

MINUTES FOR THE 1210th BOARD MEETING
STATE BOARD OF RETIREMENT

DATE: November 20, 2018

TIME: 10:14 A.M.

PLACE: One Winter Street – 8th 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; Sarah Kim, Treasury General Counsel /Designee; Theresa McGoldrick, Elected Member; Francis Valeri, Elected Member; Patricia Deal, Appointed 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; Chanese Brown, Disability Unit Manager; 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; Kathryn Kougias, Benefit Calculation Analyst.

Treasury staff present for all or part of the meeting were: Kathi Ann Reinstein, Legislative Affairs; Emma Sands, Treasury Communications.

Other parties in attendance for all or part of the meeting were: John Malone, Gartner; John Dunlap, University of Massachusetts; Lisa Calise, University of Massachusetts; Myles Stearn, Massachusetts Teachers Association; Jenna Hollingsworth, AFSCME; James Donovan, Teamsters Local 25; State Police Trooper Michael Brown.

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

Ms. Kim 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 attendees of any recording at the beginning of the meeting. She 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 1209th BOARD MEETING: On a motion by Mr. Valeri and seconded by Ms. Deal the Board voted unanimously to approve the Regular and Executive Session Minutes of the 1209th Board Meeting, October 25, 2018.

(Treasurer Goldberg arrives and assumed the Chair)

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.

The November pension payroll warrant was closing during the course of the Board meeting and preliminary numbers indicated over 270 new retiree, dependent and survivor payees being added. The weekly disbursement (refund / rollover) warrants were executed successfully during the month.

Ms. Griffin noted that the MARIS short-term roadmap (for the remainder of Fiscal Year 2019) was progressing to schedule. The support team was focused on finalizing outstanding issues with annual processes and delivering planned enhancement releases (i.e., improved Benefit Estimate and Reporting capabilities). In addition, functional requirements development from the Requirements Traceability Matrix (RTM) is in progress. Detailed planning continues for MARIS long-term roadmap needs around strategic initiatives that will kick off post July 2019.

Two MARIS Support Releases are scheduled for November. Release 38 scheduled brings functional improvements to MSRB and addresses support related issues including: Benefit Estimate enhancements that provide the capability to quickly calculate benefits based on future salary projections, improvements to resolve Buyback processing issues, and improvements that support upcoming annual processes such as 1099R and Actuarial Reporting. Release 39 scheduled for end of November delivers a high priority fix that resolves ongoing issues with how differentials are calculated for benefit estimates.

Mr. Malone updated the Board on Independent Verification & Validation (IV&V) efforts. The MARIS support team is currently working to provide MSRB's Actuarial data to PERAC by February 25th, 2019. In order to provide accurate reports to PERAC, multiple, significantly complex issues remaining from the 2017 files must be resolved, requiring major efforts from both Sagitec and MSRB. Most notably, during the generation of the 2017 files MSRB identified that the member status field in MARIS does not meet requirements for Actuarial or other business processes.

While Sagitec recommends an Actuarial-only approach because of perceived time constraints; MSRB's SME and Gartner have recommended to pursue the more holistic approach to address Status field issues across the system, this approach could be implemented in phases to mitigate any schedule risks. MSRB's SME has provided Sagitec the requirements to fully address all Status-related issues within MARIS on October

18th. Effort estimates for both approaches are still outstanding, these are required for the PMO to assess the risks and benefits and select a final approach.

The MARIS support team is finalizing the second of three phased improvements (i.e., Bundles) for the existing Benefit Estimate functionality. During the design phase for Bundle 2, MSRB identified that corrections are required for differential calculations, this was expected to be delivered with the original scope for Bundle 2, estimated for release by November 15th, 2018.

Due to the recent focus on other areas within MARIS (e.g., fiscal year-end reports and benefit pop-up functionality required for payroll), Sagitec has been unable to deliver the differential calculation corrections in the timeline desired by MSRB. Currently, the team is planning to implement the corrections by the end of November.

2. YTD Fiscal 2018 Operating & Capital Budgets

Mr. Favorito referred the Board to the YTD Fiscal 2018 Operating and Capital Budgets vs. actuals reports (through October 31, 2018) which were included as part of the Agenda materials.

