

Massachusetts Teachers’ Retirement Board

March 26, 2021

9:00 a.m. to 12:00 p.m.

being held at:

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

And via Teleconferencing Applications

Those interested in virtually attending the meeting can do so by telephone:

Conference Call Line: 1-866-817-5686, enter passcode 2139782#

Agenda for March Board meeting

Regular Matters of Business Tab 1
Open and Executive Minutes of the Regular Meeting held on February 26, 2021

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

Applications for Termination Retirement* Tab 2
Executive Session, Physical Condition or Mental Health – Purpose 1

Federal Do Not Pay (“DNP”) program..... Tab 3

Proposed Amendments to MTRS Security Policy Tab 4

Executive Director’s Report..... Tab 5

**To be considered in Executive Session*

Next meeting scheduled for
April 23, 2021
9:00 a.m. – 2:00 p.m.

Minutes of the Meeting of March 26, 2021

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, Alicia Fay Daniel, Jacqueline A. Gorrie, Richard L. Liston, Dennis J. Naughton, 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 9:03 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 via videoconferencing. The MTRS Executive Director was in the Board room at the main MTRS office in Charlestown, which was open to the public. In addition, the meeting was made available to the public via a teleconference line. Other MTRS staff were participating remotely in the same manner as the Board. Chairman Rodriguez asked for all Board members to state their names for the record before speaking and stated that all votes would be conducted via roll call.

The minutes of the previous Board meeting, held on February 26, 2021 were reviewed and approved as submitted. Mr. Naughton made a motion, which was seconded by Ms. Wass, to approve the minutes. On roll call, the vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Alicia Fay Daniel	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

The Open and Executive minutes of the Board meeting held on February 26, 2021 are hereby approved as submitted.

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. Daniel, to enter executive session to consider an application for disability benefits. On roll call, the vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Alicia Fay Daniel	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

At 9:06 a.m. the Board went into Executive Session. The door to the Board room at the MTRS main office in Charlestown was closed and the public teleconference call line was suspended. The Chairman stated that the Board would return to Open Session.

At 11:06 a.m. the Board reconvened in Open Session and the door to the Board room was again opened to the public and the public teleconference line resumed. The Board recessed at that time and reconvened at 11:13 a.m.

III. Open Session

A. TERMINATION RETIREMENT

Chairman Rodriguez announced that one of the termination retirements would be postponed for review in a future meeting. The other application did not involve any questions of health, character or reputation, and would be considered in open session.

Mr. Osimo presented the termination retirement application of Scott Beless, a 53-year-old retired teacher from the Argosy Collegiate Charter School with a total of

24.5 years of creditable service. Mr. Osimo confirmed that there was no evidence of moral turpitude or collusion surrounding Mr. Beless's termination, which appeared completely involuntary, and that he was not offered a similar position. Therefore, Mr. Osimo confirmed that Mr. Beless meets the eligibility criteria for a termination retirement benefit. On a motion made by Ms. Gorrie and seconded by Ms. Wass the Board voted unanimously to approve the termination application. On roll call, the vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Alicia Fay Daniel	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

B. FEDERAL DO NOT PAY ("DNP") PROGRAM

Ms. Daniel recused herself from participating in this matter and temporarily left the meeting at 11:16 a.m.

As authorized by the Board at its February meeting, Mr. O'Leary provided an update on the negotiations with the Federal Do Not Pay ("DNP") program in connection with the Office of the State Auditor's ("OSA") audit for the period of July 1, 2017 through June 30, 2019. He explained that due to concerns on OSA's part regarding their audit timeline, the OSA asked MTRS to agree to a scaled back process with DNP that would provide full name matching but not sophisticated analytics. Mr. O'Leary added that due to this development, there was no Acknowledgment Agreement between the MTRS and DNP for the Board to review. He did add that OSA had forwarded written assurance that DNP would agree to a reduced period to retain the MTRS data, but the agency had not received the written assurance from DNP yet. Mr. Neilon added that the MTRS may pursue utilizing DNP on its own in the future as the contract with the current death matching vendor, PBI, expires in FY22 and costs are expected to rise from \$23,000 to \$77,000 a year. While the agency is pleased with the results from PBI, it may be wise to explore the free DNP option for the future provided we reach agreement on data handling and disposal protocols.

