

## Minutes of the Meeting of May 29, 2009

of the

### MASSACHUSETTS TEACHERS' RETIREMENT BOARD

#### I. Regular Matters of Business

Chairman Jeff Wulfson presided at this regular meeting of the Massachusetts Teachers' Retirement Board ("the Board"). Also in attendance were: Vice Chair Linda Ruberto, Ellen Hargraves, Karen A. Mitchell, John A.M. Dow, Jr., John W. Parsons, Nicola Favorito, Executive Director Joan Schloss, Deputy Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, General Counsel James Salvie, Associate General Counsel Aaron Morrison, and Executive Assistant Virginia Hemeon.

The meeting was called to order at approximately 9:06 a.m. by Chairman Wulfson.

The minutes of the previous Board meeting, held on April 29, 2009, were reviewed and approved as submitted, on a motion by Ms. Ruberto and seconded by Ms. Hargraves. The motion carried 6 – 0.

**VOTED: The Open and Executive Session minutes of the Board meeting held on April 29, 2009, are hereby approved as submitted.**

Ms. Mitchell moved to amend the agenda to add the selection of the Vice Chair of the Board. Mr. Dow seconded the motion, which carried 6 to 0.

**VOTED:** To amend the agenda to add the selection of the Vice Chair of the Board.

The Chairman called for nominations for Vice Chair of the Board. Mr. Dow nominated Linda Ruberto for Vice Chair, and Ms. Hargraves seconded the nomination. The Chairman called for any additional nominations and there were none. A motion to close nominations was made by Ms. Hargraves seconded by Ms. Mitchell, and it carried 6 to 0. The Chairman called for a vote on the election of Linda Ruberto as Vice Chair and the vote was 6 to 0 in favor.

**VOTED:** To elect Linda Ruberto as Vice Chair of the Massachusetts Teachers' Retirement Board.

## II. Review and Approval of Operating and Capital Budgets

The Executive Director held a discussion and answered questions from the Board regarding the proposed FY' 2010 Operating budget. She explained that the budget presented maintains spending at level funding as to the previous 09' fiscal year.

The Executive Director recommended that in light of the fiscal crisis the Commonwealth is currently faced with, that the Board forego the annual practice of recommending staff salary increases. The Board recognized that MTRS management are currently directed by the department of Administration and Finance to take mandatory five day furloughs without pay by June 30, 2009.

Further, the Executive Director suggested that in an effort to cut costs the Board may consider suspending the current system policy of sending out annual benefit verifications to members and instead send them out bi-annually as PERAC regulations allow, until the fiscal crisis has improved. The Executive Director supported this recommendation with the facts that the social security death match process takes place on a quarterly basis and would help to defer the number of overpayments that may potentially be made.

Mr. Parson joined the meeting.

The Board held a discussion and agreed to adopt the Executive Director's suggestion and directed the staff to facilitate the benefit verification process bi-annually, and to keep good data on the experience.

The Executive Director reminded the Board that the Annual NCTR convention is scheduled to be held in Palm Springs, California in October. The Board agreed to hold a discussion on the matter of Board travel at the June meeting.

Mr. Wulfson suggested that the staff look into the alternative methods of payments including the use of electronic funds transfers instead of the current process of mailing checks.

After a lengthy discussion Ms. Hargraves moved to approve the FY' 10 Operating budget as submitted, seconded by Ms. Ruberto. The motion carried unanimously 7 to 0.

Next, the Executive Director, Ms. Schloss presented the Project budget to the Board. She noted that as a result of a second shift being added to the back-file conversion process and the HVAC hourly charges associated with keeping the office open during this time the System would incur an additional cost of \$44,000.00 annually and that this estimated figure has been added to the Capital budget.

After a lengthy discussion Ms. Hargraves moved to approve the FY10' Project budget as submitted, seconded by Ms. Ruberto. The motion carried unanimously 7 to 0.

### **III. MyTRS Project Status Report**

MTRS staff Susan Morgan, Director of Strategic Planning and Project Management Office and Lisa Maloney, Assistant Director of Project Management Office joined the meeting and introduced members of the Vitech team, Project Manager Brian McKinney, and Account Manger Chris Lodge.

Mr. McKinney presented the MyTRS project status report and explained that in their opinion the project although has recently been estimated to be delayed by six months is moving along successfully. He then outlined the estimated potential risks and suggested that the reason for delay is due to issues that lie with both Vitech and MTRS. He describes the delay in the pace of the project as resulting from the number of MTRS Subject Matter Experts who must participate in every meeting and the conflict faced with the scheduling of these meetings and the length of time the meetings take with the number of people involved. Further, he suggested that the quality assurance testers have not been as successful as expected and claims that as a result Vitech has had to provide additional training which has taken longer to complete the process within the timeframe estimated.

In response, Ms. Morgan answered questions by the Board and stated that it is her opinion that MTRS is not responsible for any part of the suggested complications as reason for delay in the project timeline and is currently meeting with Vitech to resolve this disagreement and the change order presented by Vitech. She is confident that the Subject Matter Experts need to be involved at every opportunity and that the quality assurance testers hired are capable of following test scripts as long as the quality of the scripts is sufficient. The quality of the test scripts as written has been an issue since the project inception.