3. University of Massachusetts / Payroll Reporting – Specialty Pay

Mr. Favorito updated the Board on the ongoing efforts by the MSRB and the University of Massachusetts (“University”) related to payroll reporting practices of the University. As previously noted, the University has historically not taken the required retirement deductions from several types of specialty pay issued to eligible employees across all its campuses. The most common type of specialty pay is night and weekend differential, but also includes types such as on-call pay, and certain holiday pay.

A preliminary estimate from the University indicates the number of affected active employees is approximately 3,257. The amount an employee may owe varies based on the number of impacted types of specialty pay, the frequency of the pay, and the years of service or assignment.

Teams from the MSRB and UMass have met several times to review the scope of the issue, related data and potential next steps to begin addressing the matter.

Mr. Favorito introduced John Dunlap the University’s Deputy Chief Human Resources Officer and Lisa Calise, Senior Vice President and Treasurer for Administration and Finance. Mr. Dunlap recounted that the issue had been initially raised through an individual employee who had inquired at the campus level whether the specialty pay was being included for retirement purposes.

Mr. Dunlap informed the Board that earlier in November the University formally notified its 29 bargaining units of employee unions of the matter and that it will begin taking the required employee deductions from these types of pay starting with the payroll issued on January 25, 2019. The University intends to send a letter to all impacted employees on January 2, 2019 notifying them. The University has asked the MSRB to participate in employee informational sessions it would like to schedule at all five campuses during January & February 2019. The University has engaged KPMG to perform an audit of its payroll reporting practices.

Mr. Dunlap indicated that while the University understood the MSRB's limitations and its obligations, its preference would be for the deductions to be initiated for new employees and made optional for existing employees; if repayment was required the recovery period should be limited and for amount greater than a *de minimis* level. He outlined the University's difficulties in securing accurate and reliable data prior to February 24, 2002 when the University switched from its previous payroll system to its current one. Mr. Dunlap wanted the Board to know that MSRB staff have been cooperative and responsive during the period of discussions that has occurred to date.

Treasurer Goldberg asked if any of the union representatives present wished to address the Board, as it was her understanding that they had not notified MSRB staff beforehand that they would be attending. James Donovan & Jason Lopes of Local 25 (representing UMass Boston & Lowell campus police), Janna Hollingsworth of AFSCME (representing staff at UMass Medical School), and Myles Stearn of the MTA addressed the Board. They sought flexibility from the Board to the extent available and requested that the specialty pay deductions be initiated prospectively, have pension calculations be based on actual regular compensation, and look into making the repayment be optional to employees for those who wanted to include the specialty pay in their pension calculations.

Each of the Board members posed questions of the University representatives and union staff inquiring about the number of employees affected, the amounts that may be owed and impact of MSRB operations.

Mr. Favorito and MSRB staff noted for the Board that they had reviewed the notion of setting a *de minimis* amount below which a waiver of repayment under the *Needham* provision could be implemented, given that a majority of the identified employees affected based on University estimates would owe under \$250.00 and more than 75% would owe under \$1,000.00. Ms. Welch reiterated that had the deductions been actively implemented consistently they would not have been optional for the employees as they are not optional for other members of the MSERS.

After further discussion, on a motion by Ms. McGoldrick and seconded by Ms. Deal the Board voted unanimously to establish a two member sub-committee to work along with MSRB staff and make recommendations to the Board for the December 2018 meeting including (1) the potential application of the *Needham* provision to the matter; (2) whether to establish a *de minimis* level of retirement deductions under which the Board would not seek recovery; and (3) to only include data from February 24, 2002 going forward as part of the review.

(At 11:33 a.m. the Board voted to enter into a brief recess; At 11:44 a.m. the Board resumed the meeting)

4. Benefit Verification Update

Mr. Favorito updated the Board that there remained approximately 450 members who had not returned their forms as of today's meeting. This is down from over 800 outstanding as of the October Board meeting. Members who did not respond by the close of the October warrant have had their benefits interrupted and will continue to have their benefits interrupted until their BVF is submitted.

5. Section 91A Non-Compliance / 2017 Filings

Mr. Favorito reviewed with the Board forty reported disability retirees who had failed to submit the annual earnings statement to PERAC for 2017. Four retirees had filed since the distribution of the Board's meeting materials. As a result of the non-compliance Board staff recommended the interruption of the benefits for the listed retirees. After discussion and on a motion by Ms. Deal seconded by Mr. Valeri, the Board voted to interrupt the benefit payments of the identified retirees who had not submitted their 2017 annual earnings statements.

