

Minutes of the Meeting of February 25, 2022

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, Michael Leung-Tat, Richard L. Liston, Dennis J. Naughton, 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 Petruzzello.

The meeting was called to order at 9:04 a.m. Chairman Rodriguez stated that in accordance with the extension of the Governor's Executive Order Suspending Certain Provisions of the Open Meeting Law and due to the Governor's directive concerning that day's inclement weather, all Board members and Board staff were participating remotely via videoconferencing. The Governor had issued a directive to all Executive branch employees to work remotely that day. The meeting was made available to the public via a teleconference line. Any individual with a matter before the Board who chose to participate was participating remotely in the same manner as the Board and staff. 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 January 28, 2022, were reviewed and approved as submitted. Mr. Liston made a motion, which was seconded by Ms. Gorrie, to approve the minutes. On roll call, the vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Michael Leung-Tat	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

**The Open and executive session minutes of the Board meeting held
on January 28, 2022, 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 Ms. Wass and seconded by Mr. Naughton to enter executive session to consider applications for disability benefits. On roll call, the vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Michael Leung-Tat	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 public teleconference call line was suspended. The Chairman stated that the Board would return to Open Session.

At 9:48 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.

III. Open Session

A. REQUESTS FOR WAIVER FOR OVERPAYMENT

Retired MTRS member Rosemary Peterson joined the meeting.

1. Rosemary Peterson

Pursuant to M.G.L. c. 32, § 20(5)(c)(3), the Board reviewed the materials concerning the overpayment of retirement benefits to Rosemary Peterson in the net amount of \$24,317.86. 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. Mr. Osimo explained that Ms. Peterson's creditable service was overstated due to an erroneous transfer and acceptance of liability from the Belmont Retirement System.

On a motion made by Mr. Naughton, and seconded by Mr. Liston, the Board **voted** to approve the waiver. The vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Michael Leung-Tat	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

Ms. Peterson left the meeting.

Chairman Rodriguez notified the Board members that they could consider the next group of waivers with one motion and vote.

Mr. Neilon presented the following requests for waiver of overpayment of benefits. He stated that the errors were relatively small amounts, totally \$1056.14 and were discovered in various categories of the finalization process, such as Option B processing, 3(8)(c) billing and contract settlements. In all the cases the errors persisted for more than one year, were not the result of erroneous information provided by the member and the member or benefit recipient did not have knowledge of the error and did not have reason to believe that the benefit amount was in error. When asked why there were so many waiver requests, Mr. Neilon explained that staff held them during the time when the Board was considering making changes to the Needham bill.

2. Nancy Lusignan

Overpayment of retirement benefits to Nancy Lusignan in the amount of \$93.50. The error in the calculation of Ms. Lusignan's allowance was

discovered when the benefit was being reviewed due to a contract settlement.

3. Cindy L. Feiter

Overpayment of retirement benefits to Cindy L. Feiter in the amount of \$72.09. The error in the calculation of Ms. Feiter's allowance was discovered during an audit of her account.

4. Mary Sebring

Overpayment of retirement benefits to Mary Sebring in the amount of \$137.55. The error in the calculation of Ms. Sebring's allowance was discovered during an audit of her account.

5. Dennis M. Rochon

Overpayment of retirement benefits to Dennis M. Rochon in the amount of \$82.62. The error in Mr. Rochon's allowance was discovered during the finalization of his Option B benefit allowance.

6. Nina McDermott

Overpayment of retirement benefits to Nina McDermott in the amount of \$112.40. The error in Ms. McDermott's allowance was discovered during the finalization of the Annuity/Pension split for the processing of a 3(8)(c).

7. Jennifer Pratt Herman

Overpayment of retirement benefits to Jennifer Pratt Herman in the amount of \$285.46. The error in Ms. Herman's allowance was discovered during an audit of the account.

8. William Welch

Overpayment of survivor benefits for William Welch in the amount of \$272.52. The error occurred when Mr. Welch's retirement benefit was calculated, using an incorrect salary average.

On a motion to approve the waiver requests as a group, Mr. Liston made a motion, seconded by Ms. Gorrie to approve the group waivers.

VOTED: Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Michael Leung-Tat	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

A. POST-RETIREMENT EXCESS EARNINGS

The Chairman notified the Board that if they wished to ask questions on this case they would need to make a motion and vote to consider it. The Board let stand (and thereby adopted) Hearing Officer Marko Samardzic's recommendation to recover excess earnings from retired MTRS member Eileen Jachym for the 2017 calendar year in the amount of \$19,268.35 through a 12-month offset of her net monthly retirement benefits beginning with her next scheduled payment.

