

MINUTES FOR THE 1229th BOARD MEETING
STATE BOARD OF RETIREMENT

DATE: June 25, 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 and who were identified: 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; Zachary Pierce, Communications Coordinator; Zhuoxin Tan, Internal Auditor; Chanese Brown, Manager, Disability Unit; Lisa Zale, Disability Case Counselor; Joisei Horton, Disability Case Counselor; Stephanie Medina, Disability Counselor; Diane Scott, Group Classifications Coordinator; Zhuoxin Tan, Internal Auditor; Glenn Aissis, Manager of Training; Thomas Mancini, Training & Support Specialist; Yande 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; Liz Gomes, Deputy Chief of Staff; Karen Guida, Treasury Internal Auditor; Elizabeth Zelnick, Treasury Legislative Affairs; Alethea Harney, Treasury Director of Communications; Andrew Napolitano, Deputy Communications Director; Emily Kowtoniuk, Deputy Legislative Director; Nicole Politano, Intern; and Karen Guida, Treasury Internal Auditor.

Members of the public were provided access to the meeting via a call-in number; Member William Frisch. Other parties participating remotely for all or part of the meeting were: Michael Trotsky, CFA, Executive Director / CIO of PRIM; Francesco Daniele, Sr. Client Services Officer, PRIM; Brian Frese, KPMG; Eric Shanz, KPMG; Manoj Punwani, 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 1228th Board Meeting

On a motion by Ms. Deal and seconded by Mr. Valeri the Board voted unanimously to approve the Regular and Executive Session Minutes of the 1228th Board Meeting, May 28, 2020.

ON THE ROLL CALL THE VOTE WAS AS FOLLOWS:

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

REPORT OF THE EXECUTIVE DIRECTOR

(Mr. Gormley joins the meeting)

1. PRIM Update

Michael Trotsky, CFA, Executive Director / CIO, and Francesco Daniele, Senior Client Services Officer of the Pension Reserves Investment Management (PRIM) Board joined the MSRB meeting to provide a report of ongoing activities at PRIM and a review of investment and financial market performance related to the assets of the MSERS.

Mr. Trotsky noted that PRIM operations continue uninterrupted with staff working primarily on a remote basis and are beginning to return to PRIM's offices on a rotating basis. He updated the Board on investment opportunities recently approved by the PRIM Board.

PRIM's current asset allocation reflects 39% of its investments in global equities. He did not expect any upcoming changes to the ranges that had been recommended by its consultant or approved by the PRIM Board that were described for the Board.

Through the first quarter of 2020 PRIM's performance was (9.9%) but ahead of its benchmark, and (1.9%) for the one-year period ending March 31, 2020. Mr. Trotsky did note that through May 31, 2020 the MSERS's assets stood at \$28,198,261,209.00. Market performance for the second quarter is reflecting positive activity, although the financial markets remained out of step with the broader economy and indicators such as the unemployment rate.

Mr. Daniele reported on the ongoing financial market activity. The economy has absorbed the stimulus efforts authorized by the federal government. The duration of the economic slowdown remains unclear at this point in time.

2. MSRB Operations

Mr. Favorito provided an update to the Board on the status of MSRB business operations.

The current targeted reporting date for the first phase of workforce re-entry was the week of June 22, 2020 for Treasury Department Heads. Thereafter, Managers/Supervisors would report approximately a week later, and then the remainder of Treasury and MSRB staff would begin reporting back a week after (July 6, 2020) on a rotational basis, working both remotely and in-office.

Almost all MSRB team members now have laptops and full vpn capability which allows them remote access to the various applications (MARIS; OnBase) used to execute the benefit transactions. All staff continue responding to emails and phone calls.

Weekly (disbursement) and monthly (pension) warrants continue to be executed regularly without interruption. For the period since the MSRB's office closed in March through this past week the Disbursement Unit has processed over 700 refunds / rollovers / transfers totaling almost \$12m. Since April the Call Center has handled over 29,000 calls and 7,800 emails. An additional 200 new retirees and more than 40 survivor / beneficiary payees were added to the pension payroll for the month of June.

The fourth successful pilot of the accelerated payment program for new retirees whose benefits have been approved for payment was executed in June. These members received in mid-June their retro-active benefit payments (from their retirement date through May) ahead of the June pension warrant close rather than have them wait until the end of June and receive the retro benefits together with their first month's benefit payment. They then will receive their regular June benefit payment at the end of the month.

Weekly member and employer outreach continue. Since going remote the Communications Team has hosted 40 webcasts some that have included SMART Retirement Seminars, MSRB Operational Updates, and our weekly Face Book Live webcast. More than 2,000 members participated in the various webcasts.