6. Proposed Annual Statement of Financial Condition

After discussion, and on a motion by Ms. Deal and seconded by Ms. McGoldrick, the Board voted unanimously to approve the Proposed Fiscal 2018 Annual Statement of Financial Condition.

7. Contract Service Regulations / Amendments

Mr. Favorito discussed 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 amendments primarily seek to clarify and strengthen the provisions addressing contract service provided through vendors which have met with mixed results at DALA hearings. Mr. Favorito asked the Board to review the proposed changes and submit any feedback so the Board could review them for action at the December meeting.

8. MSRB Legislative Submissions

Mr. Favorito reviewed the summary of legislative submissions related to the operation of the MSERS and MSRB filed through the Treasurer's office. Some proposals are re-files of bills from last legislative session. He noted that the proposals are primarily technical in nature with the exception of language which would clarify the payment of employer costs to the MSERS by non-state entities which participate such as regional vocational schools, planning commissions, etc. This issue had been the subject of a legislatively created task force chaired by A&F on which the MSRB participated, but whose efforts were stalled at the end of 2017.

9. PRIM Update

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

10. Board Legal Update

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

In addition to the memo compiled by the Legal Unit which contained summaries of DALA and CRAB decisions which had issued since the last Board meeting, Mr. Favorito noted to the Board that the Supreme Judicial Court had heard arguments in the *O'Hare* matter §15 on October 1. A decision is expected within 120 days.

11. Board / Staff Communications

Mr. Favorito noted the several member communications received by the office since the last Board meeting noting staff efforts and responsiveness to members.

12. Proposed 2019 Board Meeting Schedule

The Board reviewed the proposed Board meeting dates for 2019.

THE BOARD GOES INTO EXECUTIVE SESSION. At approximately 12:10 p.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.

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

ON ROLL CALL THE VOTE WAS AS FOLLOWS:

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

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

TREASURER GOLDBERG DEPARTED THE MEETING AT 12:25 P.M. MS. KIM ASSUMED THE CHAIR.

BOARD RETURNS TO OPEN SESSION

(Roll call required)

THE BOARD COMES OUT OF EXECUTIVE SESSION: at 1:09 P.M., Ms. Deal made a motion to come out of Executive Session and return to Open Session. Valeri seconded the motion.

ON ROLL CALL THE VOTE WAS AS FOLLOWS:

Ms. Kim	Yes
Mr. Valeri	Yes
Ms. Deal	Yes
Ms. McGoldrick	Yes

(Unless otherwise noted all votes taken are unanimous.)

REQUEST TO CHANGE RETIREMENT OPTION

1. William F. Wrightson (posthumously)
 - **Approved designation of Option B and designation of his estate as his beneficiary;** Motion by Ms. Deal, seconded by Mr. Valeri.

REQUEST TO PURCHASE CONTRACT SERVICE

1. Doris Bargaen
 - **Denied;** Motion by Ms. Deal, seconded by Mr. Valeri.
2. Ann Marie Mohan
 - **Denied;** Motion by Ms. Deal, seconded by Mr. Valeri.

REQUEST OF BUYBACK INTEREST

1. **Tracy Turke**
 - **Approved waiver of buyback interest;** Motion by Ms. Deal, seconded by Ms. Valeri.

GROUP CLASSIFICATIONS

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

1. **John Amicone** – Court Officer 2, MA Trial Court
2. **Mary Callahan** – Nursing Assistant 3, MA Hospital School
3. **Terry Lynn Champiney** – Social Worker C, DCF
4. **Todd Jarvis** – Probation Officer, MA Trial Court
5. **Renata O'Connor** – Paraprofessional, Cape Cod Collaborative
6. **Dan O'Neil** – Mental Health Coordinator I, Worcester Recovery Ctr. & Hospital, DMH
7. **James Paulin** – Recreation Therapist I, Holyoke Soldiers Home
8. **Karen Purdue** – Special Education Assistant, ACCEPT Collaborative
9. **Margaret Thompson** – Probation Officer 2, MA Trial Court
10. **Gerald Warren** – Probation Officer 2, MA Trial Court
11. **Stephen Wheeler** – Chief Probation Officer