B. CYBER INSURANCE RECOMMENDATION

As Ms. Glaster noted at the January meeting, Mr. O'Leary presented the recommendation of the staff working group on cyber insurance, which included the MTRS Compliance Officer, Director of Network Services, Chief Technology Officer and himself, as General Counsel. Mr. O'Leary summarized the actions the agency has taken in seeking renewal of its cyber insurance policy and the ultimate decision to self-insure. In response to the Board's question, Ms. Glaster explained the \$350,000 had been retained in the current fiscal year and that a new line item will be added for FY24 for Cyber Insurance. Mr. O'Leary explained that reserved amount would be used for data forensics, paying of ransoms or the legal cost of defense. Ms. Glaster added that the money is not coming out of the PRIT fund, and further explained that a large portion would be used in a mailing to notify all members. The Board questioned whether the amount set aside would be sufficient and requested that Board staff consider a larger amount. The Chairman agreed that they would further review and discuss the details in the upcoming draft budget. On a motion made by Mr. Naughton and seconded by Ms. Gorrie, the Board voted to approve the recommendation. The vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Michael Leung-Tat	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

C. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster included in the Board materials a chart of the impact of the MTRS R+ transfer bill as well as a copy of the bill. As Mr. Neilon had noted in his Legislative update, the bill was reported out of the House Ways & Means Committee favorably and passed by the full House on February 9th. It is now with the Senate where it had successfully passed in the prior legislative session. Therefore, all parties are hopeful it will make it to the Governor's desk. Ms. Glaster reviewed the bill's effects with the Board, using the chart as a visual. Ms. Glaster commended Mr. Neilon for his work with the legislators and their staff to explain the complexities of the bill.
2. In other legislative news, Ms. Glaster noted that on February 15th Governor Baker signed a new session law, Chapter 22 of the Acts of 2022, which further extends the current remote meeting participation rules through July 15th. Therefore, the Board's first in-person meeting to take place in the Charlestown office would be the July Board meeting.
3. Ms. Glaster reported the February installment of the additional contribution to the PRIT fund, pursuant to Chapter 33 of the Acts of 2021, was processed last week. This monthly payment will continue if revenues continue to exceed projections.
4. Noting the latest PRIM statements were forwarded earlier in the week, Ms. Glaster pointed out some of the highlights of the reports, including the PRIT fund for calendar year ending December 31, 2021, was up 20.6% gross, or 20.1% net of all fees, which was the fourth largest return in PRIM's history. The report noted that investment gains over the past ten years totaled \$70.6 billion, which was \$12 billion above the benchmark return, demonstrating that PRIM staff and managers continue to excel. The MTRS portion of the total \$104 billion PRIT fund was \$39.45 billion. Although the markets have been trending downward in early 2022, Ms. Glaster noted that the next MTRS actuarial valuation will be based on the 2021 year-end asset balance, which should result in an improvement in the system's funded ratio. Mr. Naughton reported that at the February 17th PRIM Board meeting, a recommendation was made to approve a new ESG Committee. He added that Treasurer Goldberg believes it is best to engage with companies to modify their behavior, rather than divest.
5. In operational news, Ms. Glaster announced that the 1099-R tax forms were mailed late in January to more than 70,000 benefit and refund recipients. As

a result, the agency is receiving the usual and expected increase in related phone call volume.

6. Ms. Glaster stated the 90-day warranty period for the V10 upgrade ended last week. The agency is now in the Remediation phase of the project, when all high and medium level defects are required to be fixed by Vitech before the project's holdback funds are released. Ms. Glaster provided statistics on open issues and answered Board members' questions.
7. Ms. Glaster reported that Vitech had contacted the agency late last week because there was an extraordinary number of attempts to access the MyTRS member self-service portal by bad actors from 54 countries within a 12-minute period on the afternoon of Thursday, February 17th. None of the attempts were successful as there are various protection and detection tools in place to prevent such actions, including two-factor authentication. On Vitech's advice, MTRS authorized the use of geo-blocking technology to prevent access from foreign IP addresses. MTRS agreed to that as a temporary measure and will consider it as a more permanent solution, while ensuring that MTRS members living abroad have access to the services they require.
8. In a personnel update, Ms. Glaster has happy to report that 7 of the 11 open positions due to retirements, resignations, and new positions have been filled. She remarked that all new staff are required to work in the office for their first 90 days, then transition to a hybrid schedule if approved by their manager. Interviews have been set up for the other open positions.
9. As COVID rates are down again, Ms. Glaster announced that in the past week, the pre-holiday in-office schedule in which all staff members are required to work in the office at least two days per week had resumed. During school vacation week, the agency returned to its normal Monday – Friday, 9:00 to 5:00 walk-in schedule and received a total of 60 walk-ins between both offices.
10. Ms. Glaster added that because the COVID rates are down, she had decided she will attend the Washington, DC NASRA Conference. She plans to fly down on Sunday morning and return Monday night.

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

VOTED: Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes

Michael Leung-Tat	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

The meeting was adjourned at 10:55 a.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of February 25, 2022

- Agenda for February 25, 2022 MTRS Board meeting
- Cover letter from Executive Director
- Open and executive session minutes of MTRS January 28, 2022 Board meeting
- Memorandum and supporting documents pertaining to Requests for Waiver for Overpayment
- Hearing Officer's report pertaining to Post-Retirement Excess Earnings
- Memorandum pertaining to Cyber Insurance Recommendation
- Documents pertaining to H. 4443: R+ Transfer Bill & Summary