Mr. Wulfson confirmed with MTRS staff and members of the Vitech team that our project is in compliance with the recent directive set by ITD; Ms. Morgan explained that they are working with ITD to ensure MTRS is in compliance.

At approximately 10:37 a.m. members of the Vitech team leave the meeting.

Senior Analyst Andy Flewelling presented the Oversight Project Management team status report on the MyTRS project. Members of the team John DiRenzo and Ben Lott were also present. Mr. Flewelling gave the Board an update on the cost implementation. He explained that all project teams are working well together and his report outlines three risks associated with the project. The first risk noted is the Change Order presented to MTRS by Vitech, the scheduled date for the cutover of Rollout 2 has been moved from December 2009 to April 2010, the next risk identified

is the component-level spec reviews, this time frame has not been met due to lack of accuracy arising on the specifications developed by Vitech along with competing demands on the Project Management Office staff time, finally the progress on data cleansing has been slow due to shifting or misinterpreted priorities on the part of MTRS, mitigation strategies to this risk were discussed at the lessons learned session on April 13<sup>th</sup>.

Ms. Morgan responded to the questions by the Board and explained that the PMO is currently in discussion with Vitech to mitigate the change order and resolve the conflicts as outlined in the status reports. It is expected that the PMO will have an update on the status of this change order and resolution to the issues by the next Board meeting in June.

At approximately 11:13 a.m. Ms Morgan, Ms Maloney and members of the KPMG leave the meeting.

#### **IV. Executive Session**

A motion was made by Ms. Ruberto, and seconded by Ms. Hargraves, to bring matters relating to disability retirement into Executive Session. On a roll call, the vote was as follows:

<b>VOTED:</b> Vice Chair Linda Ruberto	Yes
Ellen Hargraves	Yes
Karen A. Mitchell	Yes
John W. Parsons	Yes
Nicola Favorito	Yes
John A.M. Dow, Jr.	Yes
Chairman Jeff Wulfson	Yes

At approximately 11:14 a.m. the Board went into Executive Session for the purpose of considering applications for disability retirement benefits. The Chairman stated that the Board would return to open session.

#### **V. Open Session**

At approximately 12:36 p.m., the Board reconvened in Open Session and Chairman Wulfson announced the Board's actions during Executive Session on the application for accidental disability retirement benefits.

## ACCIDENTAL DISABILITY RETIREMENT

### 1. Nancy Harkness

The application of Nancy Harkness for Accidental disability retirement benefits, including medical panel reports and other information, was reviewed. On a motion to table the application of Nancy Harkness, made by Mr. Favorito and seconded by Ms. Hargraves, the roll call vote was as follows:

<b>VOTED:</b> Vice Chair Linda Ruberto	Yes
Ellen Hargraves	Yes
Karen A. Mitchell	Yes
John W. Parsons	Yes
Nicola Favorito	Yes
John A.M. Dow, Jr.	Yes
Chairman Jeff Wulfson	Yes

**The application of Nancy Harkness for accidental disability retirement benefits was TABLED.**

## OPERATIONAL ISSUES

### 1. Jim Lamenzo – PERAC Actuarial Valuations and Reports

PERAC Actuary, Jim Lamenzo joined the meeting. Mr. Lamenzo held a discussion and answered questions from the Board on the current financial position of the system's funds and pension schedule. The Board thanked him for coming and Mr. Lamenzo left the meeting.

## VI. Executive Session

A motion was made by Ms. Hargraves, and seconded by Ms. Ruberto, to bring matters relating to litigation into Executive Session. On a roll call, the vote was as follows:

<b>VOTED:</b> Vice Chair Linda Ruberto	Yes
Ellen Hargraves	Yes
Karen A. Mitchell	Yes
John W. Parsons	Yes
Nicola Favorito	Yes
John A.M. Dow, Jr.	Yes
Chairman Jeff Wulfson	Yes

At approximately 1:33 p.m., the Board went into Executive Session for the purpose of discussing litigation matters. The Chairman stated that the Board would return to open session.

## **VII. Open Session**

At approximately 12:36 p.m., the Board reconvened in Open Session and Chairman Wulfson announced the Board's held a discussion on the matter of Mr. Pinto's litigation.

Mr. Wulfson directed General Counsel to include the matter of the SJC decision in the Foresta v. Contributory Retirement Appeal Board matter on the June Agenda for discussion.

### **EXECUTIVE DIRECTOR'S REPORT**

#### **1. Annual Financial Report for 2008**

MTRS Compliance Officer Marybeth Shaughnessy-Newell and Finance Director Richard Steele, presented the MTRS FY' 2008 Financial Statement to the Board. The Board asked questions, held a lengthy discussion and discussed the materials in detail. Ms. Shaughnessy-Newell answered the Board's questions and provided details about the condition of the statement. Ms. Ruberto made a motion, seconded by Ms. Hargraves, to accept the FY' 2008 Financial Statement as reported. The motion carried unanimously 7 to 0.

2. The Executive Director provided Board members with updated board meeting schedules including time changes for the extended meetings as the Board had previously approved.

At approximately 2:08 p.m., with the Board having no further business to conduct, a motion was made by Mr. Dow, and seconded by Ms. Hargraves, to adjourn the meeting. The motion carried unanimously 7 to 0.

Respectfully submitted,

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**Joan Schloss, Executive Director**

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Date