

## Minutes of the Meeting of July 29, 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 9:03 a.m. Chairman Rodriguez stated that in accordance with the recent announcement of a further extension of the Governor's Executive Order Suspending Certain Provisions of the Open Meeting Law, all Board members and Board staff 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. 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 June 24, 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:

<b>VOTED:</b> 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 June 24, 2022, are hereby approved as submitted.**

**II. Open Session**

**A. MTRS 2021 VALUATION AND TRIENNIAL SCHEDULE FUNDING  
RECOMMENDATIONS**

At the Board's invitation, State Actuary John Boorack joined the meeting for a discussion on the actuarial assumptions for the January 1, 2022 MTRS Actuarial Valuation and the next triennial funding schedule. Mr. Boorack provided a summary of the factors that form the basis for his assumed rate of return on system assets and noted that the PERAC Commission unanimously voted to adopt and maintain the current assumption of 7.0% for 2022. Ms. Glaster asked Mr. Boorack to share his perspective, as the system actuary, on the appropriate level of annual increases in the future funding schedule. Mr. Boorack stated that 4-6% would be a more sustainable rate, as opposed to the current 9.63% annual increase. When asked, Mr. Boorack also described negative amortization and agreed to prepare a funding schedule that eliminates negative amortization in the first year of the next triennial schedule, for the Commission's consideration this fall. 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.

**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 Mr. Liston and seconded by Ms. Gorrie to enter Executive Session to consider applications for disability retirement benefits. On roll call, the vote was as follows:

<b>VOTED:</b> 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 9:40 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 10:40 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. At this point, the Board recessed and resumed at 10:45 a.m.

#### IV. Open Session

##### B. POST-RETIREMENT EXCESS EARNINGS

Senior Legal Counsel Ashley Freeman and retired MTRS member Mary Ann Jackman joined the meeting at this point.

Vice Chair Favorito presided over this matter as Chairman Rodriguez recused himself from the proceedings citing his professional relationship with Ms. Jackman while he was employed at the Department of Elementary and Secondary Education. The Board questioned how the excess earnings had occurred. Ms. Jackman replied that she accepted the responsibility, stating that she had miscalculated her earnings and excluded her mileage reimbursement. On a motion made by Ms. Gorrie and seconded by Mr. Naughton, the Board voted to accept the recommendation of the hearing officer to recover the amount of \$32,994.36 from Ms. Jackman. The vote was as follows:

<b>VOTED:</b> 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	Recused

The Board held a brief discussion on exploring additional methods to help educate retired members on this subject.

### **C. NOTARY PUBLIC REQUIREMENT FOR BENEFIT VERIFICATION PROCESSING**

Scott Olsen, MTRS Director of Communications joined the meeting to propose the continuation of the process of accepting an adult witness signature in place of the Notary Public requirement for the 2023 Benefit Verification Process. He reminded the Board that this process was first approved in 2021 during the height of the Coronavirus pandemic and that it conformed to PERAC regulation *840 CMR 15.01 Affidavit of Retired Members and Beneficiaries*. He recognized that with the vaccines and boosters available, the state of the pandemic is in a better place than it was in 2021. However, with the ongoing emergence of new variants, it is still a concern for vulnerable populations. He further added that a Notary Public requirement will be included on the verification form for the retirees living abroad because our death match service does not have reliable foreign reporting resources. Mr. Olsen and Mr. O'Leary answered the Board's questions.

On a motion made by Ms. Gorrie, and seconded by Mr. Favorito, the Board voted to approve the proposed form process. On roll call, the vote was as follows:

<b>VOTED:</b> 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

### **D. EXECUTIVE DIRECTOR'S REPORT**

1. Ms. Glaster noted that she included in the board materials a copy of the letter from the Commissioner of the Department of Revenue ("DOR") detailing the FY22 excess capital gains distributions to the pension fund, along with a copy of the email from the Comptroller's office providing the breakdown of the payments, of which the MTRS received approximately 59% or \$63.8 million. The letter indicated that there would be another distribution for period 4. A

subsequent letter was issued by the Commissioner of DOR on July 27<sup>th</sup> that added another \$18 million to the pension fund. The overall total credited to the MTRS will be approximately \$74 million.

Ms. Glaster also included a copy of PERAC's memo regarding the extension of Open Meeting law waivers, which will now expire on March 31, 2023, and a copy of the latest continuing education offerings from PERAC.

2. In Legislative news, Ms. Glaster was happy to report that the Retirement Plus Transfer bill was now on the Governor's desk for his approval. Ms. Glaster recognized the combined efforts of Mr. Neilon and Sean King of the MTA for shepherding the bill through the arduous, multi-year, legislative process. She also acknowledged the key support of Representative Ken Gordon and Senator Cindy Friedman, and many others, to get the bill to this final stage. In the event the Governor's team has any questions about the bill, Chairman Rodriguez reached out to DESE, Mr. Neilon contacted John Parsons at PERAC, and Ms. Glaster reached out to Catherine Hornby of Administration & Finance and Tom Scott of the Massachusetts Association of School Superintendents (M.A.S.S.) to provide background information on the bill. Ms. Glaster stated the Governor's legislative affairs office had sent inquiries to PERAC and the Treasury, as well as MTRS. Noting that this will require a significant implementation by MTRS staff in a short amount of time, but will solve a problem that has persisted for over 20 years, Ms. Glaster was optimistic of its approval and will notify the Board of any updates.
3. Noting the \$52.7 billion FY23 state budget was signed by the Governor the day before, Ms. Glaster highlighted the included items of interest. She noted that due to the timing of its approval after the close of the July warrant, the 5% COLA on the first \$13,000 would be included in the August pension checks, which would include the retroactive July amount. Ms. Glaster stated notice of the 5% COLA went out to the retirees and is posted on the agency's website home page. Ms. Glaster added that other key pension items in the budget included an additional \$100 million contribution to the Commonwealth pension liability fund as of September 1, 2022, approval of the full pension funding schedule amount of \$3.77 billion, and PERAC's legislation that makes the Vernava decision prospective, so that retirees' benefits will not have to be reduced. Upon Ms. Glaster's request, Mr. Neilon provided the Board with an update on the status of the proposed legislation on the change to the membership of the PRIM Board and answered their questions on the next steps.

