

MINUTES FOR THE 1217th BOARD MEETING
STATE RETIREMENT BOARD

DATE: June 27, 2019

TIME: 10:08 A.M.

PLACE: One Winter Street, Boston, MA 02108

The meeting of the State Board of Retirement was called to order with Members present for all or part of the meeting: Sarah G. Kim, Treasury General Counsel / Treasurer's 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; Darrell Bright, Director of Member Services; Karen Richardson, Operations Director; Melinda Troy, Senior Board Counsel; Janice Coen, Executive Assistant; Kathryn Kougias, Finance Director; Mohammed Ali, Assistant Director of Finance; Kimberly Griffin, MARIS Paula Daddona, Communications Coordinator; Chanese Brown, Disability Unit Manager; Joisei Horton, Disability Unit; Pamela Diggs, Paralegal; Diane Scott, Classification Coordinator; Glenn Aissis, Training Manager; Tom Mancini, Training Unit; Adam Linskey, Member Services; Geoffrey Scales, Legal Intern.

Treasury staff present for all or part of the meeting were: James MacDonald, First Deputy Treasurer; Kathi Reinstein, Director of Policy & Legislative Affairs; Elizabeth Zelnick, Legislative Affairs; Emma Sands, Communications; Lizandra Gomes, Deputy Chief of Staff; Alethea Harney, Director of Communications.

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 1216th BOARD MEETING: On a motion by Ms. Deal and seconded by Mr. Gormley the Board voted to approve the Regular and Executive Session Minutes of the 1216th Board Meeting, May 30, 2019, Ms. McGoldrick abstained.

REPORT OF THE EXECUTIVE DIRECTOR

1. Stabilization Fund Transfer to MSERS

Mr. Favorito informed the Board that earlier in the month the Commonwealth had transferred to the pension fund on behalf of the MSERS the amount of \$12.9m. This was done in conformance with the capital gains tax revenues received by the Commonwealth in excess of the annual threshold under G.L. c.29, §5G. A total of \$31.8m was transferred on behalf of the MSERS and MTRS. Another \$31.8m was transferred to the Commonwealth's OPEB Trust.

2. YTD Fiscal 2019 Operating & Capital Spending Plans

Mr. Favorito referred the Board to the YTD Fiscal 2019 Operating and Capital Spending Plans vs. actuals reports (through May 31, 2019) which were included as part of the Agenda materials.

3. Sagitec Contract Amendment

Ms. Griffin updated the Board on Sagitec's support contract which ends June 30, 2019 referencing her memo included in the Board's materials. Board staff have been in negotiations with Sagitec to renew the contract for continued application development outsourcing (ADO) services, product (i.e. Neospin) licensing and maintenance, and infrastructure hosting services for up to a twelve-month period.

(Mr. Valeri arrives)

The current FY 2019 services contract included an annual product services fee of \$270,400 and a total of \$192,000 for monthly infrastructure hosting fees. The MSRB budgeted \$5,000,000 for ADO support services. ADO expenses have been under budget every month.

The FY 2020 proposed support services were presented at the April Board meeting as part of the capital budget submission process and will include the MARIS Services Statement of Work (SOW) and Requirements Traceability Matrix (RTM) deliverables (i.e. backlog of functional area requirements) and support for ongoing operations. The spending plan included:

- \$485,200 for combined product and hosting fees; and,
- \$5,958,871 for ADO support services.

These amounts are inclusive of anticipated renewal increases specified in the current FY 2019 support services contract. In addition, the ADO support services would include the addition of three development positions, as previously discussed, to support parallel development work streams (i.e., ongoing support activities and the RTM).

Ongoing contract negotiations include reduced support service fee increases than those specified in the current FY 2019 contract upon FY 2020 renewal as well as junior position

rates for new staff added to the implementation. We hope to complete negotiations by the Board meeting.

MSRB staff are requesting Board authority to finalize and enter into the FY 2020 Sagitec support services contract amendment consistent with the above amounts.

