

## **MINUTES FOR THE 1211<sup>th</sup> BOARD MEETING STATE BOARD OF RETIREMENT**

**DATE:** December 20, 2018

**TIME:** 10:03 A.M.

**PLACE:** One Winter Street – 8<sup>th</sup> Floor, Boston, MA

The meeting of the State Board of Retirement was called to order with Members present for all or part of the meeting: Deborah Goldberg, Treasurer & Receiver General; James MacDonald, First Deputy Treasurer / Designee; Sarah Kim, Treasury General Counsel /Designee; Theresa McGoldrick, Elected Member; Francis Valeri, Elected Member; Patricia Deal, Appointed Member; Archie Gormley, Chosen Member.

Board staff present for all or part of the meeting were: Nicola Favorito, Deputy Treasurer/Executive Director; Marianne Welch, Deputy Executive Director; Melinda Troy, Senior Board Counsel; Kathryn Doty, Associate Board Counsel; Paula Daddona, Communications Coordinator; Janice Coen, Executive Assistant / Office Manager; Mohammed Ali, Finance Director; Kimberly Griffin, Manager of Information Systems; Marceline Vilmont, Disability Unit; Pamela Diggs, Paralegal; Tamarra Desruisseaux, Employer & Board Reporting Manager; Anthony Sarnacchiaro; Reinstatement Manager; Glenn Aissis, Training Manager; Thomas Mancini, Training Coordinator; Diane Scott, Classification Coordinator; Zachary Pierce, Communications Coordinator.

Treasury staff present for all or part of the meeting were: Emma Sands, Treasury Communications.

Other parties in attendance for all or part of the meeting were: John Malone, Gartner; John Kastrinos, Gartner; Lori Deschler, Sagitec; John Dunlap, University of Massachusetts; Lisa Calise, University of Massachusetts; Myles Stearn, Massachusetts Teachers Association; Nicholas Gula, Local 6350; James Donovan, Teamsters Local 25 Jason Lopes, Teamsters Local 25, and Stephen J. Cronin; State Police Trooper Eben Sullivan.

*There being a quorum present, the meeting was called to order.*

*Mr. MacDonald announced in accordance with the Commonwealth's Open Meeting Law that any person may make a video or audio recording of an open session of a meeting of a public body, and he was obligated to inform attendees of any recording at the beginning of the meeting. He then asked that anyone present who is making any recording identify themselves as doing so. No person present indicated that he/she was making a recording.*

**MINUTES OF THE 1210<sup>th</sup> BOARD MEETING:** On a motion by Ms. Deal and seconded by Ms. McGoldrick the Board voted unanimously to approve the Regular and Executive Session Minutes of the 1210<sup>th</sup> Board Meeting, November 20, 2018.

*(Mr. Valeri arrives)*

## **REPORT OF THE EXECUTIVE DIRECTOR**

### **1. Robert C. Minue / MARIS Implementation Update - Monthly Status Report**

MSRB Manager of Information Systems Kimberly Griffin and John Malone of Gartner updated the Board on the MARIS implementation and related activities.

Ms. Griffin indicated that the December pension payroll warrant successfully ran on December 19<sup>th</sup> marking the 24<sup>th</sup> MARIS processed payroll since go-live. Staff had added 232 new retiree and survivor payees. The weekly disbursement warrant continues to be executed without issue.

MSRB staff were focusing on the MARIS Status Redesign enhancement project which will target outstanding status values in various fields, and status effective date issues identified from the 2017 Actuarial data reports. These issues are going to be addressed in a comprehensive fashion rather than by resolving these issues through the Actuarial PIRs defined in the MARIS Services SOW.

There are broad system issues in the setting and use of the status fields. The Status Redesign enhancements will introduce new business status fields that will provide additional status values in line with industry best practices and ensure their accuracy. For example, the new status effective date will reflect the actual date an event occurred vs. the date it was posted to the system. This approach addresses Actuarial reporting needs, allows for new reporting with accurate data and provides the foundation for future improvements with no disruption to current system functions.

