

MINUTES FOR THE 1227th BOARD MEETING
STATE BOARD OF RETIREMENT

DATE: April 30, 2020

TIME: 10:05 A.M.

PLACE: One Winter Street – 8th Floor, Boston, MA

Pursuant to the Commonwealth’s Open Meeting Law Massachusetts General Law chapter 30A, §20, and subject to the Executive Order issued by Governor Baker on March 12, 2020, *Suspending Certain Provisions of the Open Meeting Law*, the meeting of the State Board of Retirement was called to order with the following Members participating remotely for all or part of the meeting: Treasurer & Receiver General Deborah B. Goldberg; Patricia Deal, Appointed Member; Francis Valeri, Elected Member; Theresa McGoldrick, Elected Member; Archie Gormley, Chosen Member.

Board staff present or participating remotely for all or part of the meeting were: Nicola Favorito, Deputy Treasurer/Executive Director; Melinda Troy, Senior Board Counsel; Lori Krusell, Assistant Board Counsel; Janice Coen, Executive Assistant; Kathryn Kougias, Finance Director; Mohammed Ali, Assistant Director of Finance; Kimberly Griffin, Manager of Information Systems; Paula Daddona, Communications & Outreach Manager; Chanese Brown, Disability Unit Manager; Zachary Pierce, Communications Coordinator; Anthony Sarnacchiaro, Manager of the Buyback Unit; Zhuoxin Tan, Internal Auditor; Lisa Zale, Disability Case Counselor; Yonde Lombe, Paralegal; and Pamela Diggs, Paralegal.

Treasury staff participating remotely for all or part of the meeting were: James MacDonald, First Deputy Treasurer; Sarah Kim, Treasury General Counsel / Designee; Chandra Bork, Treasury Chief of Staff; Liz Gomes, Deputy Chief of Staff; Karen Guida, Treasury Internal Auditor; Elizabeth Zelnick, Treasury Legislative Affairs; Alethea Harney, Treasury Director of Communications; Emily Kowtoniuk, Deputy Legislative Director; Pamela Tobey, Special Assistant to Treasurer; and Karen Guida, Treasury Internal Auditor.

Members of the public were provided access to the meeting via a call-in number. Other parties participating remotely for all or part of the meeting were: Brian Frese, KPMG; Manoj Punwani, Sagitec; Lori Deshler, Sagitec; and Santhosh Rao, Sagitec.

There being a quorum present, the meeting was called to order at 10:05 A.M.

Treasurer Goldberg 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 she was obligated to inform participants of any recording at the beginning of the meeting. She then asked that anyone who is making any recording identify themselves as doing so. No person indicated that he/she was making a recording.

OPEN SESSION

Minutes of the 1226th Board Meeting

On a motion by Ms. McGoldrick and seconded by Mr. Gormley the Board voted unanimously to approve the Regular and Executive Session Minutes of the 1226th Board Meeting, March 26, 2020.

ON THE ROLL CALL THE VOTE WAS AS FOLLOWS:

Treasurer Goldberg	Yes
Mr. Gormley	Yes
Ms. Deal	Yes
Ms. McGoldrick	Yes

Mr. Valeri joined the meeting

REPORT OF THE EXECUTIVE DIRECTOR

1. MSRB Operations

Mr. Favorito updated the Board on the status of MSRB operations and activity as a result of Treasury closing the offices of its various departments as of Monday March 23, 2020.

Both MSRB offices remain closed with all staff working remotely. Additional laptops have been received and will be distributed augmenting the thirty-five currently in place. Staff have full vpn access which allows them access to their desktops and then to the various applications (MARIS; OnBase) used to execute the various transactions. A further order for thirty-five has been placed through Treasury IT. All staff are responding to emails and phone calls. The MSRB continues to receive daily mail deliveries.

Weekly (disbursement) and monthly warrants continue to be executed regularly with no delays to affected members. Tremendous recognition is warranted for all the MSRB staff, our partners at Treasury Operations team in Chelsea, and Treasury IT in maintaining operations. Over 480 new retirees were added through the March and April warrants and an additional 85 survivor and beneficiary payments were initiated.

Limited staff have been rotating into the Boston office for brief periods 1-2 days week to ensure various manual tasks are addressed. For example, scanning of incoming work and indexing them to staff queues allows work to continue remotely; sending out responses to member requests for information; issuing paper checks in those instances where they are required.

Weekly member and employer outreach efforts continue through hosting multiple webcasts including SMART Retirement & Beyond presentations in conjunction with the SMART Plan; a weekly operational update webcast; and a weekly Face Book Live webcast.

