

Minutes of the Meeting of October 29, 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 Jonathan Osimo, General Counsel James O'Leary, and Executive Assistant Helen Petruzzello.

The meeting was called to order at 9:04 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, as would be any individual with a matter before the Board who chose to participate. 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 September 24, 2021 were reviewed and approved as submitted. Ms. Gorrie 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
September 24, 2021 are hereby approved as submitted.**

Chairman Rodriguez noted that there were no matters that needed to be considered in executive session this month.

II. Open Session

A. APPLICATION FOR TERMINATION RETIREMENT

Mr. Osimo presented the termination retirement application of Michael Barrett, a former Assistant Principal for the Dennis/Yarmouth Regional schools, whose position was eliminated effective June 30, 2021. Mr. Barrett had a total of 24.0 years of creditable service.

Mr. Osimo stated Mr. Barrett's termination was due to budgetary constraints. Mr. Osimo stated, after review, he believed that there was no moral turpitude or collusion surrounding Mr. Barrett's termination. Mr. Osimo confirmed that it does meet all the eligibility criteria for a termination retirement benefit.

On a motion made by Ms. Wass, and seconded by Ms. Daniel, 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 Jeff Wulfson	Yes

B. REVIEW OF THE NEEDHAM BILL POLICY

Upon the request of the Board to determine whether requests under a certain dollar threshold for waivers of overpayment pursuant to M.G.L. c. 32, § 20(5)(c)(3) should be delegated to staff, Mr. O'Leary recommended the Board not delegate this authority and explained his reasons behind his recommendation. The Board discussed the recommendation and agreed to make no change to the policy.

C. ANNUAL REVIEW OF EXECUTIVE SESSION MINUTES PURSUANT TO M.G.L. c. 30A, §22(g)(1)

Pursuant to M.G.L. c. 30A, §22(g)(1), which requires the Board to periodically review their executive session minutes to determine whether continued non-disclosure is warranted, Mr. O'Leary examined the Board's approved executive session minutes for the period from May 2020 through August 2021. After review, Mr. O'Leary recommended non-disclosure of any of its executive session minutes except for two forfeiture cases. As the Board had voted to forfeit both cases that it reviewed in executive session, both of which are now under appeal in the District Court, Mr. O'Leary stated that they could disclose those cases at this time and redact any information that references crime victims. He further stated a Board vote was not required for this action.

D. MTRS CYBER SECURITY – 2021

Chief Technology Officer Susan Morgan and Director of Network Services David Wright joined the meeting and presented an overview of the MTRS's security systems. Mr. Wright explained the various security layers and the protections in place to guard against common security threats. He reviewed and explained the various cyber security technologies protecting MTRS/MyTRS Infrastructures. The Board members asked questions concerning recent cases of fraud in the news. They also had questions surrounding the quarterly phishing exercises with staff members. Following the discussion, Ms. Morgan and Mr. Wright left the meeting.

E. WEBSITE UPDATE & NEW MTRS OVERVIEW VIDEO

Director of Communications Scott Olsen joined the meeting and demonstrated for the Board new features on the MTRS website in which members can browse relevant topics by career stages. Mr. Olsen also previewed a new member video which was produced to give new members an overview of the system and their benefits. The Board members thanked Mr. Olsen for these improvements and provided some helpful feedback on the video. Mr. Olsen left the meeting.

F. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster provided the Board with an update on the latest status of the cyber insurance and fiduciary insurance policies, stating that the agency is finalizing the application for the cyber insurance policy with Segal. She also explained that Mr. O'Leary followed up with the underwriters that provided the increased premium quote for the fiduciary insurance policy to make sure they understood that the Board does not manage investments, which they were unaware of, and will now provide another quote based on that information. Ms. Glaster thanked Mr. Favorito for sharing the State Board's fiduciary policy terms for comparison.
2. Ms. Glaster discussed the final audit report from the Office of the State Auditor (OSA), which was distributed to each Board member by the OSA via email. She classified the report overall as positive. It confirmed that the agency's benefit calculations and adjustments are accurate, and that the retiree death processing is timely. The other area of review was the timeliness of benefit inception, finding that 75% of cases received timely first payments. Those members who file their retirement application on time receive their first benefit payment in their first month of retirement, well before the 62-day threshold cited by the OSA. However, the press release issued by the OSA focused only on the 25% of the retirement cases whose first benefit checks were sent out more than 62 days after their retirement date. Ms. Glaster stated this message was demoralizing for staff members who had just finished another challenging retirement season. Ms. Glaster reported there had been no media or member response to the report. The Board members expressed their disappointment in the tone of the press release, and stated their support of the excellent work performed by the staff. In addition, they questioned the direct email request for feedback from the Auditor's office from each individual board member. Ms. Daniel, who had recused herself from participating in the audit, thanked the Board for their comments and said she would relay their feedback to her agency.
3. Ms. Glaster had included in the materials a copy of the schedule sent from the Comptroller's Office of monthly payments that will begin this month for the additional \$250 million contribution to the pension fund. These payments will continue to be made so long as state revenues continue to meet or exceed projections.
4. Also included in the board materials was a copy of the quarterly educational offerings forwarded by PERAC. Ms. Glaster asked board members to reach

out if they needed assistance in receiving credit for their participation in the NCTR Annual Conference. Mr. Naughton questioned the cost associated with some of the webinars; staff will research and report back.