After discussion, on a motion by Ms. Deal and seconded by Ms. McGoldrick the Board voted to authorize Board staff to complete its negotiations.

4. ORP / Section 60

Mr. Favorito reviewed with the Board previous discussions on whether the MSRB should revisit assessing interest costs on remaining creditable service and associated balance transfers that accrued after December 31, 2013. He reported that based on the initial responses to the recent mailing to some 550 transferring ORP participants with balances Board staff would like to defer any final decision on the interest issue until later this year. Activity was steady on participants seeking to pay off their pending balances.

5. Public Service Committee Hearing

Mr. Favorito updated the Board on the progress of three bills filed on behalf of the MSRB which were before the Public Service Committee at its hearing on June 25, 2019. (House Bills No. 45, 47, 48 & 50). Mr. Favorito indicated he had submitted letters to the Committee requesting they issue a favorable report on each bill.

Separately Mr. Favorito and the Board discussed House Bill No. 2260 that seeks to have the MSRB produce a report for the Public Service Committee on establishing a process for partial payments to new retirees and explore methods to reduce the amount of time between retirement and first payment. Mr. Favorito indicated that he and Ms. Reinstein had met with the bill sponsor Representative Garballey who had filed the bill at the request of SEIU Local 509. He had appreciated the outreach and information related to the various components of the retirement process.

Mr. Valeri added that as part of his testimony before the Public Service Committee on June 25th he had addressed this bill. He indicated he had informed the Committee that the Board was aware of the issues being raised and had been taking measures administratively to address the matter such as re-allocating resources, expanding overtime, and broadening the notice to new retirees related to advance payments. Based on these steps and to allow time to assess their impact he asked that the bill be referred to a Study Order.

Mr. Favorito, Ms. Welch and Ms. Bright outlined for the Board the current challenges faced by the MSRB in reducing the time to first payment for new retirees which currently stands between 90-120 days depending on the individual case. These include several new staff within the Benefit Calculation Team, approximately 1,000 retirement applications on-hand on a monthly rolling basis with the MSRB, high volume of walk-in counseling requests and

telephone inquiries around retirement, inadequate and untimely information from payroll offices, and the time required to properly and accurately process cases.

The Board expressed concern about the bill should it progress and preferred to have the issue address administratively by the MSRB. Mr. Valeri noted that the timeliness of the first payment is one of the most frequent inquiries he receives.

Ms. Richardson described the current advance payment process available. The Board asked about posting more prominent information on the web site and in the application materials about the advance process to help alleviate immediate concerns.

Mr. Favorito outlined some short-term steps that senior staff had discussed which were being implemented including increased use of advance payments, extending overtime opportunities, re-directing ongoing work on benefit adjustments for existing retirees to new retirements, and modifying allowable variances for annuity account balances. He noted that the bill could also impact morale of staff who continue to work diligently. Long terms solutions would center on the development of additional trained staff members to the MSRB.

Mr. Favorito asked whether the Board would have any objection to strategies including limiting walk-in counseling opportunities. They indicated they would be open to the idea if carefully applied. An update would be provided at the July Board meeting.

6. PRIM Update

Mr. Favorito directed the Board's attention to the performance results provided by PRIM for the period concluding May 31, 2019. The net asset value of the MSERS stood at \$27.33b from \$28.072b at the end of April. Calendar year performance to date gross of fees was 5.72%.

7. Board Legal Update

Attorney Troy summarized several recent DALA / CRAB decisions that have been received involving the MSRB.

8. Highlight on MSRB: Training Team

Glenn Aissis manager of the Training Team reviewed the efforts over the past year of the unit including the new hire training curriculum and supplemental training modules for MSRB staff. He indicated that the team had executed more than 420 sessions for new and existing employees over that past twelve months.

Board members expressed an interest on the potential development of sessions / curriculum for them in an effort to better understand MSRB operations.

9. Board / Staff Communications

Mr. Favorito noted to the Board second quarter Training Opportunities recently issued by PERAC and that all Board members had filed their SFI's with PERAC.