Accelerated First Payment Pilot

Mr. Favorito informed the Board that for the past two months staff have been piloting an accelerated payment program for new retirees whose benefits have been approved for payment ahead of the pension warrant close and which allows us to issue retro-active benefits (back to their retirement date) through the end of the preceding month rather than have them wait until the end of the current month and receive the retro benefits together with their first month's benefit payment. Thus far the recipients selected for the payments have responded positively.

Organizational Assessment

The Board had hoped originally to have Ernst & Young make their presentation regarding the organizational assessment at the March and then April meeting. The preference is for an in-person presentation given the nature of the report and likelihood of questions. EY has asked for up to an hour to be set aside. We have asked EY to defer until the May 28th meeting.

PERAC

PERAC had initially suspended medical panel examinations for pending disability applications and canceled those previously scheduled. Since then PERAC is now looking at video-conferenced examination options. A webinar was held last week. Such examinations required agreement by the member, the retirement board and employer. MSRB staff are reviewing affected cases to determine if any may be candidates for such examinations. There are many procedural and legal questions that have arisen in connection with examinations being conducted in this fashion.

PERAC held its Commission meeting on April 15th. Based on the comments of the Actuary and several Commission members (including the Administration's designees) it appears all options are available for discussion from the standpoint of solutions to address pension funding at the state and local levels as a result of revenue shortfalls and market performance. PERAC remains in an information gathering mode and no decisions were made.

The State Actuary had reached out to other actuaries to gather what they had been seeing on things including: (1) whether valuations for 1/1/20 should use assets as of 12/31/19 or modify as a result of ongoing developments; (2) extensions of funding schedules; (3) delayed appropriation/funding payments; (4) reduced pension funding payments.

The appears to have been an inquiry from A&F as to whether there is a need for legislation to provide relief for municipalities by allowing them to pay the appropriation later in the

year. There was discussion around local boards' ability to assess interest on late payments as authorized by c.32. There was no discussion related to the Commonwealth plans, payments, funding, retiree COLA, etc.

2. Proposed Fiscal 2021 Operating & Capital Spending Plans

MSRB Finance Director Kathryn Kougias, and Mr. Favorito presented the proposed Fiscal Year ("FY") 2021 Capital and Operating Spending Plans for the Board's consideration. (Pursuant to G.L. c.32 §22(7)(a), upon the Board's review and adoption, the approved spending plans if greater than 103% of the prior year expenditure must be filed with House and Senate Committees on Ways & Means, and with the Joint Committee on Public Service at least 45 days prior to final adoption.)

Ms. Kougias outlined that the total proposed Operating spending is \$20,646,327 which is \$760,030 or 3.82% greater than the FY 2020 operating budget. This did not include a risk contingency of \$309,695 or 1.5% of the total Operating Spending Plan and an overall reduction of 4.2% compared to FY 2020.

Also, as proposed the total Capital spending is \$1,298,205 which is \$798,205 greater than the FY 2020 Capital Spending Plan. This does not include a risk contingency of \$129,821 or 10% of the total Capital Spending Plan.

Ms. Kougias referred the Board to the summary memo and proposed spending plans which detailed the specific object codes and line items. The Operating Spending Plan includes, all overhead such as employee compensation, Treasury chargebacks, rent, utilities, and fringe benefits such as insurance and payroll taxes paid to the Commonwealth; administrative costs, training and educational costs; consultant services; audit services, office furniture and equipment leases; Information Technology ("IT") labor, licenses and hosting.

The employee compensation object code includes a reserve for possible salary adjustments (2% of payroll) and cost-of-living increases (2% of payroll) based on recent experience, and similar allocations in comparable agencies such as the MTRS and PERAC. This line item also includes funding for new positions and the expected back filling of currently vacant positions. The Treasury chargeback reflects an increase for FY2021. The fringe benefit cost as announced by the Office of the Comptroller, employer payroll tax and other insurances show an overall increase of 27.16%. The MSRB's proportional share for FY2021 is 37.03% and 1.85% respectively.

The Capital Spending Plan includes proposed upgrades and/or new enhancements. It includes a Member Self-Service ("MSS") portal, OnBase upgrade project, and accounting software. The MSS portal will provide the MSRB the opportunity to streamline delivery of services to our members and would provide 24/7 access with the ability to exchange information through a secure platform.

