

**Massachusetts Teachers' Retirement Board
Meeting of January 31, 2020
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 January Board meeting

Regular Matters of Business Tab 1
Open and Executive Minutes of the Regular Meeting held on December 13, 2019

Applications for Ordinary and Accidental Disability Retirement * Disability Folder
Executive Session, Physical Condition or Mental Health – Purpose 1

Potential Termination of Benefits due to Non-Compliance with 91A* Tab 2
Executive Session, Physical Condition or Mental Health – Purpose 1

Termination Retirement Application * Tab 3
Executive Session, Physical Condition or Mental Health – Purpose 1

Requests for Waiver for Overpayment Tab 4

Approval of Network Infrastructure Advisory Vendor..... Tab 5

MTRS Eligibility for Membership Tab 6

FY 21 – FY 23 Funding Schedule Tab 7

Executive Director's Report..... Tab 8
Final 2020 Board Meeting Schedule

**To be considered in Executive Session*

Next meeting scheduled for
February 28, 2020
9:00 a.m. – 12:00 p.m.

Minutes of the Meeting of January 31, 2020

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, Richard L. Liston, Dennis J. Naughton, Michael Ruane, Anne Wass, Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, Assistant Executive Director Jonathan Osimo, General Counsel James O'Leary, Senior Legal Counsel Salvatore Coco, and Executive Assistant Helen Petruzziello. Jacqueline Gorrie was absent due to personal reasons.

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

The minutes of the previous Board meeting, held on December 13, 2019 were reviewed and approved as amended. Ms. Wass made a motion, which was seconded by Mr. Naughton, to approve the amended minutes. The motion carried 4-0-1, with Mr. Liston abstaining due to his absence from the December meeting.

The Open and Executive minutes of the Board meeting held on December 13, 2019 are hereby approved as amended.

II. Executive Session

A motion was made by Mr. Liston, and seconded by Ms. Wass, to enter into executive session to consider applications for disability and termination retirement and potential termination of benefits due to non-compliance with Section 91A. The Chairman stated the Board will then return to open session. On roll call, the vote was as follows:

VOTED: Richard L. Liston	Yes
Dennis J. Naughton	Yes
Michael Ruane	Yes
Anne Wass	Yes

At 9:01 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session. Mr. Favorito arrived at 9:11 a.m. during executive session.

At 11:08 a.m. the Board reconvened in Open Session.

III. Open Session

A. REQUEST FOR WAIVER FOR OVERPAYMENT

Mr. Osimo presented the following requests for waiver of overpayment and explained that these errors were discovered in the Section 3(8)(c) process.

1. Cynthia Dourmashkin

Pursuant to M.G.L. c. 32, § 20(5)(c)(3), the Board reviewed the materials concerning the overpayment of retirement benefits to Cynthia Dourmashkin in the amount of \$1,435.72. The Board found that the error persisted for more than one year, was not the result of erroneous information provided by the member, and determined that the member did not have knowledge of the error and did not have reason to believe that the benefit amount was in error. On a motion made by Mr. Liston, and seconded by Mr. Naughton, the board voted 6-0 to approve the request for waiver.

2. Gary Lapointe

Pursuant to M.G.L. c. 32, § 20(5)(c)(3), the Board reviewed the materials concerning the overpayment of retirement benefits to Gary Lapointe in the amount of \$1,880.58. The Board found that the error persisted for more than one year, was not the result of erroneous information provided by the member, and determined that the member did not have knowledge of the error and did not have reason to believe that the benefit amount was in error. On a motion made by Mr. Liston, and seconded by Mr. Naughton, the board voted 6-0 to approve the request for waiver.