The MARIS short-term roadmap (for the remainder of Fiscal Year 2019) is currently progressing to schedule with the support team focused on finalizing outstanding issues with annual processes and delivering planned enhancement releases (i.e., improved Benefit Estimate and Reporting capabilities). The short-term roadmap deliverables and timelines will change with the prioritization of the Status Redesign enhancements.

As the fiscal year midpoint approaches, the MSRB is evaluating Gartner IV&V and support services needs for the MARIS Services SOW through year end. In addition, the MSRB renewed the contract for a data support services contractor to ensure continued Data PIR support. The MSRB in conjunction with Treasury HR completed interviews for the second MARIS BA position and a preferred candidate was identified.

The MARIS support team delivered MARIS Support Release No. 39 on December 18<sup>th</sup>. This release brings functional improvements to MSRB and addresses support related issues including: improvements to resolve Buyback processing issues; improvements that support upcoming annual processes such as Form 1099R, COLA Reimbursements and Actuarial Reporting; and a high priority fix that resolves ongoing issues with how

differentials are calculated for benefit estimates. This fix will eliminate the need for manual steps and reduce the need to access the Legacy system.

Mr. Malone noted that in addition to the information contained in the Board's memo Resource constraints, for both MSRB and Sagitec, still exist. The IV&V team will continue to monitor this and work with all parties to help mitigate any risks.

The majority of the priority/resource shift will be felt from December 2018 through March 2019, the scheduled deadline for delivering the Actuarial reports to PERAC (and the end of Phase 1).

Mr. Malone noted that the IV&V team has noticed a decline for October and November in the resolution of PIRs and Tickets, with an overall resolution rate of 89% (i.e., 89 Tickets/PIRs are closed for every 100 opened). This is 18% lower than the resolution rate observed from January to September of 2018 (107%) even though the number of Tickets/PIRs opened is lower (i.e., average 125 new PIRs/Tickets in Jan – Sept; 104 for Oct & Nov) and staffing levels have remained consistent.

Since June, Sagitec has resolved 34.6% of the new PIRs created, resulting in a net increase of 178 PIRs, not included in the RTM. For the past 2 months, October and November, Sagitec has had the lowest monthly number of resolved Tickets for 2018. He noted that two Sagitec resources did have to unexpectedly leave for a period due to family matters and their departure may have had an impact.

*The following item was taken out of order.*

## **2. University of Massachusetts / Payroll Reporting – Specialty Pay**

Mr. Valeri and Ms. McGoldrick provided an update on efforts of the sub-committee since the November Board meeting. Mr. Valeri indicated that he, Ms. McGoldrick and a team from the MSRB had met to review additional payroll information provided by UMass. The sub-committee had also spoken with UMass related to the data provided and updated estimates. They were looking forward to speaking again and working toward an agreeable resolution.

Mr. Dunlap indicated that correspondence from UMass to potentially affected active employees is scheduled to issue at the start of January.

A further update would be provided at the January Board meeting.

## **3. YTD Fiscal 2018 Operating & Capital Budgets**

Mr. Favorito referred the Board to the YTD Fiscal 2018 Operating and Capital Budgets vs. actuals reports (through November 30, 2018) which were included as part of the Agenda materials.

#### **4. Uncollectible Accounts Receivable Benefit Payments**

Mr. Favorito and Mr. Ali summarized the accounts presented under G.L. c.32, §20(5) to be written off as uncollectible. Section 20(5) gives the Board the authority to write-off any outstanding pension payments either payable or receivable if they have been unable to recover or properly pay after three years. Presented were amounts due to the Board as of December 31, 2016 (the final data identified in the Legacy system prior MARIS Go-Live) for benefits overpaid to deceased retirees and survivors. The amounts have transaction and member death dates in 2013 and they remain outstanding as of this month.

Board staff has attempted to recover funds by reversing transactions associated with bank accounts and has sent written correspondence to any available contacts in order to collect the funds. Those attempts have left the identified amounts and therefore we are requesting the Board to write-off these accounts as uncollectible. Mr. Ali identified 56 accounts with a total amount to be written off as \$36,483.13.