OnBase is the MSRB's work-flow tool of all scanned communications related to each retiree's account. The upgrade will allow better leveraging of services in a more efficient manner and to be more compatible with MARIS. The MSRB's Finance Team must use a separate accounting system outside of MARIS to maintain MSRB's General Ledger. The current software has outlived its value and the new software would better align with PERAC accounting and audit categories, PRIT requirements and to comply with Chapter 32.

After discussion and questions, on a motion by Mr. Valeri and seconded by Ms. McGoldrick, the Fiscal 2021 Operating and Capital Spending Plan was approved unanimously.

3. YTD Fiscal 2020 Operating & Capital Spending Plans

Mr. Favorito referred the Board to the YTD Fiscal 2020 Operating and Capital Spending Plans vs. actuals reports (through March 31, 2020) which were included as part of the Agenda materials.

4. PRIM Update

Performance results through the end of the first quarter of 2020 were reviewed related to the MSERS and former Turnpike Retirement System. Mr. Favorito noted that PRIM had convened a special meeting of its Investment Committee earlier in the week. PRIM sought to re-assure stakeholders of no issues related to liquidity of assets in order to pay benefits. It reported a 9.9% drop in total assets through the end of the first quarter with total assets of \$70.694b. Net asset values for the MSERS and MTAERS were \$26.4b and \$149.7m respectively.

5. MARIS Implementation

The Board reviewed the updated memo provided by Ms. Griffin who participated in the meeting to address any questions.

6. Retiree Earnings Limits Modification 2020 – (Chapter 53 of the Acts of 2020)

Mr. Favorito reviewed PERAC's memo summarizing Chapter 53 of the Acts of 2020 which included a section excluding from the 2020 earnings limitations for public retirees any earnings and service provided during the state of emergency. Disability retirees' limitations would remain.

7. Board / Staff Communications

Mr. Favorito updated the Board on recent member communications and provided an update on the annual filing of Statements of Financial Interest required of Board members which were due by the close of business May 1, 2020.

(The Board then moved on to individual agenda items)

All items considered unanimous:

MILITARY SERVICE PURCHASE

1. Marc Seigny
 - **Approved**; Motion to approve by Mr. Valeri, seconded by Ms. McGoldrick.

REQUEST FOR WAIVER UNDER G.L. c.32, §20(5)(c)(3)

1. Darlene Murphy
 - **Approved**; Motion to waive by Ms. Deal, seconded by Mr. Gormley.

GROUP CLASSIFICATIONS

GROUP 2

Pursuant to the Board’s Classification Policy the following were reported as approved for Group 2 Classification:

1. William Gray – LPN 2, Wrentham Developmental Center, DDS
2. Bonita Hogan – Social Worker 2, DCF
3. Kathleen Krueger – Social Worker 3, DCF (posthumously)
4. Dana Leach – Physical Therapy Assistant, Cape Cod Collaborative
5. Linda Smith-Ndukwe – Rehabilitation Counselor A/B, Lemuel Shattuck, DMH
6. Eric Vanasse – University Police Officer, UMASS Dartmouth

GROUP 2 TO BOARD

1. Altaye Gelaye – LPN 2, Lemuel Shattuck Hospital, DPH
 - **Approved**, Motion by Ms. McGoldrick, seconded by Mr. Gormley.
2. Yolanda Graham – Director Substance Abuse Unit, Hampden County Sheriff
 - **Approved**, Motion by Ms. McGoldrick, seconded by Ms. Deal.
3. Dianne Lackiram – DSW 4, Hogan Regional Center, DDS
 - **Approved**, Motion by Ms. Deal, seconded by Ms. McGoldrick.

4. Neil Levy – RN 5, Taunton State Hospital, DMH
 - **Denied**, Motion by Ms. McGoldrick, seconded by Mr. Valeri.
5. David Niles – LPN 2, Lemuel Shattuck Hospital, DPH
 - **Denied**; Motion by Mr. Valeri, seconded by Ms. Deal
6. Nicolas Ortiz – Director of Property, Bristol County Sheriff
 - **Denied**, Motion by Ms. Deal, seconded by Mr. Valeri

GROUP 2 (TABLED MARCH 2020)

1. Elaine Lefebvre – LPN 2, Tewksbury Hospital, DPH
 - **Denied**, Motion by Ms. McGoldrick, seconded By Ms. Deal
2. Donna Marques – RN 3/On-Grounds Program Nurse, Adult Residential Program, DMH
 - **Approved**, Motion by Ms. McGoldrick, seconded by Ms. Deal
3. Anne Nialez – Hearing Officer 3/Social Worker 3, DCF
 - **Denied**, Motion by Ms. Deal, seconded by Ms. McGoldrick

