

**Massachusetts Teachers' Retirement Board  
Meeting of May 29, 2020  
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 May Board meeting**

**Regular Matters of Business ..... Tab 1**  
Open and Executive Minutes of the Regular Meeting held on April 24, 2020

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

**Approval of FY 21 Budget..... Tab 2**

**Executive Director's Report..... Tab 3**

*\*To be considered in Executive Session*

Next meeting scheduled for  
June 26, 2020  
9:00 a.m. – 12:00 p.m.

**Minutes of the Meeting of May 29, 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 Ventura Rodriguez, 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, and Executive Assistant Helen Petruzzello.

The meeting was called to order at 9:05 a.m. by Chairman Rodriguez who stated that in accordance with the Governor's Executive Order in response to COVID-19, all Board members were participating remotely. The MTRS Executive Director and Executive Assistant were in the Board room at the main MTRS office in Charlestown, which was open to the public. The disability applicant and his counsel, as well as other MTRS staff were participating remotely in the same manner as the Board. Chairman Rodriguez asked for all Board members to state their names before speaking and stated that all votes would be conducted via roll call.

The minutes of the previous Board meeting, held on April 24, 2020 were reviewed and approved as submitted. Mr. Naughton made a motion, which was seconded by Mr. Favorito, to approve the minutes. 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
Chairman Ventura Rodriguez	Yes

**The Open and Executive minutes of the Board meeting held on April 24, 2020 are hereby approved as submitted.**

The Board paused for a moment of silence to honor and remember Joan Schloss, former Executive Director of the MTRS from 2003 to 2014, who tragically passed away on May 22, 2020. The agency posted a tribute to Ms. Schloss on the website and plans to commemorate her significant contributions to the MTRS in the upcoming issue of *The Advisor*.

## II. Executive Session

Before entering Executive Session, the Chairman asked and received oral confirmations from each participant that no other individuals were able to overhear the confidential proceedings at their various locations.

A motion was made by Mr. Liston, and seconded by Ms. Wass, to enter executive session to consider applications for disability 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
Chairman Ventura Rodriguez	Yes

At 9:09 a.m. the Board went into Executive Session. The door to the Board room at the MTRS main office in Charlestown was closed. The Chairman stated that the Board would return to Open Session.

At 9:54 a.m. the Board reconvened in Open Session at which point the door to the Board room was again opened to the public.

## III. Open Session

### A. FY 2021 OPERATIONAL BUDGET

Ms. Glaster requested the Board's approval of the proposed FY 2021 Operating Budget totaling \$20,092,451, which she had reviewed in detail at the April board meeting. Given the current economic climate, Mr. Ruane expressed Auditor

Suzanne Bump's concern regarding the 3% salary reserve pool and the implication of guaranteed salary increases. Ms. Glaster reviewed the usual methodology for staff salary increases, which includes designating up to 50% of the budgeted salary pool for COLAs and the remainder for merit increases, if any, based on individual performance evaluations. The Chairman raised for Board discussion the issue of the state budget uncertainties due to the pandemic. In response to the Board's inquiry on the financial initiatives the board implemented during the 2008 market crash and subsequent recession, Ms. Glaster provided a summary of the cost saving measures taken by the Commonwealth, and how they were implemented at the MTRS. Mr. Favorito noted the potential for increased demands on MTRS staff if separation incentives are offered to teachers due to local budget shortfalls. The Chairman asked that the Board approve the FY 21 budget as proposed, and asked Ms. Glaster to discuss the implementation of the salary increases at the next Board meeting, when there may be a better sense of the economic outlook for the Commonwealth.

On a motion to approve the FY 21 budget as proposed, made by Mr. Naughton, and seconded by Ms. Wass, 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
Chairman Ventura Rodriguez	Yes

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

1. Ms. Glaster stated she was grateful for the ability to see everyone via the Microsoft *Teams* video application. She thanked the Board for their thoughtful remembrance of Ms. Schloss and stated that staff are struggling with, and deeply saddened by, the news of her untimely passing.
2. Ms. Glaster reported that the IRS recently sent a response to the application for a closing agreement filed in October 2018 by ANF's tax counsel Mintz Levin and MTRS/MSERS tax counsel Ice Miller. The IRS

response ordered the parties to append or clarify the application in order to address the retrospective amounts attributable to the exclusive benefit rule issues and the operational failures identified in the application. Ms. Glaster reported that Ice Miller and Mintz Levin are working collaboratively on the response, which had an initial due date of May 20<sup>th</sup> but was extended to June 3<sup>rd</sup>. Ms. Glaster will provide an update at the next Board meeting.