*On a motion by Mr. Valeri and seconded by Ms. Deal the Board voted unanimously to declare the identified accounts as uncollectible.*

#### **5. Exclusive Benefit Rule**

Mr. Favorito updated the Board that he had been notified that counsel for A&F and the Commonwealth had filed a proposed closing agreement and supporting documentation at the end of November with the Internal Revenue Service to resolve the issues previously identified and corrected by the Commonwealth, the MSERS and the MTRS. Counsel for the MSERS and MTRS has participated in the review and submission of the documentation and is identified in the materials. It is unclear when any response might be forthcoming from the IRS.

#### **6. Contract Service Regulations / Amendments**

Mr. Favorito revisited the proposed amendments to the Board's contract service regulations 941 CMR 2.09(3) which implement the provisions of G.L. c. 32, §4(1)(s) and allows for the purchase, under certain circumstances, of "contract employee" service. The proposed changes were issued to the Board at the November meeting.

The amendments primarily seek to clarify and strengthen the provisions addressing contract service provided through vendors and Commonwealth related entities which have met with mixed results at DALA hearings.

After discussion the Board, on a motion by Ms. Deal and seconded by Mr. Valeri, voted unanimously to adopt the amended regulations and directed staff to obtain the required approvals in order for the amendments to be promulgated. Mr. MacDonald abstained from the vote.

## **7. Section 60 / ORP Transfer Update**

Mr. Favorito referred to the update he had provided related to voluntary Optional Retirement Program (“ORP”) transfers authorized under §60 of Chapter 176 of the Acts of 2011. More than 3,600 ORP participants were originally eligible to transfer to the MSERS. Over 1,500 elected to transfer and over \$300m in combined employee and employer contributions have been transferred to date.

As a result of the monthly meetings which occur among MSRB staff, representatives from the DHE and from the Massachusetts Teachers Association two implementation issues require further action.

The first is interest on qualifying creditable service cost which represents the transferring member’s retirement contributions and interest owed to the MSERS and does not include employer contributions that have been made. Qualifying Creditable Service Cost is calculated as the sum of an employee’s required contributions, plus actuarial assumed interest of 8%, compounded annually through December 31, 2013.

Interest on the service cost was tolled after December 31, 2013, due in part to the plans’ wait on the response from the IRS before it issued its qualifying opinion in that year which allowed the MSERS and DHE to officially initiate the election and transfer process.

As part of the monthly meetings there has been a desire by MSRB staff to review whether interest should now be assessed prospectively to those outstanding balances which have not been transferred to the MSERS by a date certain. The MTA on behalf of transferring participants with remaining balances would like to see the interest remained tolled and assessed only through December 31, 2013. The MTA had submitted written materials in this regard which had been distributed to the Board.

Board members inquired as to how many individuals had funds yet to be transferred to the MSERS through the Section 60 process. Information provided to the Board indicated approximately 800 people have some outstanding balance remaining, whether to unavailability of funds or being limited in their ability to use ORP assets due to limitations of the investment funds they had selected, and restrictions placed on them while they are active employees.

The Board directed the staff to develop an approach by which interest could be assessed prospectively on outstanding balances.

The second discussion item involved the ability of the MSERS to accept trustee to trustee transfers from currently active employees / ORP participants who had transferred to the MSERS. Mr. Favorito indicated that after review Board staff were comfortable allowing such transfers for several reasons. Under §60 the MSERS may establish such policies and procedures consistent with its current practices that may be necessary reflecting the transfer structure of the various investment vehicles used in the ORP, and to accommodate the remittance of amounts due over a variety of time periods through which both Employee and Employer Assets may be remitted from the ORP to the MSERS while a member is employed by the Commonwealth.

Also, the September 2013 letter from the IRS found the transfer of assets from the ORP to the MSERS, in addition to being authorized by state law, would not be deemed a taxable distribution, there is no greater opportunity for the transferring member to receive a benefit that is not otherwise currently available, and the concurrent transfer of assets in addition to the transfer of plan participation does not affect the tax treatment of the previous or future retirement contributions.

#### **8. PRIM Update**

Due to the date of the Board meeting reports from PRIM were not yet available for the month of December and will be included in the January Board meeting materials.