B. APPROVAL OF NETWORK INFRASTRUCTURE ADVISORY VENDOR

Susan Morgan, MTRS Chief Technology Officer, and David Wright, Director of Network Services, joined the meeting to update the Board on the status of the procurement for Technical Advisory Services. Ms. Morgan explained that a Request for Quotes (RFQ) was posted on January 6, 2020 for Technical Advisory Services, in order to determine the best replacement options for three components of the MTRS internal technical infrastructure that must be replaced in FY 21. Ms. Morgan reported that following a bidder's conference, three bids were received that ranged from \$40,000 to \$250,000. After their best-value evaluation of the three proposals, the MTRS Procurement Management Team recommended entering into a contract with *Intrasystems*, the vendor with the lowest bid. Ms. Morgan explained that there are sufficient funds in the FY20 budget for these services, and since the total contract is under \$50,000, Board approval was not necessary. After answering questions from Board members, Ms. Morgan and Mr. Wright left the meeting at 11:21 a.m.

C. MTRS ELIGIBILITY FOR MEMBERSHIP

Mr. O'Leary presented a review of MTRS membership eligibility rules as affected by court decisions and MTRS administrative practices. Mr. O'Leary reviewed the statutory definition of "teacher" in G.L. c. 32, s. 1 and provided the history behind the enactment of the MTRS eligibility regulation, 807 CMR 4.00, in 1987. Prior to 1987, the MTRS relied on an individual's job title alone to determine eligibility, which led to subjective determinations. The regulation was intended to mitigate this subjectivity by requiring that members of the MTRS be certified by the Department of Elementary and Secondary Education ("DESE"), be employed in a public school on at least a half-time basis, and have a contract that requires each of these as a condition of employment. In addition, Mr. O'Leary and Ms. Glaster explained how Occupational and Physical Therapists (OT's and PT's), who are licensed by the Board of Allied Health Services rather than by DESE, were accepted into the MTRS through an administrative decision of the former MTRS Executive Director starting in 1997. The validity of this administrative practice has been affirmed by the Contributory Retirement Appeal Board ("CRAB") as a legitimate exercise of the MTRS's necessary authority to administer the retirement system.

Mr. O'Leary then explained a 2016 case, Retirement Board of Stoneham v. CRAB, ("Stoneham") which held that once a member meets the initial eligibility requirements of a retirement system, the member must continue as an active member as long as they remain employed, even if their percentage of full-time is less than that required for initial membership. Since the MTRS is a system solely for teachers, and the statutory definition of "teacher" requires at least half-time employment, the MTRS has historically disallowed ongoing membership by a teacher whose service falls below 50%. However, PERAC rejected this position in light of Stoneham, and suggested that the MTRS revise its eligibility regulation or pursue a legislative remedy.

Mr. O'Leary presented different options that the Board could undertake, including how to address not only the eligibility of members who work less than half-time, but also how to address the ongoing eligibility of OTs and PTs, and whether overt actions by the Board were even necessary given the validity of past practice. He also shared that as public school services evolve to meet students' needs, other non-DESE-licensed professionals, such as Board Certified Behavioral Analysts have petitioned for MTRS membership.

The Board asked questions and discussed the issues and possible solutions thoroughly. The Board ruled out trying to address the issues through a legislative change, noting the lengthy process, and ultimately asked staff to provide data and examples that would allow it to better understand the scope of the issue. For the purposes of discussion and consideration of whether action was necessary, the Board also requested that staff draft a regulation, which allows ongoing membership by members who continue to work as teachers in the same school district, albeit at less than half-time, and that memorializes the current practice of accepting OTs and PTs as members of the MTRS. The Board expressed reluctance to further expand MTRS membership to other non-DESE-licensed professionals, stating that DESE should be the authority for determining who is a teacher. The Board asked staff to bring the draft regulation back for review at a future meeting.