4. Ms. Glaster announced that the agency was recently notified by the State Comptroller's Office that it is subject to a technology audit by the state's independent auditor, CliftonLarsonAllen LLP("CLA"). CLA just finished an audit of MTRS operations as part of the state single audit, and now are focused on the technology and security practices of state entities that have a significant financial impact of the Commonwealth's budget. At the entrance conference held the prior day, CLA requested numerous documents and reports on the MTRS network and MyTRS. They will hold interviews with relevant staff. Ms. Glaster will keep the Board apprised of its status.
5. In Operational news, Ms. Glaster stated the PERAC Actuarial file was completed and forwarded to PERAC on June 29<sup>th</sup>.
6. Ms. Glaster reported that an email was sent to members on the delayed annual statements and noted that there has been very little response.
7. Ms. Glaster informed the Board that the fix to address the inconsistent performance issues with employer deduction reporting in MyTRS was not successful. Ms. Glaster insisted on a different approach in which MTRS subject matter experts are working directly with Vitech on the design. A short-term fix is expected to be delivered for testing in the next week, and a long-term architectural change will be delivered in the fall. In the meantime, employer services staff continue to work with employers and are making progress. Ms. Glaster stated that there will be an update on the status at the September meeting.
8. Ms. Glaster commended the efforts of Susan Morgan, David Wright, Jon Osimo, Scott Cauley, and Chris Delisi for their work in their successful management of the project, the technical implementation, and the rollout of the new Teams Voice phone system to staff. The new system is fully operational and allows staff to answer calls whether they are in the office, or working remotely.
9. As had been done for the past 25 years, Ms. Glaster noted that Mr. Osimo and Mr. Cauley provided retirement counseling to 55 superintendents at the M.A.S.S. conference on July 12 and 13<sup>th</sup>. Ms. Glaster stated her gratitude to Tom Scott of M.A.S.S. for sending a letter of support to the Governor on the Retirement Plus bill.
10. Ms. Glaster reported that over 1,000 members have registered for the August 9<sup>th</sup> *Your MTRS Benefits* seminar, which will be a live webinar using Microsoft Teams Events.
11. After many discussions with executive staff and the management team, and consideration of feedback received from staff surveys, Ms. Glaster stated the

agency had finalized its post-pandemic telework policy. She walked through the details with all staff at the General Staff meeting held earlier in the week. Starting October 1<sup>st</sup>, the hybrid remote schedules will be at least two days in the office for non-managers, and 50% in-office for managers (2 days one week, 3 days the next week) for every two-week pay period. Staff are completing Telework Agreements and managers are working with their teams to establish schedules that ensure coverage and to set expectations for communications and productivity measures.

12. Ms. Glaster added that the agency has set parameters for workspace sharing to accommodate the 14 new hires authorized in the FY23 budget. This will be achieved by staff pairing up on a voluntary basis to share their workspace with others.
13. Ms. Glaster noted that the agency will be completing its Annual Performance Evaluation process over the course of the next month. She reported that staff were paid a 2.5% COLA in the first paycheck in July, and they will receive the merit component of their FY23 salary increases in October, after the evaluation process is complete. In response to a question from Mr. Leung-Tat, Ms. Glaster noted that on average the overall increases, including the COLA, are expected to range from 4% to 6%.

The Board asked questions on possible reasons for the increase in retirement applications noted in Mr. Osimo's quarterly report. Mr. Osimo speculated on possible causes. Ms. Glaster also noted that we will see the updated age and service distribution of the membership in the next valuation report.

Mr. Naughton asked if there has been any outreach to younger members in educating them about MTRS benefits. Ms. Glaster replied that no new initiatives have been implemented other than the reorganization of the website that allows members to easily browse the information by career stage. Ms. Glaster noted that the *Your MTRS Benefits* seminars are announced via broadcast email to all members, and she would find out whether it is possible to determine the age of participants. She suggested that this could also be a discussion topic at the future strategic planning session with the Board.

## **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 (FY 2022), and provided a recap of their individual ratings. Chairman Ventura noted that he and Ms. Glaster discussed scheduling a strategic planning session with the Board, and amending the evaluation form in the future to more closely align with specific strategic goals and objectives. A copy of each Board member's evaluation will be forwarded to Ms. Petruzziello and included in the materials to be used in a review of the Executive Director's compensation at the next month's Board meeting.

Ms. Glaster thanked the Board for their positive feedback and support, and commended the MTRS staff for their extraordinary efforts during these challenging times.

On a motion made by Ms. Gorrie and seconded by Mr. Favorito, 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,

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Erika M. Glaster,  
Executive Director

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Date



**Documents used in MTRS Board meeting of July 29, 2022**

- Agenda for July 29, 2022 MTRS Board meeting
- Cover letter from Executive Director
- Open and Executive session minutes of MTRS June 24, 2022 Board meeting
- Documents pertaining to MTRS 2021 Valuation and Triennial Schedule Funding Recommendations
- Memorandum and supporting documents pertaining to Post-Retirement Excess Earnings
- Memorandum and supporting documents pertaining to Notary Public Requirement for Benefit Verification Processing
- Executive Director Evaluation form