#### **9. Board Legal Update**

The Board reviewed the memo prepared by the MSRB Legal Unit summarizing recent DALA decision involving the MSRB.

Mr. Favorito asked Treasury General Counsel Sarah Kim to provide the Board a summary of the recent federal court decision in the matter of Martin v. Gross addressing the permissibility of private recording public officials / officers when they are in public spaces, other than meeting settings.

#### **10. Board / Staff Communications**

Mr. Favorito updated the Board that current PERAC General Counsel John Parsons had been selected by the Commission to succeed Joseph Connarton as PERAC Executive Director. Mr. Parsons will assume his new role in January, 2019.

#### **11. Proposed Staff Travel**

On a motion by Ms. McGoldrick and seconded by Ms. Deal the Board authorized staff to attend the upcoming NASRA Legislative Conference on February 23-25 in Washington, D.C.

**THE BOARD GOES INTO EXECUTIVE SESSION.** At approximately 10:45 a.m. the Board entered Executive Session to review applications for disability retirement, associated benefits, and to also consider the reputation, character, physical condition or mental health of individuals with business before the Board. The Board indicated that it would return to Open Session after the Executive Session.

**Mr. Gormley made a motion to enter Executive Session. Ms. McGoldrick seconded the motion.**

**ON ROLL CALL THE VOTE WAS AS FOLLOWS:**

Mr. MacDonald	Yes
Ms. McGoldrick	Yes
Mr. Valeri	Yes
Ms. Deal	Yes
Mr. Gormley	Yes

*(Unless otherwise noted all votes taken in Executive Session were unanimous roll call votes)*

**THE BOARD RETURNS TO OPEN SESSION:** at 11:13 A.M., Ms. McGoldrick made a motion for the Board to come out of Executive Session and return to Open Session. Mr. MacDonald seconded the motion.

**ON ROLL CALL THE VOTE WAS AS FOLLOWS:**

Mr. MacDonald	Yes
Mr. Valeri	Yes
Ms. Deal	Yes
Ms. McGoldrick	Yes
Mr. Gormley	Yes

*(Unless otherwise noted all votes taken are unanimous.)*

**REQUESTS TO CHANGE RETIREMENT OPTION**

1. James McGinn
  - **Denied;** Motion by Ms. McGoldrick, seconded by Ms. Deal.

***TREASURER GOLDBERG ARRIVED AT THE MEETING AT 11:15 A.M. AND ASSUMED THE CHAIR.***

2. Vernon Welch
  - **Denied;** Motion by Ms. McGoldrick, seconded by Mr. Gormley.

## **REQUESTS RELATED TO PURCHASING OF CONTRACT SERVICE**

1. Young-Cheul Kim

- **Denied**; Motion by Ms. McGoldrick, seconded by Mr. MacDonald.

***MR. MACDONALD DEPARTED THE MEETING AT 11:20 A.M.***

2. Rebecca Levine

- **Denied**; Motion by Mr. Gormley, seconded by Ms. Deal.

3. Wendy Pearl

- **Approved subject to purchase by lump sum**; Motion by Ms. Deal, seconded by Mr. Gormley.

## **REQUEST TO PURCHASE CREDITABLE SERVICE UNDER THE MILITARY DIVISION MASTER COOPERATIVE AGREEMENT**

1. Robert Keeler

- **Approved**; Motion by Ms. McGoldrick, seconded by Mr. Valeri.

## **GROUP CLASSIFICATIONS**

**Pursuant to the Board's Classification Policy the following are reported as approved for Group 2 Classification:**

1. **Kim Berg** – Assistant Chief Court Officer
2. **Rosilda Bonenfant** – Social Worker 2, DCF
3. **Sonja Cruz** – Probation Officer, MA Trial Court
4. **Kathy Dame** – Social Worker 3, DCF
5. **John Davis** – Social Worker 3, DCF
6. **Sylvester Fortes** – Reentry Manager, Plymouth County Sheriff's Department
7. **Kathy Foster** – LPN 2, Central Residential Services, DDS
8. **Carol Anne Jacques** – RN I, Hogan Regional Center, DDS
9. **Alice LaPlante** – RN 2, Worcester Recovery Center & Hospital, DMH
10. **James Martin** – RN 3, Tewksbury Hospital, D4 Unit, DMH
11. **Rosa Ortiz-Aponte** – CNA I, Holyoke Soldiers Home
12. **Stephanie Paulson** – Youth Service Caseworker, DYS
13. **Joseph Pineyro** – District Engineering Inspector 3, Office of Public Safety & Inspections
14. **Anna Quintiliani** – Social Worker 2, DCF
15. **Jaye Richards** – Social Worker 3, DCF