He also noted a provision contained in an FY 2019 supplemental budget proposal filed by the Governor that would limit the amount of worker's compensation benefits a superannuation retiree could receive. He had discussed the language with HRD and suggested modifications if it was likely to advance.

Mr. Favorito referenced a copy of correspondence sent by the Massachusetts Association of Public Pension Attorneys (to which MSRB attorneys belong) to the Chair of CRAB highlighting the challenges for retirement systems and their members due to the ongoing backlog of cases before DALA and CRAB.

Lastly, Mr. Favorito reviewed some Board communications including several member emails related to customer service provided by the MSRB staff.

THE BOARD GOES INTO EXECUTIVE SESSION. At 11:30 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. Deal seconded the motion.

ON ROLL CALL THE VOTE WAS AS FOLLOWS:

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

Mr. Valeri left the meeting.

BOARD RETURNS TO OPEN SESSION

(Roll call required)

THE BOARD COMES OUT OF EXECUTIVE SESSION: At time 12:15 p.m., Ms. Deal made a motion to come out of Executive Session and return to Open Session. Ms. McGoldrick seconded the motion.

ON ROLL CALL THE VOTE WAS AS FOLLOWS:

Ms. Kim	Yes
Ms. Deal	Yes
Ms. McGoldrick	Yes
Mr. Gormley	Yes

(Unless otherwise noted all votes taken are unanimous)

The following item was taken out of order:

REQUEST FOR WAIVER

1. Demetra Phair

Attorney Daniel O'Connor appeared before the Board with his client and spouse. After presentation of the issues, counsel withdrew his client's request for a waiver of repayment.

REQUEST TO PURCHASE CONTRACT SERVICE

1. Rodene Lamkin:

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

2. Debora Martin:

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

3. Joy Talbot:

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

REQUEST TO PURCHASE OUT OF STATE TEACHING SERVICE

1. Mary Loadholt:

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

REQUEST FOR REGULAR COMPENSATION

1. Judy Zeprun Kalman:

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

REQUEST TO PURCHASE VETERAN'S SERVICE

1. Eugene E. Black, Jr:

- **Approved;** Motion by Ms. Deal; seconded by Ms. McGoldrick
- 2. Lori A. Pina
 - **Approved;** Motion by Ms. McGoldrick; seconded by Mr. Gormley

REQUEST FOR INTEREST

1. Linda McLennan
 - **Approved;** Motion by Ms. McGoldrick; seconded by Mr. Gormley

GROUP CLASSIFICATIONS

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

1. **Kathy Dame** – Social Worker 3, DCF
2. **Maureen Forbes-Slayton** – Probation Officer 2, MA Trial Court
3. **Patty McMahon** – Residential Supervisor A/B, Central Residential Services, DDS
4. **Wanda Moreis** – Social Worker 2, DCF
5. **Michael O'Shea** – Assistant Chief Probation Officer, MA Probation Department
6. **Anne Marie Sbardella** – Paraprofessional, South Coast Educational Collaborative
7. **Deborah Elizabeth Stead** – Probation Officer 2, MA Probation Department
8. **Deborah Terzian** – Social Worker C, DCF
9. **Janet Townson** – Paraprofessional, Pilgrim Area Collaborative

GROUP 2 TO BOARD

1. **Glenn Arsenault** – Mental Health Worker 4, Tewksbury Hospital, DMH
 - **Approved;** Motion by Ms. Deal, seconded by Ms. McGoldrick.
2. **Deborah Bethel** – RN 2, Lemuel Shattuck Hospital, DMH
 - **Denied;** Motion by Ms. McGoldrick, seconded by Mr. Gormley.
3. **Norman Boutin** – Residential Supervisor C, SE Residential Services, DMH
 - **Approved;** Motion by Ms. McGoldrick, seconded by Mr. Gormley.
4. **Aldo Caira** – Patient Care Reimbursement Investigator, Tewksbury Hospital, DMH
 - **Tabled;** Motion by Ms. Deal, seconded by Ms. McGoldrick
5. **Susan Galvin** – RN 2, Lemuel Shattuck Hospital, DPH
 - **Denied;** Motion by Ms. McGoldrick, seconded by Mr. Gormley.

