



CT TEACHERS' RETIREMENT BOARD

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June 28, 2017

2:00 p.m.

The meeting of the Teachers' Retirement Board was called to order at 2:00 p.m. by Chairperson Clare Barnett on Wednesday, June 28, 2017 at 765 Asylum Avenue, Hartford, CT.

BOARD MEMBERS PRESENT:

Clare Barnett, Teacher Member
Bill Myers, Teacher Member
Jonathan Johnson, Public Member
Al Bredehorst, Teacher Member
Charles Higgins, Public Member
Maureen Honan, Teacher Member
Gregory Messner, Office of Policy and Management
Laurie Martin, Office of the State Treasurer

BOARD MEMBERS NOT IN ATTENDANCE:

Rosalyn Schoonmaker, Teacher Member
Lisa Mosey, Teacher Member
Elaine Lowengard, Public Member
Kathy Demsey, State Department of Education

STAFF PRESENT:

Darlene Perez, Administrator
Shantelle Varrs, Fiscal Administrative Manager
Charlene Hill, Assistant to the Administrator

OTHERS PRESENT:

Dr. Joe Fields, TRB Health Insurance Consultant
Robyn Kaplan-Cho, CEA
Karen Nolen, OPM
Thomas Danehy, CAPSS
June Pinkin, HFT-R
Walt Ciplinski, Retired Teacher
Steve Muench, CEA/IAC

Open meeting: Chairperson, Clare Barnett

Chairperson, Clare Barnett spoke about the TRB 100th anniversary. The milestone will be celebrated at the end of the September, 2017 board meeting.

1. Consideration and Approval of interest to be credited to members' accounts on June 30, 2017, presented by John Garrett, Cavanaugh Macdonald Consulting, LLC.

John Garrett, Actuary, presented to the Board as part of their annual services, the interest rate used to credit mandatory and voluntary contribution accounts at the end of each fiscal year. The mandatory interest rate is determined using the established 10-year smoothing method and the unrecognized amounts determined in prior years. The market-based rate of return is used for crediting interest to voluntary contribution balances is determined as a step along the way of the 10-year smoothed rate of return calculation balances.

The interest rate of return for the mandatory contributions: 5.10%

The interest rate of return for the voluntary contributions: 12.26%

A motion was made by Bill Myers and seconded by Charles Higgins to approve the proposed interest rates to be credited to members' accounts on June 30, 2017. All members voted in favor and the motion was passed.

Clare Barnett spoke of the efforts of members of the board and the head of their agencies who have been actively working with John Garrett regarding reamortization. Clare asked John to provide an update. John conducted a presentation demonstrating projections using different assumed investment return percentages requested by the Treasurer's office and OPM.

A discussion followed.

John Garret also reported on GASB74 reporting. John discussed the Healthfund Trust which qualifies for GASB74, as it has an irrevocable qualifying trust which means the assets in the Trust can be used to offset some of the liability. The great advantage of having a Trust under GASB74 is that with a Trust, you have a cost sharing arrangement with all employers. If there wasn't a Trust, all employers would have to have their own valuations performed which would be very expensive. Having a statewide Trust behind the TRB avoids that. Therefore, the work done following GASB75 will be done very efficiently, it will be cost sharing and have allocations based on contribution efforts of the employers, saving the entities that participate in the TRB a lot of money and efforts that would be involved in doing their own valuations.

2. Agency Report:

Contract Status with Express Scripts:

Joe advised that there has not been a cost increase in the health plan for the past 12 years. We were able to receive substantial concessions when putting the prescription drugs out to bid. However, this year there are some changes to the plan including a \$5.00 increase in the deductible. All changes were discussed in the board meeting last month.

Joe reported that the numbers are very good. The expectation is that the level of increase this year will be relatively consistent with the last decade. There are still a number of things to be worked out but low single digits is the high portion of the projection we're looking at so things are running pretty well. We were able to get some terms and conditions that were favorable. Our draft of the contract will probably be done in another three weeks and we expect to have this all completed in September when we finalize what the numbers are expected to be for next year.