D. FUNDING SCHEDULE

Included in the board materials was a copy of the next triennial pension funding schedule, sent by the Secretary of the Executive Office for

Administration & Finance to the Chairs of the House and Senate Ways and Means Committees on January 15, 2020. Ms. Glaster noted that although the MTRS had recommended the schedule that would have eliminated negative amortization by the end of the next triennial period, which required 15% annual increases, the schedule that was adopted represents a positive commitment by the current administration to maintain the full-funding target of 2036. Ms. Glaster then distributed a spreadsheet, *Distribution of Commonwealth Pension Appropriation for FY 2015 – FY 2020*, which shows the percentages and dollar amounts of the Commonwealth's pension appropriation allotted to the MSERS, MTRS and Boston Teachers during the last six fiscal years. Ms. Glaster reported that she had sent the spreadsheet to PERAC Actuary, John Boorack, and asked for an explanation of the FY18 reduction in the percentage increase of the MTRS portion of the appropriation. Mr. Boorack explained that the reduction was made so that the MTRS and the MSERS would reach full funding at the same time. Given the current discrepancy in the funded status of the MTRS (51.7%) versus the MSERS (63.7%), Chairman Wulfson asked Ms. Glaster to request a schedule that shows the distribution of the appropriation through the full-funding target date to demonstrate when the MTRS will catch up.

E. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster noted that included in the board materials was the final schedule of the 2020 board meetings. Additionally, she included a copy of an email from PERAC's Compliance Director confirming that all MTRS board members are fully in compliance with their continuing education requirements.
2. Ms. Glaster notified the Board that 1099R's have been mailed out, and are also accessible via Member Self Service. She also noted that the tax withholding tables had been updated for 2020, and that the majority of retirees who have their taxes withheld based on the tax tables will see a small decrease in their withholding.
3. As Mr. Neilon had included in his written report, Ms. Glaster reiterated that the Governor's FY21 budget included a 3% Cost of Living Adjustment ("COLA") on the base of \$13,000.
4. Ms. Glaster noted that there was no news to report on the status of the PERAC audit, which started over a year ago. She believes that the auditor is

still training new hires at PERAC and will contact MTRS when he becomes available.

5. Ms. Glaster informed the Board that NCTR is seeking an Executive Director. Ms. Glaster stated that Maureen Westgard, who had served in the role for the last two years, resigned after the 2019 annual conference. An interim Executive Director had been appointed, but unfortunately, had to step down due to health concerns. Ms. Glaster is on the sub-committee to search for a permanent Executive Director.
6. In updating the Board on operational news, Ms. Glaster reported the MTRS Disaster Recovery/Business Continuity test, which simulates a situation where staff are unable to report to the Charlestown office over a period of time due to a catastrophic event, was mostly successful. The agency was able to perform critical business functions remotely but ran into an access issue that requires assistance from the Executive Office of Technology Services and Security (“EOTSS”). The agency will be re-testing in March.
7. After making up two sessions that were cancelled due to weather-related school closings, the Member Services team has completed the *Ready for Retirement* series of educational seminars. These were held in various locations throughout the state, with approximately 1,100 registrations in total. The Board members complimented MTRS staff on their professionalism.
8. Ms. Glaster noted that members of Mr. Osimo’s and Mr. Neilon’s staff recently held a successful meeting with representatives from the Springfield school district, including the Superintendent, as well as payroll and human resources personnel, to resolve long-standing issues with teacher enrollments and monthly deduction reporting.
9. In addition, Mr. Osimo and members of his and Mr. Neilon’s staff just hosted a creditable service summit with staff from the State Board of Retirement. In addition, MTRS recently hosted a visit from the MTA Retirement Consultants. Members of Mr. Osimo’s staff provided the consultants a tour of the office and a “meet and greet” with Ms. Glaster and the staff from the Contact Center.

On a motion made by Mr. Liston and seconded by Mr. Naughton, the Board voted unanimously to adjourn the meeting at 12:22 p.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of January 31, 2020

- Agenda for January 31, 2020 MTRS Board meeting
- Cover letter from Executive Director
- Open and executive session minutes of December 13, 2019 MTRS Board meeting
- Memorandum and supporting document pertaining to Requests for Waiver for Overpayment
- Memorandum pertaining to Approval of Network Infrastructure Advisory Vendor
- Memorandum pertaining to MTRS Eligibility for Membership
- Memorandum and supporting documents pertaining to FY 21- FY 23 Funding Schedule