

Minutes of the Meeting of July 30, 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 Petruzziello.

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 June 25, 2021 were reviewed and approved as submitted. Mr. Naughton made a motion, which was seconded by Mr. Liston, 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 June 25, 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 Ms. Wass and seconded by Mr. Liston 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 9:05 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 9:29 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. POST RETIREMENT EXCESS EARNINGS

Mr. O'Leary presented the Hearing Officer's report regarding excess post-retirement earnings of \$1,671.48 for MTRS member Stephen Furtado. Hearing Officer Marko Samardzic recommended that the Board accept Mr. Furtado's offer to make payment in the form of a lump sum. He also asked the Board to authorize recovery of the full amount through an offset to Mr. Furtado's retirement allowance if the lump sum payment is not made.

On a motion to accept the Hearing Officer’s recommendation, 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

For the best use of time, agenda items were taken out of their original order.

B. OFFICE OF THE STATE AUDITOR – DRAFT AUDIT REPORT, 7/1/17 TO 6/30/19

Ms. Daniel recused herself from this item and left the meeting at approximately 9:35 a.m.

Ms. Glaster reviewed the Office of the State Auditor’s (“SAO”) draft audit report of the MTRS for the period of July 1, 2017 to June 30, 2019. She discussed the draft of the MTRS response to the audit which clarifies two findings made in the report. She explained that the second finding contained erroneous information which she had corrected with SAO staff after receiving the draft report. After making the correction, Ms. Glaster had requested that the finding be removed by SAO, however that request was denied.

On a motion made to submit the response as written, made by Mr. Liston, and seconded by Ms. Gorrie, the Board vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
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 9:56 a.m.

C. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster noted that included in the board materials was a copy of the letter sent on behalf of the MTRS Board to Governor Baker, House Speaker and Senate President recommending an additional payment be made to the Pension Reserves Investment Trust ("PRIT") fund from the FY21 budget surplus. The Board members relayed their appreciation for Board staff's efforts in expressing their concerns in eliminating negative amortization. Ms. Glaster also included in the board materials a copy of the latest Public Employee Retirement Administration Commission ("PERAC") educational offerings for board members and the PERAC investment report, which lists the 2020 investment returns and funded status of each of the Commonwealth's contributory systems.
2. Mentioned in Mr. Neilon's legislative report, Ms. Glaster reiterated the FY22 state budget was signed into law on July 16th, enabling the MTRS to include the Cost of Living Adjustment ("COLA") in the MTRS retirees' July benefit payments. The budget included the full pension appropriation of \$3.4 billion. The legislature had included an additional payment of \$250 million to the Commonwealth Pension Liability Fund ("CPLF"), however the Governor sent that piece back preferring to take that sum, and an additional \$350 million set aside for future obligations under the Student Opportunity Act, from the FY 21 surplus. Mr. Neilon explained the next steps in the budget process and speculated that they would know more in the next week.
3. In Legislative news, Ms. Glaster reported the Public Service Committee heard 5 of the 6 MTRS proposed bills on Wednesday that week in virtual hearings. The 6th bill, related to Domestic Relations Orders, will be heard by the Judiciary Committee. Ms. Glaster explained the next steps would be to meet with the Public Service Chairs and their staff members, including representatives from the Massachusetts Teachers Association ("MTA") on the proposed R+ legislation. There was no news to report on the MTA proposed Early Retirement Incentive ("ERI") bill.
4. In operational news, Ms. Glaster noted the figures included in Mr. Osimo's report regarding the Benefit Verification process. After the third and final mailing was sent out, there were 406 members who had not yet returned their forms. Therefore, pulls were placed on their benefit checks. This has already resulted in many forms being returned.