Regulation and Review Process:

Brian discussed that the regulation and review process has begun with a review of all the regulations and statutes that are in existence for the agency. Some consistencies and inconsistencies have been found. Documents are being created with updates and corrections based on what is being found and these documents will become the amendment to the existing regulations and in some instances new regulations are being created where none existed. This review process is very vigorous and will take a significant amount of time. The entire review process and the formal process with the Secretary of the State, hearings, comment periods, and the Attorney General's signoff can take a year or more until the revised and new regulations are in final form.

A discussion followed.

July Retiree Count:

Darlene Perez provided an update on the July retiree count. Darlene advised that 1,000 members have filed for retirement effective July 1, 2017. This number is consistent with last year's total around this same time but it's a lower number than previous years.

3. Consideration and Approval of the vendor selection recommendation for the Retiree Drug Subsidy (RDS) recovery project.

Joe provided an update on the RFP process results for selection of a vendor for the RDS recovery project. Part D Advisors has been recommended as the selected vendor for the RDS recovery project pending OPM approval of a modification request that was submitted because there were only two vendor responses to the RFP. The project is being done on a percentage of revenue basis. The bids were fairly similar to each other and were separated by only 1%.

A motion was made by Al Bredehorst and seconded by Maureen Honan to approve Part D Advisors as the recommended selected vendor for the RSD recovery project pending OPM approval. All members voted in favor and the motion was passed.

4. Consideration and Approval of the May 17, 2017 Meeting Minutes:

A motion was made by Bill Myers and seconded by Al Bredehorst to approve the May 17, 2017 meeting minutes. All members voted in favor and the motion was passed with one abstention, Greg Messner due to absence.

5. Consideration and Approval of the Administrator's actions regarding:

- a. Granting of service retirement benefits for the month of May, 2017.
- b. Survivor benefits for the month of May, 2017.
- c. Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the May, 2017 meeting.

A motion was made by Maureen Honan and seconded by Bill Myers to approve the granting of service retirement, survivor benefits and applications for a disability allowance for the month of May, 2017. All members voted in favor and the motion was passed.

6. Consideration and Approval to:

Transfer members' accounts deemed abandoned following twenty-five years of inactivity for vested members, or ten years for non-vested inactive members to the Pension Reserve Account, in accordance with Section 10-183ee of the Connecticut General Statutes.

A motion was made by Al Bredehorst and seconded by Greg Messner to transfer members' accounts deemed abandoned to the Pension Reserve Account. All members voted in favor and the motion was passed.

7. Consideration and Approval of:

The Resolution renewing the Board's authorization for the Administrator (Darlene Perez) and Fiscal Administrative Manager (Shantelle Varrs) to execute the contracts and warrants for the payment of benefits and otherwise to conduct the business of the Board.

A motion was made by Bill Myers and seconded by Charles Higgins to renew the Authorization Resolution. All members voted in favor and the motion was passed.

8. Consideration and Approval of:

The Resolution renewal regarding the Medical Review Committee.

A motion was made by Bill Myers and seconded by Al Bredehorst to renew the Medical Review Committee Resolution. All members voted in favor and the motion was passed.

MATTERS FOR THE BOARD INFORMATION:

Retirement Statistics for the month of May, 2017.

COMMENTS FROM OBSERVERS:

June Pinkin asked for clarification regarding the inactive vested and non-vested members. Darlene Perez provided clarification advising that the list only includes newly inactive vested and non-vested, not members who were put on the list previously.

June Pinkin also asked about the Medicare Advantage Plan for retirees and the inclusion of the Silver Sneakers Program in the plan. Joe Fields responded and advised that they are in the early stages but are carefully looking at this and have not yet determined yet whether to put out an RFP or not.

ADJOURNMENT: 2:50 p.m.