

Minutes of the Meeting of December 17, 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, State Auditor Suzanne Bump, Michael Leung-Tat, 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, Senior Legal Counsel Salvatore Coco, and Executive Assistant Helen Petruzzello.

The meeting was called to order at 9:06 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 the 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.

Chairman Rodriguez welcomed State Auditor Bump. Ms. Bump introduced her new designee to the Board, Michael Leung-Tat, appointed on December 8, 2021 who is replacing Alicia Fay Daniel. Ms. Daniel had resigned from the State Auditor's Office earlier in the month. Upon Ms. Bump's inquiry, Mr. O'Leary confirmed that, if approved by the Chairman, it was appropriate that she participate and vote on matters and that her designee Mr. Leung-Tat could remain in the meeting. The Chairman approved this action.

The minutes of the previous Board meeting, held on November 19, 2021 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
State Auditor Suzanne Bump	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

The Open minutes of the Board meeting held on November 19, 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. Wass to enter executive session to consider an application for disability benefits and potential termination of benefits due to non-compliance with 91A. On roll call, the vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
State Auditor Suzanne Bump	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

At 9:10 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 10:29 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.

The Board recessed at 10:29 a.m. and reconvened at 10:36 a.m.

III. Open Session

A. REMAND FROM PERAC ON ACCIDENTAL DEATH APPLICATION

Ms. Bump disclosed her previous discussion with Ms. Glaster seeking an opinion from MTRS's General Counsel on whether she would be able to vote on this matter, as she was not present at the September 2021 MTRS Board meeting when the application was approved by the Board. Mr. O'Leary confirmed that as Auditor, Ms. Bump holds a seat on the Board and was not limited in this capacity by having her designee participate in the matter initially. He further stated that he believed it would be appropriate for Ms. Bump to vote on the Board's response to the remand. Ms. Bump confirmed that she would participate and vote on this matter.

Mr. O'Leary reminded the Board that they had approved the Accidental Death Survivor Benefits application of the late member Laurie Melchionda's spouse, Robert Melchionda, at its September 2021 meeting. At that time, the Board had reached the determination that Ms. Melchionda was shot "as a result of, and while in the performance of her job duties" and this causal connection was not broken when she opened the door to her home. In correspondence dated November 8, 2021, PERAC remanded the matter to the Board because it determined that there is no evidence that Ms. Melchionda believed, or had reason to believe, that she had any work reason to answer her door. Mr. O'Leary summarized the three options that the Board could consider as a response to PERAC's remand. The Board members expressed their disappointment with PERAC's decision, and after a discussion made the determination to not take any action on the remand.

On a motion made by Mr. Naughton, and seconded by Ms. Gorrie, the Board voted to take no action on this remand from PERAC. The vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
State Auditor Suzanne Bump	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

B. TERMINATION RETIREMENT APPLICATION

Mr. Osimo presented the Termination Retirement Application of Robyn Max, a 52-year-old Triton Regional Public Schools teacher with approximately 22.5 years of creditable service. Ms. Max received a non-renewal notice on June 7, 2021.

Mr. Osimo stated, after review, he believed that there was no moral turpitude or collusion surrounding Ms. Max's termination, which was completely involuntary. Mr. Osimo confirmed that Ms. Max meets all the eligibility criteria for a termination retirement benefit. Mr. Osimo answered questions from Auditor Bump regarding the criteria for a termination retirement.

On a motion made by Ms. Wass, and seconded by Ms. Gorrie, the Board voted to approve the application. The vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
State Auditor Suzanne Bump	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

C. REVIEW AND APPROVAL OF THE FY21 ANNUAL FINANCIAL STATEMENT

Marybeth Shaughnessy-Newell, MTRS Compliance Officer, joined the meeting to present the FY21 MTRS Annual Financial Statement for forwarding to the Public Employee Retirement Administration Commission ("PERAC"). Ms. Shaughnessy-Newell reviewed a PowerPoint provided to the Board members in their materials with the highlights of the report and answered questions from the board members. The Board thanked Ms. Shaughnessy-Newell for her efforts in maintaining the reports.

On a motion made by Mr. Liston, and seconded by Ms. Gorrie, the Board voted to approve the FY21 MTRS Annual Financial Statement. The vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
State Auditor Suzanne Bump	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

D. APPROVAL OF PHONE SYSTEM

Susan Morgan, Chief Technology Officer, and David Wright, Director of Network Services, joined the meeting to request the Board's approval on the expenses associated with replacement of the current end of life phone system, and to enter a contract with the recommended vendor, NWN. Although the funds for this procurement were included in the FY2022 budget, because the cost exceeds \$50,000, the Board's approval is required.

Ms. Morgan and Mr. Wright summarized the reasons for the replacement of the current phone system and the procurement process. They stated that bids were received from two vendors through Commbuys. The Procurement Management Team evaluated and scored the two proposals on specific criteria to arrive at their recommendation.