6. **Phoan Kim** – Social Worker Technician, DCF
 - **Denied**; Motion by Ms. Deal, seconded by Ms. McGoldrick.
7. **Paul Mangone** – Assistant Chief Court Officer, MA Trial Court
 - **Approved**; Motion by Mr. Gormley, seconded by Ms. McGoldrick.
8. **Robert Mayo** – RN 2, Tewksbury Hospital, DPH
 - **Approved**; Motion by Ms. McGoldrick, seconded by Mr. Gormley.

GROUP 2 TABLED TO BOARD

1. **Debra Towns** – Vocational Instructor C, Regional Employment Svcs., Central, DDS-
(Tabled May 2019)
 - **Approved**; Motion by Ms. McGoldrick, seconded by Mr. Gormley.

GROUP 2 HSC A/B TO BOARD

1. **Elizabeth Laskey** – HSC A/B, Brockton Area Office, DDS
 - **Approved**; Motion by Ms. McGoldrick, seconded by Ms. Deal.

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

- | | |
|-------------------------------------|---|
| 1. <u>Rochelle LaCouture</u> | <u>Department of Developmental Services</u>
HSC A/B – 11/27/88 – 4/4/98
Brockton Area Office, Community Services Center
HSC C – 4/5/98 – 9/22/12
Brockton Area Office, Community Services Center |
|-------------------------------------|---|

GROUP 2 PRO RATE RECONSIDERATION TO BOARD

- | | |
|--------------------------------|---|
| 1. <u>Steven McCabe</u> | <u>Department of Developmental Services</u> (DMR)
DSW 3, 3/11/01 – 6/25/16
(Denied May 2019) |
|--------------------------------|---|
- **Reconsidered**; Motion by Ms. Deal, seconded by Ms. McGoldrick
 - **Approved**; Motion by Ms. Deal, seconded by Ms. McGoldrick

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

1. **Peter Abban** – CO/Lieutenant, Suffolk County Sheriff's Department
2. **Jeffrey Allen** – CO I, DOC
3. **Jeffrey Caswell** – CO I, DOC
4. **Brian Farese** – CO, Essex County Sheriff's Department
5. **Robert Gaynor** – Sergeant, Plymouth County Sheriff's Department
6. **Paul Gervais** – Assistant Superintendent, Franklin County Sheriff's Office (posthumous)
7. **Raymond Marceau** – CO I, DOC
8. **Paul Roderick** – CO, Barnstable County Sheriff's Office
9. **Daniel Silveira** – CO 2, DOC
10. **Basil Tsagaris** – Assistant Superintendent 2, Hampden County Sheriff's Department
11. **Victor Zancan** – CO/Corporal, Hampden County Sheriff's Department

GROUP 4 PRO-RATE TABLED TO BOARD

1. **Andree Duval** **Hampden County Sheriff's Department**
 Assistant Deputy Superintendent, 6/13/04 – 9/23/06
 Assistant Deputy Superintendent, 9/24/06 – 9/10/09
 (Tabled May 2019)

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

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

1. **Kevin Farley** – CO 2, DOC
2. **Thomas Lawler** – CO, Barnstable County Sheriff's Office
3. **Christopher Mansur** – Lieutenant, Essex County Sheriff's Department
4. **Edward McLaughlin** – CO 3, DOC
5. **Dewey Perry** – CO I, DOC

**ON A MOTION BY MS. MCGOLDRICK AND SECONDED BY MS. DEAL THE BOARD VOTED TO
ADJOURN THE MEETING. THE MEETING WAS ADJOURNED AT 12:25 P.M.**

**THE NEXT REGULAR BOARD MEETING OF THE STATE BOARD OF RETIREMENT WILL BE HELD
ON THURSDAY, JULY 25, 2019**