16. **Debra Robinson** – LPN 2, Commonwealth Community Services, DDS
17. **Thomas Tassinari** – Chief Probation Officer, MA Trial Court
18. **Susan Waite** – University Police Officer, UMASS Amherst

***THE FOLLOWING ITEM WAS TAKEN OUT OF ORDER.***

#### **GROUP 2 RECONSIDERATION TO BOARD**

1. **Stephen DiPasquale** – Clinical Social Worker D, Worcester Recovery Ctr. & Hospital DMH  
(Denied in September 2018. Reconsideration Tabled in November 2018)  
Mr. DiPasquale appeared on his own behalf before the Board and was asked to describe his daily duties and responsibilities.
  - **Reconsidered;** Motion by Ms. McGoldrick, seconded by Ms. Deal.
  - **Approved;** Motion by Ms. McGoldrick, seconded by Mr. Valeri.

#### **GROUP 2 TO BOARD**

1. **Ada Chikere** – RN 2, Lemuel Shattuck Hospital, DPH
  - **Denied;** Motion by Ms. McGoldrick, seconded by Mr. Gormley.
2. **Alexandra Conant** – Compliance Officer 2, Danvers Area Office, DDS (Deferred)
  - **Denied;** Motion by Ms. Deal, seconded by Ms. McGoldrick.
3. **Rima David-Martinez** – RN 3, Medical Intermediate Care Unit, Lemuel Shattuck, DPH
  - **Denied;** Motion by Ms. Deal, seconded by Ms. McGoldrick.
4. **Maryanne Dolan** – RN/Director of Nursing, UMASS Correctional Health, UMASS Medical School (Deferred)
  - **Tabled;** Motion by Ms. McGoldrick, seconded by Mr. Gormley.
5. **Anthony Gerniglia** – Administrative Officer 4/Program Director, DYS (Deferred)
  - **Denied;** Motion by Ms. Deal, seconded by Mr. Gormley.
6. **Mark Larivee** – Campus Police Officer 3, Salem State University  
(Group 4 denied November 2018)
  - **Denied;** Motion by Ms. McGoldrick, seconded by Mr. Gormley.

7. **Norman Small** – Institutional Security Officer 3, DYS
  - **Approved**; Motion by Ms. Deal, seconded by Ms. McGoldrick.
8. **Heather Windus** – DSW 4, Hogan Regional Center, DDS
  - **Denied**; Motion by Ms. McGoldrick, seconded by Mr. Gormley.

#### **GROUP 2 RECONSIDERATION TO BOARD**

1. **Richard Desautel** – Nurse Practitioner, Berkshire Area Office, DDS (Denied January 2018)
  - **Denied**; Motion by Ms. McGoldrick, seconded by Ms. Deal.
2. **Alma Domanowski** – RN 2, Tewksbury Hospital, DPH (Denied September 2018)
  - **Reconsidered**; Motion by Mr. Valeri, seconded by Ms. Deal.
  - **Approved**; Motion by Mr. Valeri, seconded by Mr. Gormley.

#### **Pursuant to the Board's Classification Policy the following are reported as approved for Pro-Rated Group 2 Classification:**

- |                                 |   |
|---------------------------------|---|
| 1. <b><u>Joanne Maynard</u></b> | <b><u>Dept. of Developmental Services (DMR)</u></b><br>MRW I – 11/25/79 – 5/21/88               |
| 2. <b><u>Rodlyn Moore</u></b>   | <b><u>Dept. of Mental Health</u></b><br>RN 3 – Worcester Rec. Ctr. & Hospital-6/12/05 – 5/18/13 |

#### **GROUP 2 HSC A/B PRO RATE TO BOARD**

1. **Donald Hardwick**                      **Dept. of Developmental Services (DMR)**  
HSC A/B – 7/1/88 – 10/29/88
  - **Approved**; Motion by Ms. McGoldrick, seconded by Mr. Valeri.