GROUP 2 TO BOARD

1. **John Deshler** – Facilities Service Worker 3, Pocasset Area, DMH
 - **Denied;** Motion by Ms. Deal, seconded by Mr. Valeri.
2. **Karen DiNardo** – Deputy Superintendent of Re-Entry, DOC
 - **Approved;** Motion by Mr. Valeri, seconded by Ms. Deal.
3. **David Kilmer** – RN 3, Taunton State Hospital, DMH
 - **Approved;** Motion by Ms. Deal, seconded by Mr. Valeri.
4. **Douglas Koziol** – RN 2/Health Coordinator, Central West Regional Office, DDS
 - **Approved;** Motion by Mr. Valeri, seconded by Ms. Deal.
5. **Teresa Krupien** – Nursing Assistant I/CNA, Chelsea Soldiers Home
 - **Denied;** Motion by Ms. Deal, seconded by Mr. Valeri.
6. **Kim Michaud** – MHW 4, Solomon Carter Fuller MH Center, DMH (Posthumous)
 - **Approved;** Motion by Ms. Deal, seconded by Mr. Valeri.

7. **Cicily Micle** – RN 2, Tewksbury Hospital, DPH
 - **Denied**; Motion by Ms. Deal, seconded by Mr. Valeri.
8. **Francine Thompson** – MHW 3/MAP Team Coordinator, Lindemann Mental Health Center/Women's Unit, DMH
 - **Approved**; Motion by Ms. Deal, seconded by Mr. Valeri.
9. **Benilde Watts** – RN 4, Metro Boston MH Unit, Lemuel Shattuck, DMH
 - **Denied**; Motion by Ms. Deal, seconded by Mr. Valeri.

GROUP 2 RECONSIDERATION TO BOARD

1. **Stephen DiPasquale** – Clinical Social Worker D, Worcester Recovery Center & Hospital, DMH (Denied in September 2018)
 - **Tabled**; Motion by Ms. Deal, seconded by Mr. Valeri.

GROUP 2 TABLED TO BOARD

1. **Joan Ingersoll**– Life Skills Counselor, Essex County Sheriff's Dept. (Tabled October 2018)
 - **Reconsidered**; Motion by Ms. Deal, seconded by Mr. Valeri.
 - **Approved**; Motion by Ms. Deal, seconded by Mr. Valeri.

GROUP 2 HSC/AB TO BOARD

1. **Daniel Duggan** – HSC A/B, Worcester Recovery Center & Hospital, DMH
 - **Approved**; Motion by Ms. Kim, seconded by Mr. Valeri.
2. **Debra Prado** – HSC A/B, DDS
 - **Approved**; Motion by Ms. Kim, seconded by Mr. Valeri.

GROUP 2 HSC/AB RECONSIDERATION TO BOARD

1. **Ana Rodrigues** – HSC A/B, Essex North Site Office, DMH (Denied April 2017)
 - **Reconsidered**; Motion by Ms. Deal, seconded by Mr. Valeri.
 - **Approved**; Motion by Ms. Deal, seconded by Mr. Valeri.

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

1. **Victor Correia** **MA Trial Court**
Probation Officer – 4/26/99 – 5/19/13
Assistant Chief Probation Officer – 5/20/13 – 5/13/18

2. **John Deshler** **Department of Mental Health**
Mental Health Worker I – 8/30/92 – 7/17/99

3. **Paul Gagnon** **Department of Children & Families**
Social Worker I – 12/22/85 – 1/21/89
Social Worker 3 – 1/22/89 – 1/23/93
Social Worker 4 – 1/24/93 – 12/15/01
Social Worker D – 12/16/01 – 4/29/06

4. **William Halford** **MA Trial Court**
Court Officer 3 – 4/6/93 – 11/30/18

5. **Donald Hardwick** **Department of Mental Health**
Mental Health Case Manager 2 – 6/28/87 – 11/10/87
Mental Health Case Manager 2 – 3/4/90 – 12/22/90
Mental Health Case Manager 2 – 6/14/92 – 9/24/01

6. **Anthony Marano** **Department of Developmental Services**
Mental Health Assistant -Wrentham State School
7/29/79 – 12/19/81
Recreation Therapist I – Wrentham Dev. Ctr.
12/20/81 – 5/9/87
Social Worker I – Wrentham State School
5/10/87 – 7/1/89
Social Worker 2 – Wrentham State School
7/2/89 – 12/16/89
Social Worker 3 – Wrentham State School
12/17/89 – 10/8/94