An increasing number of participating agencies are announcing voluntary / cash incentives for qualifying employees. The largest has been the Trial Court. These arrangements typically provide for a one-time cash payment to an employee with certain service criteria if the employee separates from employment as of a given date. Several agencies are about to implement furlough programs in the coming weeks.

These arrangements are causing a noticeable increase in individual requests for retirement estimates, counseling, paying off or initiating service purchase requests due to their decision deadlines and other impacts.

3. YTD Fiscal 2020 Operating & Capital Spending Plans

Mr. Favorito reviewed with the Board to the YTD Fiscal 2020 Operating and Capital Spending Plans vs. actual expenditure reports (through May 31, 2020) which were included as part of the Agenda materials.

4. MARIS Update

The Board reviewed the activity summarized by Ms. Griffin who participated in the meeting. She highlighted several of the RTM workstream priorities completed during the fiscal year and those to be completed by June 30th:

- Buyback processing
- Survivor Benefits processing
- Actuarial Reporting
- Employer Reporting (in support of Actuarial Reporting)
- Benefit Calculations
- Benefit Estimates
- Benefit Pop-Ups
- Exclusion Calculations
- Annual Processes
- Annuity Fund Management

For FY 2021 she noted ongoing support and planning included:

- Design and launch of a Member Self Service portal providing enhanced member support through dashboards, tools and member actions integrated to MARIS;
- Upgrade of MSRB's OnBase content management system from its current version to the latest version that offers enhanced end user (i.e. MSRB staff) and infrastructure features;
- Upgrade of MARIS' underlying code base (i.e. Neospin Framework Version 5) from its current version, which is reaching end of life, to Version 6 with implementation of Version 6 usability and administration features;
- Data cleansing, standardization and refinement of governance controls to manage quality thresholds and maintenance support

The Sagitec Maintenance and Support Agreement expires on June 30, 2020. The MSRB in conjunction with Treasury Legal counsel have been involved in negotiations related to the drafting of an amendment for continued MARIS Product Services (i.e. Neospin Framework), Hosting and application development services to integrate with MSRB's IT staff for monthly application maintenance and support.

5. Benefit Verification Form Update

Mr. Favorito shared with the Board a revised BVF form to be used for 2020. In recognition of the current public health emergency the form does not require notarization by retirees but will require a witness signature before being returned. The initial BVF mailing is scheduled for execution on / about July 6th.

6. Member Annual Statements

Member Annual Statements have been mailed to approximately 88,000 active members of the MSERS. The annual statement reflects the balance of a member's accumulated retirement contributions plus any interest accrued as of December 31, 2019.

7. Exclusive Benefit Rule

Mr. Favorito provided an update on recent activity related to the ongoing efforts by the MSERS, the MTRS and the Commonwealth. At issue was whether certain state law plan provisions were in conflict with the federal exclusive benefit rule of Section 401(a)(2) of the Internal Revenue Code (Code), or other federal tax law requirements relating to the operation of tax-exempt pension plans.

The plan provisions involved (1) statutorily directed contributions from assets of the MSERS to the Optional Retirement Plan (ORP), administered by the Massachusetts Department of Higher Education; (2) legislatively mandated reimbursements from MSERS to local retirement systems and municipalities for local cost of living adjustments; (3) legislatively mandated deposits of §3(8)(c) revenues to the General Fund rather than to MTRS and MSERS accounts in PRIT; (4) legislatively mandated deposits of federal grant fringe payments to the General Fund rather than to MTRS and MSERS accounts in PRIT; (5) legislatively mandated funding of PERAC's operating budget from the assets of MSERS and MTRS as held by the PRIT Fund.

In 2017 legislative amendments were enacted to correct the flow of funds for the above issues such that the assets used were not coming from the MSERS or MTRS in being applied for the described uses

The recommendation at that time was to also submit a corrective action plan to the IRS to ensure the steps taken were satisfactory and to maintain the plans' qualifications going forward.

In October 2018 counsel for A&F on behalf of the Commonwealth and MTRS and MSERS submitted a proposal for a closing agreement the IRS to resolve the outstanding operational issues and EBR findings that had been self-reported.

At the end of April 2020, the IRS issued a response to the submission. The IRS was specifically seeking measures that would correct the identified issues that would “restore the plans to the position they would have been in...” and how the Commonwealth would address retroactive operational issues. On June 3, 2020 counsel for the Commonwealth submitted a response to the IRS.

Earlier this week the IRS responded seeking additional information on steps to correct “failures that have occurred during prior years.” Counsel for the MTRS & MSERS was expected to speak with counsel for A&F as to potential options and drafting a further response. Counsel were also scheduling a telephone conference with the IRS for clarification.

8. Legal Update

The Board was directed to the several case summaries provided by the MSRB Legal Unit. Ms. Troy noted that DALA had recently resumed issuing written decisions as evidenced by the number received by the Board.