Mr. Naughton made a motion, which Ms. Gorrie seconded, to authorize OSA to send MTRS data to DNP to engage in a scaled back death match exercise contingent on written assurances from DNP regarding the secure transmission of data and a retention period not greater than 90 days. The roll call vote was as follows:

VOTED: Vice Chair Nicola Favorito	Present
Alicia Fay Daniel	Recused
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

Ms. Daniel rejoined the meeting at 11:36 a.m.

C. PROPOSED AMENDMENTS TO MTRS SECURITY POLICY

Ms. Glaster reminded the Board that, after the agency's annual review process, proposed updates were recommended to two of the agency's security policies at the Board's January meeting. The Board approved the proposed updates to one of the policies, the MTRS Security Incident Response Policy. However, they asked Board staff to make further revisions to the MTRS Computer and Media Disposal Policy after Mr. Ruane's suggestion to consider that other state agencies that receive MTRS data may be subject to their own record retention requirements. In preparing the revisions, Board staff determined it made more sense to update minor grammatical edits and link updates in the current MTRS Computer and Media Disposal Policy and establish a new separate MTRS Third Party Data Handling and Disposal Policy.

Ms. Daniel made a motion, seconded by Mr. Liston, to approve the amendments to the MTRS Computer and Media Disposal Policy and the new MTRS Third Party Data Handling and Disposal Policy. The roll call vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Alicia Fay Daniel	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes

D. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster updated the Board on the recent exploitation of Microsoft Exchange Server vulnerabilities. An initial analysis performed by MS-ISAC (Multi-State Information Sharing & Analysis Center) found no evidence of any intrusion or data theft in their review of MTRS servers. MTRS obtained authorization from its cyber insurance provider to perform further forensic analysis utilizing the state-approved vendor, Deloitte. Ms. Glaster reported they too have not found any evidence of intrusion or data theft, but their analysis is not yet complete. Ms. Glaster commended Mr. O'Leary, Chief Technology Officer Susan Morgan, Director of Network Services David Wright, Assistant Director of Network Services Nate Bowen, and Director of Finance Alison Malone for all their efforts in working through the procurement and insurance issues, as well as the technical support of the forensics vendors.
2. Included in the Board materials, Ms. Glaster noted was a copy of the Joint Summary from the National Association of State Retirement Administrators, National Conference on Public Employee Retirement Systems and National Council on Teacher Retirement concerning the state and local provisions in the American Rescue Plan Act, recently approved by Congress and signed into law by President Biden. Ms. Glaster reviewed the provisions which prohibit states from using the funds to pay down their public pension debt or reduce state and local taxes, and noted that, unlike the private multi-employer plans that have requested a so-called bailout, public pension plans have requested no such aid.
3. In actuarial news, Ms. Glaster reported that, at its March meeting, the Public Employee Retirement Administration Commission ("PERAC") adopted 7% as the new actuarial assumed rate of return, effective on January 1, 2021. Ms. Glaster, Mr. Neilon and Mr. Osimo met with State Actuary John Boorack on March 17th to discuss the rationale for the new assumption, as well as his plans for the MTRS mortality assumption in the 2021 valuation. Mr. Boorack accepted Ms. Glaster's invitation to join the May Board meeting to discuss the assumptions, and his preliminary findings after his review of MTRS retiree data, with the Board.
4. During the discussion with Mr. Boorack, Ms. Glaster asked whether he could share any estimates of the cost of the pending early retirement incentive

legislation filed by the Massachusetts Teachers Association. Mr. Boorack's estimates ranged from 1 to 5.7 times the member's final salary, depending on the number of years the member needs to purchase to reach the maximum benefit. Ms. Glaster noted that Mr. Neilon had included in his report the slides from the MTA's virtual town hall meeting held in the prior week that was attended by over 2,000 teachers. Ms. Glaster noted the information concerning the bill on the MTRS website is generic in nature and stresses that the legislative process is lengthy. She added that the agency is receiving a high volume of calls from members with questions about the bill.

