

Minutes of the Meeting of June 25, 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 9:02 a.m. by Chairman Rodriguez who stated that in accordance with the extension of the Governor's Executive Order Suspending Certain Provisions of the Open Meeting Law, all Board members were participating remotely via videoconferencing. 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. 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 May 21, 2021 were reviewed and approved as submitted. Mr. Liston made a motion, which was seconded by Ms. Gorrie, to approve the minutes. Ms. Wass abstained from voting due to her absence from the May 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	Abstain
Chairman Ventura Rodriguez	Yes

The Open and Executive minutes of the Board meeting held on May 21, 2021 are hereby approved as submitted.

II. Open Session

A. ACTUARIAL ASSUMPTIONS

At the Board's invitation, State Actuary John Boorack joined the meeting for a discussion on actuarial assumptions and his plans for the January 1, 2021 MTRS Actuarial Valuation. Mr. Boorack provided a summary of the factors that form the basis for his assumptions. In response to Board and staff questions, Mr. Boorack explained his recommendation for the reduction in the assumed rate of return and noted that he was undecided if he would treat the mortality statistics of 2020 as an "anomaly" in his next experience study, which he hopes to compile later in the year. Finally, he explained the Commonwealth's pension appropriation for Fiscal Year 2022 and reviewed the copy of the letter that was included in the board materials. He explained how the allocation of funds is determined for the State, MTRS, and Boston Teachers systems as well as PERAC administrative expenses, employer contribution to the optional retirement plan, and cost of living adjustment reimbursements to local boards. Chairman Rodriguez thanked Mr. Boorack for his willingness to take the time to meet with the Board and answer their questions.

Mr. Boorack left the meeting at 9:39 a.m. at which point the Board took a quick recess, and reconvened at 9:46 a.m.

III. 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 Ms. Gorrie 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 9:47 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 took a recess and reconvened at 11:15 a.m.

IV. Open Session

B. ELIGIBILITY REGULATION

Mr. O'Leary presented proposed amendments to the MTRS Eligibility Regulation 807 CMR 4.00 that addresses confusion resulting from the Supreme Judicial Court's decision in Retirement Board of Stoneham v. CRAB. He explained that these amendments do not address ambiguities regarding the eligibility for membership of Physical and Occupational Therapists and Board-Certified Behavioral Analysts in the MTRS. Chair Rodriguez confirmed that discussions with representatives from the Department of Elementary and Secondary Education ("DESE") are ongoing on that subject. The Board members stressed that they want to ensure that these amendments would not remove anyone with current membership status and questioned if staff had reached out to constituents for their feedback. Mr. O'Leary replied that if the Board approves the amendments, they will be put out for public comment to solicit that feedback.

On a motion to approve the proposed amendments and start the promulgation process, made by Mr. Naughton and seconded by Mr. Liston, 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

C. PRIT UPDATE

Referring to the PRIM Quarterly Update for the First Quarter 2021 that was forwarded to the Board earlier in the week, Mr. Naughton remarked on some of the highlights of the report. He noted the strong returns with the assets reaching \$90.1 billion. He reported on the progress being made on the newly signed law “An Act Enabling Partnerships for Growth,” which includes a provision to increase diversity of PRIM’s investment managers and business partners. He included operational news announcing the promotion of Francesco Daniele to Director of Client Services upon the retirement of Paul Todisco. The Board members thanked Mr. Naughton and remarked how fortunate that they are to have him serving as the representative on PRIM from the MTRS Board.

D. PROPOSED AMENDMENTS TO MTRS BOARD GOVERNANCE POLICY MANUAL

Ms. Glaster presented a proposed amendment to the current Operational Policy 3.0: Performance of Executive Director in the Board Governance Policy. She explained that the proposed amendment more accurately reflects the current process. On a motion made by Ms. Gorrie, and seconded by Ms. Wass, 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

E. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster noted that included in the board materials was a copy of the distribution of the FY22 pension appropriation that was referenced in Mr. Boorack's presentation earlier that day.
2. Ms. Glaster reported that the FY22 state budget is still pending, and all versions include the 3% Cost of Living Adjustment ("COLA") for state and teacher retirees, along with the full pension appropriation. She added that if the budget is not passed before the July warrant closing, the agency will be prepared to pay a retroactive COLA whenever it does pass.
3. Ms. Glaster noted that the FY21 state tax revenues are far exceeding all projections, including the pre-pandemic estimate for this fiscal year. In light of the excess revenue, Ms. Glaster asked whether the Board would like to send a letter to the Governor and Legislature suggesting that a balloon payment of a portion of the FY21 surplus be deposited into the PRIT fund. Board members expressed their approval and authorized Ms. Glaster to work with the Chairman to write the letter on their behalf. On a motion made by Ms. Wass, and seconded by Mr. Liston, the roll call vote was as follows:

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

4. Ms. Glaster reported that FY21 capital gains revenues are also exceeding projections, and under G.L. c. 29, 5G, a portion of the 5% of the excess that is transferred to the Pension Liability Fund will be allocated to the MTRS.
5. In Legislative news, Ms. Glaster stated the Public Service Committee has been holding virtual hearings; however, neither the MTRS bills nor the MTA ERI bill have been scheduled for a hearing. Ms. Glaster will keep the Board posted.
6. Ms. Glaster noted that many of the laws enacted during the pandemic were extended by the Governor and the Legislature. Among them was the easing of the restrictions on remote participation in public meetings, which has now been extended to April 2022. She added that if the Board desires to hold an

in-person/remote meeting in the future, the agency has tested camera set up in the board room and is prepared.