On a motion made by Mr. Naughton, and seconded by Ms. Bump, the Board voted to approve MTRS to enter into a contract with the recommended vendor, NWN, at a cost not to exceed \$77,215. The vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
State Auditor Suzanne Bump	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Chairman Ventura Rodriguez	Yes

On Ms. Glaster's request, Mr. Wright provided the Board with details regarding the December 7, 2021 outage involving Amazon Web Services ("AWS") that impacted access to *MyTRS*. The amount of down time to the *MyTRS* application was approximately twelve minutes for main functions and a longer period, approximately eight hours, for accessing images and reports. Mr. Wright explained the failover capabilities over multiple availability zones within AWS's North Virginia region. He further described the preventive measures taken to mitigate any risk should such an outage occur during a future warrant process.

Ms. Glaster noted that earlier in the week the agency learned of a new serious vulnerability called Log4J or Log4Shell, which is used in a variety of applications, websites, etc. to log security and performance information. An unauthenticated remote actor could exploit this vulnerability to take control of an affected system. MTRS is working with its technology vendors, including Vitech and Smartronix, to review all applications, including 3rd party software, to ensure that the appropriate patches have been applied. Additionally, diagnostic tests are being performed on *OurTRS* and the MTRS network to detect any prior suspicious activity. Ms. Glaster will update the Board on its status.

Due to another engagement, Ms. Bump left the meeting at 11:54 a.m. and Mr. Leung-Tat stayed in attendance to finish the meeting.

E. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster asked the Board members for approval of the final schedule for MTRS Board meetings for calendar year 2022. On a motion made by Ms. Gorrie, and seconded by Mr. Liston, the Board voted to approve the schedule. 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

2. Ms. Glaster notified the Board that she was contacted by Jean-Pierre Aubrey, from the Boston College Center for Retirement Research in relation to a report being written about underfunded large retirement systems in six states, namely CT, IL, OH, PA, RI, and MA. Both the MTRS and the Massachusetts State Employees Retirement System are included in the report. MTRS received a draft report and was asked for feedback. Ms. Glaster, Mr. Favorito and Mr. Neilon met with the author to discuss several issues and correct some errors. Mr. Aubrey suggested a new funding approach separating the 70+ years of liabilities before the Commonwealth began prefunding benefits, the so-called “legacy debt,” from the rest of the system liabilities. They asked Mr. Aubrey to review his methodology and other assumptions with the state actuary. Ms. Glaster introduced him to John Boorack over email to further discuss.
3. Ms. Glaster congratulated Ms. Gorrie on her recent appointment to the Resolution Committee of the National Council on Teacher Retirement.
4. Concerning the State single audit, Ms. Glaster reported that Clifton Larsen Allen is still in the process of extensively reviewing benefit calculations, warrants, and accounts, as well as MTRS internal controls in several functional areas of the office. No issues have been raised.
5. As Ms. Glaster had reported at the November meeting, MTRS completed the two-year upgrade project of *MyTRS* and went live with the line of business components on November 22nd, the Employer Self Service module on November 29th, and the active and retired Member Self Service modules on December 6th. Ms. Glaster reported that overall, everything was going reasonably well with some issues in multi-factor authentication and health care deduction rate changes not functioning as expected. MTRS is working with Vitech to fix these issues. She reported the first warrant in the new system was being closed that afternoon, with a review of the output planned for over the weekend before sending the file to the Treasury in the next week.
6. Working with Segal as its cyber insurance broker, Ms. Glaster stated the agency has only received one quote for \$5 million in coverage with a \$150,000 retention and an annual premium of \$180,000. Last year’s policy was also for \$5 million but with a retention of \$25,000 and a premium of approximately \$45,000. The agency has completed applications for 3 other insurers to see if they will produce better alternatives. Ms. Glaster will provide the Board with an update.

7. As Ms. Glaster reported last month, the construction at Hood Park is ongoing and impacts the MTRS office space. Ms. Glaster sent a lease amendment to DCAMM to account for the small reduction in the rent due to Hood's need to take approximately 25 square feet of MTRS space, and to provide additional free parking to staff members for the remainder of the lease as a concession for the ongoing construction disruptions. Ms. Glaster is waiting for the Commonwealth's Division of Capital Asset Management and Maintenance to approve the amendment. She will update the Board when it is finalized.
8. For Mr. Leung-Tat's benefit, Ms. Glaster restated the agency's current hybrid work schedule due to the pandemic, with all staff coming into the office at least two days a week complying with the agency's unwavering mandate of mask wearing. She reported that approximately a dozen staff members have contracted COVID but to date there has not been any in-office spread. She noted the current arrangement has been working well, and if disease trends continue to rise, the agency may continue the current hybrid schedule for the rest of the fiscal year.

On a motion made by Ms. Gorrie 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
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 12:10 p.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of December 17, 2021

- Agenda for December 17, 2021 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes of MTRS November 19, 2021 Board meeting
- Memorandum and supporting document pertaining to Accidental Death Survivor Benefits Remand from PERAC
- Memorandum and supporting document pertaining to Termination Retirement Application
- Draft report and supporting document pertaining to FY 2021 Annual Statement of the Financial Condition of the MTRS
- Memorandum pertaining to Request for approval of contract with vendor to replace MTRS current phone system
- Proposed 2022 Massachusetts Teachers' Retirement Board Meeting Schedule