9. Board / Staff Communications

Mr. Favorito highlighted the local media coverage provided for Mr. Gormley’s recent retirement from the Brockton Fire Department which was enjoyed by the fellow Board members. He also noted the several member communications received over the past month which expressed appreciation for staff efforts.

(The Board then moved on to individual agenda items)

All items considered unanimous:

SERVICE PURCHASES

MILITARY SERVICE PURCHASE

1. Timothy White

- **Approved**; Motion to approve by Mr. Valeri, seconded by Ms. Deal.

CONTRACT SERVICE PURCHASE

1. William Frisch

- **Tabled**; Motion to table by Mr. Valeri, seconded by Mr. Gormley.

GROUP CLASSIFICATIONS

GROUP 2

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

1. **Beth Cobb** - Probation Officer 2, MA Trial Court
2. **Theresa Cyr** – Social Worker 3, DCF
3. **Carol Flaherty** – Assistant Chief Probation Officer, MA Trial Court
4. **Pamela Gemme** – Social Worker 2, DCF
5. **Elizabeth Hackathorn** – Social Worker C, DCF
6. **Ellen Harris** – Occupational Therapist 1, Worcester Recovery Center & Hospital, DMH
7. **Thomas MacLeod** - University Police Sergeant, UMASS Lowell
8. **Cynthia McConville** - Probation Officer 2, MA Trial Court
9. **Jorge Mota** – Group Worker 3, DYS
10. **Elena Sachs** – RN 2, Hogan Regional, DDS

GROUP 2 TO BOARD

1. **Eric Alberti** – Psychologist 4, Berkshire Are Office, DDS (posthumously)
 - **Denied**; Motion by Ms. McGoldrick, seconded by Ms. Deal.
2. **Ramona Alicea** – CNA, Holyoke Soldiers Home
 - **Denied**; Motion by Ms. Deal; seconded by Mr. Gormley.
3. **Laura Bachand** – LPN 2, Holyoke Soldiers Home
 - **Denied**; Motion by Mr. Gormley, seconded by Ms. McGoldrick.
4. **Bernard Barrett** - Laundry Coordinator, Hampden County Sheriff's Department
 - **Approved**; Motion by Ms. McGoldrick, seconded by Mr. Valeri.
5. **Esteban Castillo** – Nursing Assistant I, Western MA Hospital, DPH
 - **Tabled**; Motion by Ms. Deal, seconded by Ms. McGoldrick.
6. **Kathleen Hickey** - Clinical Social Worker 2, UMASS Medical School
 - **Tabled**; Motion by Mr. Gormley, seconded by Mr. Valeri.
7. **Robert Jackson**-Storekeeper 4, Tewksbury Hospital, DPH
 - **Denied**, Motion by Ms. Deal, seconded by Mr. Gormley
8. **Carol Paiva** - Psych Nurse, Middlesex Sheriff's Office
 - **Approved**, Motion by Ms. Deal, seconded by Ms. McGoldrick

Qualified Mental Retardation Professional-2/23/1992-1/5/1995
Human Services Coordinator I - 1/6/1995 – 10/10/1998
Human Services Coordinator II – 10/11/1998 – 10/2/1999
Human Services Coordinator I -10/3/1999 – 7/1/2000

5. **James Poblocki**

Department of Youth Services

Group Worker I – 7/1/84 – 5/10/86

Group Worker 3 – 5/11/86 – 12/11/93

GROUP 2 PRO RATED TO BOARD

1. **James Pelham**

Department of Developmental Services

Campus Police Officer – 8/25/85 – 1/11/86

Campus Police Officer I – 5/11/86 – 3/17/90

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

2. **James Poblocki**

Department of Youth Services

Residential Assistant Director – 12/12/93 – 6/3/00

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

3. **Suzanne Thibault**

Department of Correction

Director of Security – 2/2/03 – 5/7/05

Deputy Superintendent – 5/8/05 – 5/5/18

Asst. Superintendent – 5/6/18 – Present

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

Pursuant to the Board’s Classification Policy the following requests were reported as approved for Group 4 Classification:

1. **Bruce Amadon** – CO I, DOC
2. **Sheila Atkins** – Assistant Deputy Superintendent, Suffolk County Sheriff’s Dept.
3. **Craig Butler** - CO/Corporal, Hampden County Sheriff’s Dept.
4. **Louis Campbell** – CO, Suffolk County Sheriff’s Dept.
5. **Richard Campbell** - CO 2, DOC
6. **Michael Coupal** - CO I, DOC
7. **Mark D’Aguanno** – CO I, MCI Norfolk, DOC
8. **James Durkin** – CO I, DOC
9. **Timothy Garvey** -CO/Primary Captain, Hampden County Sheriff’s Dept.
10. **Edwin Gonzalez** – CO/Shift Supervisor 2, Hampden County Sheriff’s Dept.