5. Ms. Glaster announced that the Commonwealth's 2021 Actuarial Valuation was published that week. The MTRS had not received its draft valuation yet but parts of its valuation are included in the Commonwealth's, which covers the MTRS, the State Employees Retirement System, and the Teachers in the Boston Retirement System. Ms. Glaster noted that the overall funded ratio of the Commonwealth plans increased from 56.3% to 58.2%, the reduction in the assumed rate of return from 7.25% to 7.0% resulted in a \$2.8 billion increase in liabilities, and there was a \$759 million decrease in liabilities due to a mortality adjustment. Ms. Glaster stated that the MTRS's funded ratio increased from 51.7% to 53%. State Actuary John Boorack will discuss the MTRS valuation at the November Board meeting.
6. Regarding the November Board meeting, Ms. Glaster stated that formal invitations will be sent out in the next week and reminded the Board that "Save the Dates" had already been sent out in the prior month to the constituent groups.
7. In legislative news, Ms. Glaster noted that included in Mr. Neilon's report was a memo from John Boorack to "interested parties" describing the costs associated with the MTA's ERI bill. Ms. Glaster noted that the cost would be prohibitive for most members.
Ms. Glaster also added that Mr. Neilon testified before the Public Service Committee on the MTRS R+ transfer-in bill earlier in the month.
8. Ms. Glaster reported that staff completed the first 8 weeks of user acceptance testing for the MyTRS upgrade and were conducting retests of the fixes as issued by Vitech. Ms. Glaster commended staff on completing this contractual obligation during the busiest season for most units due to retirements, refunds, enrollments and annual statements. She stated that the agency is currently on schedule to cutover to the new system by the end of November. The application will be down starting 11/15 to 11/22. Staff have started training on the V10 upgrade and will continue that training over the next couple of weeks. The ESS functionality will be enabled for the employers on 11/29 and MSS will be enabled for the members on 12/6, after staff are accustomed to the application and able to assist.
9. Ms. Glaster congratulated Jon Osimo on his election to a three-year term on the Board of Directors of the National Pension Education Association ("NPEA"). The NPEA is a professional association dedicated to retirement

education for the members of state and municipal retirement systems across the country. The MTRS has been a member of the NPEA since 1987 and Ms. Glaster noted that both she and former MTRS Executive Director Tom Lussier are Past Presidents of the organization.

10. As she had previously mentioned to the Board, Ms. Glaster confirmed that she was appointed as Treasurer of the NCTR at the Executive Committee meeting directly after the virtual annual conference.
11. Ms. Glaster announced that Cheryl Russell was retiring that day after 43 years of dedicated service. Ms. Russell started as a Secretary to the Board, and then moved on to become a Retirement Counselor. Ms. Glaster recalled that when she was first hired to the counselor position back in 1986, she had the good fortune to be paired with Ms. Russell as her trainer. Throughout the years, Ms. Russell moved on to various management roles and trained countless other staff members, leaving a huge mark on the organization. Due to COVID constraints, the agency is postponing a gathering to thank Ms. Russell for her service but hope to do that in the coming months. The Board was very impressed and extended their gratitude to Ms. Russell for her remarkable years of service and wished her well in her retirement.
12. Due to the diligent efforts and follow up by Director of Human Resources Rob Fabino, the MTRS is fully compliant with the Governor's Executive Order 595 mandating COVID vaccinations to all state employees. Ms. Glaster reported that all but two staff members are vaccinated, one was approved for a medical exemption and one received a religious exemption. At this time Ms. Glaster stated the agency is not requiring any additional measures as we await further guidance from the Human Resources Division.
13. Ms. Glaster reported that all MTRS managers completed their annual performance reviews of their staff members and the merit component of the FY22 salary increases were paid on October 15. Normally the merit and the COLA portion of the annual increases are paid at the same time. However, this year Ms. Glaster authorized the payment of the COLA portion in mid-September to allow the managers more time to complete their evaluations due to the time spent on V10 testing over the summer. The combined total increases, including COLA and merit, ranged from 1.5% to 4%, with the total expenditure equaling the 3% reserve authorized by the Board in the FY22 budget.
14. Ms. Glaster stated that the agency had begun Phase 2 of its reopening plan on October 4th, which requires all staff members to be in the office at least two days a week and work remotely on the other days. This phase will last

through the end of January, at the least, so that the agency can gauge the impact of the holiday season on the disease trends. At this point Ms. Glaster was unsure what Phase 3 will be, but surmised it will be a continuance of some form of hybrid remote schedule.

15. Referring to the holiday season, Ms. Glaster announced her intention to authorize a skeleton force day on the Friday after Thanksgiving, as she had done in the past several years. Both offices will be covered and any staff working in the offices that day will receive a compensatory day off to be taken before the end of the calendar year.

Ms. Glaster noted that Mr. Liston had notified her during her report that he needed to leave the meeting unexpectedly.

On a motion made by Mr. Naughton 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
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

The meeting was adjourned at 10:54 a.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of October 29, 2021

- Agenda for October 29, 2021 MTRS Board meeting
- Cover letter from Executive Director
- Open and executive session minutes of MTRS September 24, 2021 Board meeting
- Memorandum and supporting documents pertaining to Application for Termination Retirement
- Memorandum and supporting document pertaining to Review of Needham bill policy
- Memorandum pertaining to Annual Review of Executive Session Minutes Pursuant to M.G.L. c. 30A, §22(g)(1)
- Memorandum and supporting document pertaining to MTRS Cyber Security – 2021