7. **Gary Masters** **Department of Developmental Services (DMR)**
DSW I – 2/19/89 – 6/2/90
DSW 2 – 6/30/90 – 10/29/94

8. **Rodlyn Moore** **Department of Mental Health- Worcester Recovery**
MHW I – 8/19/90 – 8/5/95
RN I – 8/6/95 – 12/28/96
RN 2 – 12/29/96 – 6/11/05
9. **Ellen Spencer** **Department of Developmental Services**
Vocational Rehab Counselor I – 8/5/84 – 2/6/88
Vocational Rehab Counselor 2 – 2/7/88 – 9/14/93
Vocational Rehab Counselor I – 9/15/93 – 12/13/96
10. **Teresa Valade** **Department of Developmental Services-Wrentham Dev.**
LPN I – 12/20/92 – 9/18/04
11. **Mark Waitkevich** **Department of Developmental Services**
LPN I, Wrentham State School – 7/28/85 – 11/21/84
LPN I – Wrentham Dev. Ctr. – 6/11/95 – 3/1/97

GROUP 2 PRO RATE TO BOARD

1. **Gary Masters** **Department of Developmental Services (DMR)**
DSW 3 – 3/3/96 – 1/03/09
DSW 4 – 1/4/09 – 6/18/11
 - **Denied;** Motion by Ms. Deal, seconded by Mr. Valeri.
2. **Diane Silva** **Department of Correction**
Director of Classification – 7/26/87 – 4/28/90
 - **Approved;** Motion by Ms. Deal, seconded by Mr. Valeri.
3. **Elizabeth Shepard** **Department of Public Health**
Physical Therapist 2 – 7/19/98 – 4/02/02
Physical Therapist 3 – 4/3/02- 4/1/05
Physical Therapist 3 – 4/1/12 – 4/1/13
 - **Denied;** Motion by Ms. Deal, seconded by Mr. Valeri.

GROUP 2 PRO RATE RECONSIDERATION TO BOARD

1. **Adele Gillis** **Dept. of Developmental Services**
HSC A/B – 5/29/90 – 2/17/15
(Denied June 2017)

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

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

1. **Christian Berard** – CO 2, DOC
2. **Richard Colon** – CO 2, DOC
3. **Lori Correia** – Parole Officer A/B, MA Parole Board
4. **William DeCoste** – CO I, DOC
5. **Kenneth Janeczek** – Parole Officer D, MA Parole Board
6. **Alvin LaRoche** – CO 3, DOC
7. **Robert Michalczyk** – CO 2, DOC
8. **Daniel Napolitano** – CO 3/Sergeant, Suffolk County Sheriff's Department
9. **Richard Panarelli** – CO, Norfolk County Sheriff's Office

GROUP 4 TO BOARD

1. **Mark Larivee** – Campus Police Officer 3, Salem State University
 - **Denied**; Motion by Ms. Deal, seconded by Mr. Valeri.

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

1. **William Halford** **Hampshire Sheriff's Office**
Correction Officer – 10/1/84 – 6/28/93

GROUP 4 PRO RATE CORRECTIONAL PROGRAM OFFICERS TO BOARD

1. **Diane Silva** **Department of Correction**
Correctional Program Officer A/B – 7/4/82 – 9/20/86
Correctional Program Officer C – 9/21/86 – 7/25/87
Correctional Program Officer D – 1/28/18 – 10/19/18
 - **Approved**; Motion by Ms. Deal, seconded by Mr. Valeri.

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

1. **Jason Badger** – CO I, DOC
2. **Cornelius Jones** – CO 2, DOC
3. **Michael Lilly** – Jail Officer, Suffolk County Sheriff's Department
4. **David Read** – CO I, DOC
5. **Paul Tavano** – CO, Worcester County Sheriff's Office

ON A MOTION BY Ms. KIM AND SECONDED BY Mr. VALERI THE BOARD VOTED TO ADJOURN THE MEETING. THE MEETING WAS ADJOURNED AT 1:48 P.M.

THE NEXT REGULAR BOARD MEETING OF THE STATE BOARD OF RETIREMENT WILL BE HELD ON Thursday, December 20, 2018 AT 10:00 AM.