11. **Paul Grady** – Jail Officer, Suffolk County Sheriff’s Dept.
12. **Rohan Jumps** – CO, Hampden County Sheriff’s Dept.
13. **Thomas Millett** – CO, Worcester County Sheriff’s Dept. (OD Approved)
14. **Daniel O’Neil** – CO, DOC
15. **Kevin Shepard** – CO 2, DOC
16. **Beth Sills**- CO I, DOC
17. **Melvin Simpson** -CO 2, DOC
18. **Robert Skowron** – Associate Senior CO/Sergeant, Berkshire County Sheriff’s Office
19. **Paul Walsh** – CO 3, DOC
20. **Michael Wojtowicz** – CO/Corporal, Hampden County Sheriff’s Dept.

GROUP 4 TO BOARD

1. **Monica Dominique** – CO/Victim Services Coordinator, Hampden County Sheriff’s Dept.
 - **Tabled**; Motion by Mr. Valeri; seconded by Mr. Gormley.

Treasurer Goldberg excused herself from the meeting indicating she would return shortly; Ms. Kim assumes the Chair.

2. **Annie Feliciano** – Asst. Deputy Superintendent 2, Hampden County Sheriff’s Dept.
 - **Approved**; Motion by Mr. Valeri, seconded by Mr. Gormley.
3. **Maribel Fournier** – Deputy State Fire Marshall, Dept. Of Fire Services
 - **Denied**, Motion by Ms. Deal, seconded by Ms. McGoldrick.
4. **Sheryl Gaynor** – CO/Unit Manager 2, Hampden County Sheriff’s Dept.
 - **Approved**; Motion by Ms. McGoldrick, seconded by Mr. Valeri.
5. **Mark Gingras** – CO/Residential Supervisor, Hampden County Sheriff’s Dept.
 - **Approved**; Motion by Mr. Valeri, seconded by Mr. Gormley

GROUP 4 PREVIOUSLY TABLED

1. **Susan Goodwin** - CO/Security Director, Hampden County Sheriff’s Department
 - **Approved**; Motion by Mr. Gormley, seconded by Ms. Deal.
2. **John Ostapow** – Maintenance Electrician/Engineer, Bristol County Sheriff’s Department
 - **Denied**; Motion by Ms. McGoldrick, seconded by Ms. Deal

Pursuant to the Board’s Classification Policy the following requests were reported as approved for Pro-Rated Group 4 Classification:

1. **Suzanne Thibault** **Department of Correction**
CO 1 – 7/27/86 – 10/29/88
CO 2 – 10/30/88 – 9/18/93
CO 3 – 9/19/93 – 2/7/98
Captain – 2/8/98 – 2/1/03

GROUP 4 PRO RATE TO BOARD

1. **Enrico Balderelli** **Hampden County Sheriff’s Dept.**
CO – 5/17/93 – 9/5/94
CO/Correctional Counselor – 9/6/94 – 2/7/98
CO/Lead Counselor – 2/8/98 – 7/28/01

- **Approved;** Motion by Ms. McGoldrick, seconded by Ms. Deal.

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

1. **John Naylor** – CO 1, DOC
2. **Robert Small** – CO 2, DOC

Treasurer Goldberg rejoins the meeting.

OPEN SESSION ENDS

THE BOARD ENTERS INTO EXECUTIVE SESSION

At 11:55 a.m. the Board entered into 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. Treasurer Goldberg indicated the Board would not reconvene in Open Session after the Executive Session and will adjourn the meeting at the conclusion of the Executive Session.

Ms. McGoldrick made a motion to enter Executive Session, Ms. Deal seconded the motion.

ON ROLL CALL THE VOTE WAS AS FOLLOWS:

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

EXECUTIVE SESSION CONCLUDES AND ADJOURNMENT

(ROLL CALL REQUIRED)

**ON A MOTION BY MR. GORMLEY AND SECONDED BY MR. VALERI, THE BOARD VOTED TO ADJOURN THE MEETING.
THE MEETING ADJOURNED AT 12:27 PM.**

ON ROLL CALL THE VOTE WAS AS FOLLOWS:

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

**THE NEXT REGULAR BOARD MEETING OF THE STATE RETIREMENT BOARD IS SCHEDULED TO BE
HELD ON Thursday, July 30, 2020 starting at 10:00AM.**

Documents Used at the State Board of Retirement Meeting of June 25, 2020

- Agenda for the June 25, 2020 Board Meeting. Supporting documentation for Agenda items as referenced therein.
- Open Session and Executive Session Minutes of May 28, 2020 Board Meeting