3. Ms. Glaster summarized a conversation that she and Mr. Favorito had with Catharine Hornby, Undersecretary of the Executive Office for Administration and Finance, regarding her thoughts on the next triennial pension funding schedule, which was established in January 2020 and called for 9.63% annual increases in the pension appropriation with a full funding target of 2036. Ms. Hornby shared that no decisions are likely to be made until the amount of the federal pandemic relief to the states, if any, is resolved. Ms. Hornby also said would be open to further conversation on the subject, and Ms. Glaster will update the Board accordingly.
4. Ms. Glaster announced that the Public Employee Retirement Administration Commission (“PERAC”) announced at their last Commission meeting that they will not be conducting the MTRS or MSERS 2020 actuarial valuations. They cited the inability of their staff to remotely access the actuarial software needed to develop the reports. They are currently only processing valuations for local systems that are scheduled to update their pension funding schedule based on a 1/1/2020 valuation. In a follow-up call with Mr. Parsons and Mr. Boorack, Ms. Glaster and Mr. Favorito discussed the impact of the decision not to prepare the valuations on other Commonwealth financial reports and service purchase interest rates.
5. While Ms. Glaster noted that there was no news on the PERAC audit, she had received a call from Tom O’Donnell, PERAC’s Compliance Director, concerning continuing education credits for NCTR webinars. PERAC is asking that all NCTR webinars receive pre-approval from PERAC before board members may seek credits for participation.
6. Ms. Glaster reported on the entrance conference held on May 14<sup>th</sup> with the staff from the Office of the State Auditor. In light of the challenges state agencies are facing due to the pandemic, the audit staff are planning a limited scope audit covering the period of August 2017 to June 2019. They plan to commence their work in the first week of June.

7. Ms. Glaster announced that due to school district closures, the Employer Services Unit staff are having difficulty obtaining information from district payroll officials. As a result, the member annual statements for CY 2019 will be delayed. By statute, the MTRS is required to send out annual statements by June 30<sup>th</sup> each year, but it appears likely that they will be delayed until the end of August or possibly longer. Mr. Neilon notified the Executive Director of PERAC of this unavoidable delay. The Board asked how the membership will receive notice of the delay and Ms. Glaster noted that the announcement was included in the recently posted active member video highlighting the agency's COVID-19 response. The Board asked that a direct email also be sent to the members announcing the statement delay, and Ms. Glaster agreed.
8. Ms. Glaster provided the Board with a thorough update on the agency's operations in response to the pandemic. She reported that all staff, except for the call center, are working remotely. All printing is done inside the office and approximately 6-8 staff members are on site on a rotating basis and have been processing all the paperwork, as well as receiving and processing courier and USPS mail deliveries, while following safety protocols. Executive staff are putting into place plans for the allotted percentage of staff for the phased-in return to the office, which Ms. Glaster forecasted would not begin until the end of June at the earliest. The agency has established written protocols for sanitizing individual and shared workspaces and social distancing practices. The office foot traffic has been re-designed with directional signage and tape on the floors. Separate entrances/exits have been established in order to reduce congestion and limit any potential exposure. In addition, the agency is researching the possibility of installing higher extensions/barriers on cubicle partitions. Ms. Glaster is awaiting the finalized plans from the landlord on building protocols and has asked for a meeting with the cleaning company to review their procedures. Ms. Glaster noted that despite the challenges, staff have been doing an excellent job. She noted that we are on schedule to meet the retirement application processing goal of paying all on-time filers on time. Mr. Naughton requested that a cost analysis of the impact of the COVID-19 virus be conducted at the appropriate time.

On a motion made by Mr. Liston and seconded by Mr. Ruane, the Board voted to adjourn the meeting. 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
Chairman Ventura Rodriguez	Yes

The meeting was adjourned at 10:46 a.m.

Respectfully submitted,

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Erika M. Glaster,  
Executive Director

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Date

**Documents used in MTRS Board meeting of May 29, 2020**

- Agenda for May 29, 2020 MTRS Board meeting
- Cover letter from Executive Director
- Open and executive session minutes of April 24, 2020 MTRS Board meeting
- Memorandum and supporting documents regarding FY 2021 Operational Budget