeri outlined his proposal and Mr. Boorack gave a rough estimate of the costs. Following discussion with the meeting participants, Mr. Valeri stated his intention to continue to support the bill filed by Mass Retirees' to increase the COLA base for all retirees, and to work on amendments to the bill to provide supplemental COLAs for the Commonwealth's neediest retirees, which would cost far less than increasing the base.

Chairman Wulfson and meeting participants discussed concerns regarding the continuing decline in the funded status of the MTRS, and the increases in the employer contribution necessary to address negative amortization and achieve a more sustainable funding schedule, beginning with the next triennial schedule, which is to be established in 2020.

Chairman Wulfson invited Mr. Neilon to provide an update on the Board's legislative agenda, and asked for the participants' support of the Board's bill designed to fix the longstanding issues pertaining to RetirementPlus elections for the members who transfer into the MTRS from other Massachusetts contributory retirement systems.

Finally, Chairman Wulfson thanked all of the guests for their participation.

On a motion made by Mr. Naughton and seconded by Mr. Liston, the Board voted unanimously to adjourn the meeting at 12:53 p.m.

Respectfully submitted,

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Erika M. Glaster,  
Executive Director

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Date

**Documents used in MTRS Board meeting of September 20, 2019**

- Agenda for September 20, 2019 MTRS Board meeting
- Cover letter from Executive Director
- Open and executive session minutes of August 22, 2019 MTRS Board meeting
- Memorandum pertaining to Vitech Contract for V10 Upgrade and Managed Hosting Services
- Memorandum and supporting documents pertaining to Constituent Forum Discussion-COLA and System Funding