Ms. Glaster added that the Legislature did not extend the waiver of the working after retirement time and earnings restrictions, and therefore those are back in effect as of June 15. The agency has posted information regarding the details of the limits on the website.

7. The third mailing of the Benefit Verification Forms ("BVF") was sent out at the beginning of June to the approximately 1,800 benefit recipients who had not responded to the first two mailings. Ms. Glaster reported 926 forms, or approximately 1.3%, are still outstanding. The next step for the agency will be to pull the checks of the remaining non-responders before the date of the July warrant. Taxes and insurance deductions will still be made while staff continue their outreach. This process will end in January 2022 when all payments for non-responders will be stopped.
8. Ms. Glaster reported retirement applications are continuing to be filed on the same pace as last year, and Mr. Osimo is confident that his team will meet the agency's service goal of paying all on-time filers with June 30th retirement dates on the July warrant.

The agency received inquiries from the Boston Globe asking whether there has been any impact on retirement numbers from the pandemic. The actual and projected numbers for this retirement season do not show any measurable impact.

9. In updating the Board on the status of the audit being conducted by the State Auditor's Office, Ms. Glaster stated that the auditors had three objectives: 1) to determine if benefit calculations and adjustments are accurate, 2) to determine if deceased members' benefits are stopped in a timely manner, and 3) to determine whether new retirees are paid in accordance with c. 32, section 13(1)(b). There were no findings on the first two objectives, but they anticipate a finding on the third objective. Based on their interpretation, all new retirees should be paid within 62 days of their effective retirement date. Of the 4,907 retirements they reviewed, 75% of them were paid within that timeframe. That figure does not consider the date on which the members filed their applications, which by statute can be 60 days after their effective retirement date. The agency encourages members to file their applications at least 3 months in advance, and 90% of the members who do so receive their first pay in the month following their retirement date. However, Ms. Glaster remarked that there is always room for improvement. The draft audit report is expected in August.

10. As she discussed at the May Board meeting, Ms. Glaster informed the Board of the status of the negotiations due to the delay caused by Vitech in the V10 upgrade project. She reported that the agency exercised the contractual penalty for such delays and withheld the June monthly fee of \$100,000. Now the agency is in late stages of negotiating the terms of a change order, holding Vitech accountable for costs incurred from the 9-week delay, as well as any future delays. Vitech has agreed to come before the Board at the July Board meeting to provide an update on the project.
11. Ms. Glaster reported that since the end of the State of Emergency on June 15th, both offices have been reopened for limited walk-in services. Information has been posted on the website, the front doors, and intake forms explaining that the agency is in a transition phase and services would be limited due to the reduced number of staff members working in-office. The agency is enforcing a mask policy and has masks on hand if needed by visitors. There have been approximately 20 visitors in Charlestown and a few in the Springfield office. Starting June 28th, Ms. Glaster reported that non-managers are required to come into the office one day a week and managers are required to be on site two days a week. Plans have been made, in conjunction with the Employee Relations Committee, to provide boxed lunches and raffles for staff the week of the 28th to welcome them back to the offices. She discussed the challenges that staff with dependent care issues have experienced with the sudden switch from the August 1st reopening date originally announced by Governor Baker. Ms. Glaster stated that plans are in development for a post-pandemic hybrid in-office/remote schedule, which will be implemented in September on a trial basis.
12. In National Council on Teacher Retirement (“NCTR”) news, Ms. Glaster announced that after reviewing the results of a survey of the membership and after a lengthy discussion, the NCTR Executive Board voted to hold the annual conference remotely, rather than in person this year. Ms. Glaster announced that she would be participating in the NCTR Director’s meeting, which will be held virtually next week. Ms. Glaster will be presenting on a panel discussion on post-pandemic operations and organizational culture.

The Board commended the Member Services staff on their commitment to meeting their service goal to retiring members. Chairman Rodriguez relayed his appreciation to Mary Ann Ford, Sr. Business Analyst, who he praised for recently providing him with an excellent walk-through of the Member Self Service application of *MyTRS*.

On a motion made by Mr. Liston and seconded by Ms. Gorrie, 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 12:25 p.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of June 25, 2021

- Agenda for June 25, 2021 MTRS Board meeting
- Cover letter from Executive Director
- Open and executive session minutes of MTRS May 21, 2021 Board meeting
- Document pertaining to Actuarial Assumptions
- Memorandum and supporting documents pertaining to Eligibility Regulation
- Memorandum and supporting documents pertaining to MTRS Board Governance Policy Manual