5. Mr. Neilon, who serves as the President of the Coalition to Preserve Retirement Security ("CPRS") shared the highlights from its annual meeting, which he and Ms. Glaster attended. Mr. Neilon explained that CPRS focuses on educating the public and policy makers on the costs associated with mandating Social Security coverage on newly hired public employees. The 5-year cumulative costs for Massachusetts public employers and employees is estimated to cost \$2.9 billion. Mr. Neilon also updated the Board on proposals to change the Windfall Elimination Provision and/or the Government Pension Offset ("WEP/GPO"), including a policy statement that President Biden made during the campaign to repeal both WEP/GPO.
6. Ms. Glaster congratulated Susan Morgan on her excellent presentation at the Vitech-Connect conference, the annual meeting of all Vitech users throughout the country. In addition, Ms. Glaster announced that Mr. Osimo will present an MTRS Benefits Seminar remotely for the Massachusetts Association of School Superintendents. This year, over 160 superintendents have registered, compared to the 30-40 that normally participate.
7. In providing an update on the Benefit Verification Form ("BVF") process, Ms. Glaster reported that 43,000 or 61% of the BVFs have been returned. At this time in 2019, the returns were closer to 80% so returns are slower than expected. A targeted email will be sent to the non-responders instructing them to watch for the second mailing, scheduled for mid-April.
8. Ms. Glaster reported that, as expected, June retirement applications have started to arrive, and the volume is presently about 10% lower than last year. This downward trend is expected as all MTRS "baby boomers" have retired. Prior to the passage of the *RetirementPlus* program, the agency would receive an average of 1,800 applications per year. Since the implementation of *RetirementPlus* in 2001, that number increased significantly, with the highest number received in 2006, totaling 4,500 retirements. More recently, the number has averaged between 2,500 and 3,000 per year.

9. In pandemic related news, Ms. Glaster announced that another staff member has tested positive for COVID-19, which brings the total to seven. Fortunately, all are okay and there has been no in-office spread. According to our safety protocols, the office was closed the day of the Board meeting, with only Ms. Glaster and Mr. Neilon on site, so that cleaning could be performed. Ms. Glaster further reported that although the Governor recently increased in-office capacity for businesses to 40% and large venue capacity to 12%, the MTRS is maintaining its current 25% capacity because the disease rates are still higher than they were last summer and many areas are seeing a spring break surge.

Ms. Glaster noted that since all Massachusetts residents will be eligible for COVID vaccines as of April 19th, the agency is beginning to plan for in-office safety protocols when the general population has been vaccinated and in-office capacity limits may be further eased by the Governor. As part of the planning process, she reported that an anonymous survey was sent to all staff to ask whether they plan to be vaccinated. To date, the state has not issued any directives or guidance on vaccinations for state employees, so all existing safety protocols continue to be maintained in both MTRS offices.

Chairman Rodriguez observed that it has been over a year since the onset of the pandemic and thanked the Board members for their cooperation and dedication shown to the MTRS membership during this challenging time period.

On a motion made by Mr. Liston and seconded by Ms. Wass, the Board voted to adjourn the meeting. On roll call, the vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Alicia Fay Daniel	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

The meeting was adjourned at 12:18 p.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of March 26, 2021

- Agenda for March 26, 2021 MTRS Board meeting
- Cover letter from Executive Director
- Open and executive session minutes of MTRS February 26, 2021 Board meeting
- Memorandum and supporting documents pertaining to Termination Retirement application
- Memorandum and supporting documents pertaining to Federal Do Not Pay Program
- Memorandum and supporting documents pertaining to MTRS Security Policies- Updates
- Memorandum pertaining to Pension Provisions in American Rescue Plan Act