## **Group 2 Request - Associate Probation Officer / Associate Court Officer**

Mr. Favorito reported to the Board that the office had received an inquiry from employee representatives of Associate Court Officers (“ACO”) and Associate Probation Officers (“APO”) for consideration of these positions being classified under Group 2. He reviewed information submitted to the Board.

Currently G.L. c.32, §3(2)(g) includes within Group 2 the positions of the position of chief probation officer, assistant chief probation officer, probation officer in charge or probation officer, chief court officer, assistant chief court officer or court officer.

The Trial Court has reported there are 186 APO’s currently working in this capacity. Among the materials the Board received is a Memorandum of Agreement (“MOU”) executed in January 2016 by NAGE / SEIU Local 5000 and the Trial Court. The MOU recognized an amended job description for the APO position allocating to them duties previously also performed by Probation Officers including “courtroom coverage, preparing, and delivering defendant record information, and other duties as the Chief Probation Officer may direct.”

The Board also received a letter of support from the Commissioner of Probation, who notes the current job duties bring with it “offender interactions and face to face management similar to that of a Probation Officer...”

The Trial Court reports 145 ACO’s currently working in this capacity. An MOU to the then existing collective bargaining agreement was executed in May 2014 between the Trial Court and NAGE / SEIU Local 5000. The MOU included an amendment to the ACO job description that added duties over and above the entrance security and screening responsibilities to include courtroom coverage, perimeter security, and reclassification standards.

The Board has received a letter in support of the classification from the Trial Court Director of Security, who underscores the nature of the work encountered by the ACO’s on a daily basis.

## **GROUP 2 REQUEST - Associate Probation Officer**

1. **Rosemary Resendes** – Associate Probation Officer, MA Trial Court
  - **Approved**; Motion by Mr. Valeri, seconded by Ms. McGoldrick.

## **Pursuant to the Board’s Classification Policy the following are reported as approved for Group 4 Classification:**

1. **Edward Ahearn** – CO I, DOC
2. **Joel Berenson** – CO/Fitness Trainer 2, Hampden County Sheriff’s Dept.
3. **Paul Caccaviello** – Assistant D.A., Berkshire D.A.’s Office

4. **David Cavanaugh** – Assistant Superintendent 2, Hampden County Sheriff's Dept.
5. **Kevin Donahue** – CO 3, DOC
6. **Eric Durant** – CO, Berkshire Sheriff Dept.
7. **Russell Favreau** – CO I, DOC
8. **Sheila Fortin** – CO, Worcester County Sheriff's Dept.
9. **Leon Gomes** – CO, Bristol County Sheriff's Office
10. **Kenneth Janeczek** – Field Parole Officer D/Regional Supervisor, MA Parole Board
11. **James Kelleher** – Superintendent, Hampden County Sheriff's Dept.
12. **Michael Lenihan** – CO, Plymouth County Sheriff's Dept.
13. **Michael Midwood** – CO, DOC
14. **Jan Rego** – CO I/Boston Pre-Release, DOC`

**Pursuant to the Board's Classification Policy the following are reported as approved for Group 20/50 Classification:**

1. **Robert Aldrich** – CO, Barnstable County Sheriff's Office
2. **John Barboza** – CO I, DOC
3. **William Bryant** – CO, Hampden County Sheriff's Dept.
4. **James Grace** – CO I, DOC
5. **Robert Pierce** – CO I, Barnstable County Sheriff's Office

**ON A MOTION BY MS. MCGOLDRICK AND SECONDED BY MR. GORMLEY THE BOARD VOTED TO ADJOURN THE MEETING. THE MEETING WAS ADJOURNED AT 11:57 A.M.**

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**THE NEXT REGULAR BOARD MEETING OF THE STATE BOARD OF RETIREMENT  
WILL BE HELD ON Thursday, January 31, 2019 AT 10:00 AM.**