5. Ms. Glaster also noted in Mr. Osimo's report was the reference to a slight increase in the receipt of summer retirement applications with the volume now 4% higher than last year at this time.
6. Ms. Glaster announced that after many months of working with the payroll and business staff in a number of challenging districts, and after a tremendous amount of effort, the Employer Services unit was finally able to post the last of the CY 2020 deduction reports last week. MTRS IT staff were able to run the annual statement job over the last weekend, and the file is now with the print vendor, to be sent out in the next couple of weeks. Ms. Glaster reported the good news that the 2021 reports are progressing much better than 2020. In addition to running the annual statement file, the PERAC active member valuation file was run last weekend and sent to PERAC this week. PERAC's goal is to have the Commonwealth valuation completed by their September Commission meeting, and the MTRS individual valuation should be ready shortly thereafter.
7. Ms. Glaster expected that MTRS would not receive the valuation report in time for the September board meeting, historically the date of the MTRS-hosted Annual System Review and Constituents Forum. Upon her inquiry, the Board approved hosting the constituents meeting on the October board meeting date, virtually, and inviting representatives from PRIM and PERAC to make presentations.
8. In providing an update on the office re-opening plans, Ms. Glaster reminded the Board that all staff have been required since June 28th as part of the agency's "Phase I" plan to work in the office at least one day a week, two days for managers. The agency has continued to maintain social distancing and mask mandates for all staff, walk-in members and vendors. Currently, September 13th is the date to start "Phase II," but Ms. Glaster noted concerns regarding the increasing reports of cases of the Delta variant and the probability of a delay in that date. She recognized that the State Treasurer and State Auditor are requiring vaccinations, or weekly testing, for their employees, but because the MTRS organizationally falls under the Governor's Office of Administration and Finance, she is waiting to see if the Governor will mandate vaccinations for state employees. Ms. Daniel noted that she is working on the implementation details of the Auditor's vaccination policy and volunteered to serve as a resource, if needed, in creating a policy for the MTRS. Ms. Glaster and Mr. O'Leary thanked her for the offer of assistance.

At 10:31 a.m. the Board recessed and reconvened at 10:36 a.m.

D. STATUS OF V10 UPGRADE

MTRS staff members Susan Morgan, Chief Technology Officer, Surendra Puttagunta, Director of Application & Data Services and David Wright, Director of Network Services, joined the meeting. Ms. Morgan introduced the following representatives from Vitech: Solutions Assurance Manager Caroline Juon Wild, Project Manager Amuthapandian Pandian, Senior Vice President V3locity Services Paul Kelly, and Account Manager Brian McKinney, who were present to provide the Board an update on the status of the V10 upgrade of *MyTRS*.

Mr. McKinney gave a brief introduction and walked through the planned agenda with the Board. Mr. Kelly reviewed the V3locity infrastructure accomplishments. Mr. McKinney reminded the Board of the three phases of the V3locity Migration Methodology and Execution and commended Mr. Wright and his team for their efforts and support. Mr. McKinney stated the agency is currently in the early stages of User Acceptance Testing (“UAT”).

At 11:04 a.m. Vitech’s Executive Vice President and COO Chris Lodge joined the meeting.

Mr. Puttagunta provided the Board with the progress of the UAT, which he categorized as “going well” but expects to pick up now that the July warrant has closed. The board questioned how many testers are involved and the amount of time required of them, on top of their normal duties, to perform the testing. Mr. Puttagunta estimated approximately 10-15 hours per week for some 30-35 testers. When reviewing the categorization of issues for UAT, the Board members asked how many issues have arisen that fall under the category of “high” and Mr. Puttagunta responded only 2 as of that morning. Mr. McKinney stated they are driving towards their goal and are “on right track and will get there by end of November.”

The Vitech representatives and MTRS staff members left the meeting at 11:30 a.m.

Ms. Glaster added that the FY 22 budget included an allowance for overtime for staff members performing UAT, if needed.

E. EXECUTIVE DIRECTOR EVALUATION

Chairman Rodriguez summarized the two-step process for reviewing the Executive Director's performance over the past fiscal year. He noted that this meeting would include a discussion of each board member's evaluation results and any additional compensation factor would be determined at the August MTRS board meeting.

Board members summarized their individual written evaluations of Ms. Glaster's performance over the past year, using the MTRB Executive Director Evaluation form (summer 2021), and provided a recap of their individual ratings. A copy of each evaluation will be forwarded and included in the materials to be used in a review of the Executive Director's compensation at the next month's Board meeting.

On a motion made by Mr. Liston and seconded by Mr. Naughton, 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 11:46 a.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of July 30, 2021

- Agenda for July 30, 2021 MTRS Board meeting
- Cover letter from Executive Director
- Open and executive session minutes of MTRS June 25, 2021 Board meeting
- Memorandum and supporting document pertaining to Post-Retirement Excess Earnings
- Memorandum and document pertaining to Status of V10 Upgrade
- Memorandum and supporting document pertaining to Office of the State Auditor
 - Draft Audit Report, 7/1/17 to 6/30/19