GROUP 2 (RECONSIDERATION)

1. Melinda Consuegra – RN 2, Western MA Hospital
 - **Denied**, Motion by Ms. McGoldrick, seconded by Mr. Valeri

GROUP 2 HSC A/B PRO-RATE (PREVIOUSLY TABLED)

1. Teresa McNally, Department of Developmental Services
 - Human Service Coordinator A/B – 7/1/82 – 1/1/00
 - **Approved**, Motion by Ms. McGoldrick, seconded by Mr. Gormley

GROUP 2 PRO-RATE (RECONSIDERATION)

1. David Dunton, Department of Developmental Services
 - MRW 4 – 7/30/89 – 12/28/91
 - Residential Supervisor 2 -12/29/91 – 5/27/06
 - **Reconsideration approved**, Motion by Ms. Deal, seconded by Ms. McGoldrick
 - **Approved**, Motion by Ms. Deal, seconded by Ms. McGoldrick

GROUP 4

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

1. Kevin Cadieux – CO, Plymouth County Sheriff
2. Christopher Carlin – Sergeant, Worcester County Sheriff
3. Kenneth Cholette – CO I, DOC
4. Arthur Dasilva – CO 3/Lieutenant, DOC
5. Peter Feinstein – CO, Plymouth County Sheriff
6. Michael Grady – Captain, Deputy Bureau Chief, MA Environmental Police
7. Leonard Hogue – Industrial Instructor 2, DOC
8. Bruce Lavoie – Assistant Deputy Superintendent I, Middlesex County Sheriff
9. Scott McMillan – Assistant Deputy Superintendent, Worcester County Sheriff
10. Robert Salerno – CO, Worcester County Sheriff
11. Rashida Siyar – Transitional Parole Officer, MA Parole Board

GROUP 4 TO BOARD

1. Daniel Hobert – CO/Residential Supervisor 9, Hampden County Sheriff
 - **Approved**, Motion by Mr. Gormley, seconded by Mr. Valeri
2. Michael Pomeroy – CO, Plymouth County Sheriff
 - **Approved**, Motion by Ms. McGoldrick, seconded by Mr. Valeri

GROUP 4 (TABLED)

1. Andrew Crawford – Captain, Middlesex County Sheriff
 - **Approved**, Motion by Ms. Deal, seconded by Ms. McGoldrick
2. Sandra Paszko – CO, Middlesex County Sheriff
 - **Approved**, Motion by Mr. Gormley, seconded by Mr. Valeri
3. Keith Rogers – Food Service Manager-CO, Hampden County Sheriff
 - Denied Group 4, Motion by Ms. Deal, seconded by Ms. McGoldrick
 - Approved Group 2, Motion by Ms. Deal, seconded by Ms. McGoldrick

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

1. Colleen Slattery – CO, Franklin County Sheriff
2. Timothy Stott – CO I, DOC

(OPEN SESSION ENDS)

THE BOARD ENTERS INTO EXECUTIVE SESSION

At 11:10AM, 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 will adjourn the meeting at the conclusion of the Executive Session and will not return to Open Session.

(Roll Call Vote Required)

Ms. Deal made a motion to enter Executive Session. Mr. Valeri seconded the motion.

ON ROLL CALL THE VOTE WAS AS FOLLOWS:

Treasurer Goldberg	Yes
Ms. Deal	Yes
Mr. Gormley	Yes
Ms. McGoldrick	Yes
Mr. Valeri	Yes

EXECUTIVE SESSION CONCLUDES & ADJOURNMENT

(Roll call required)

**ON A MOTION BY MS. MCGOLDRICK AND SECONDED BY MS. DEAL, THE BOARD VOTED TO ADJOURN THE MEETING.
THE MEETING ADJOURNED AT 11:36 AM.**

ON ROLL CALL THE VOTE WAS AS FOLLOWS:

Treasurer Goldberg	Yes
Ms. Deal	Yes
Mr. Gormley	Yes
Ms. McGoldrick	Yes
Mr. Valeri	Yes

THE NEXT REGULAR BOARD MEETING OF THE STATE RETIREMENT BOARD IS SCHEDULED TO BE HELD ON Thursday, May 28, 2020 starting at 10:00AM.

Documents Used at the State Board of Retirement Meeting of April 30, 2020

- Agenda for the April 30, 2020 Board Meeting. Supporting documentation for Agenda items as referenced therein.
- Open Session and Executive Session Minutes of March 26, 2020 Board Meeting