



CT TEACHERS' RETIREMENT BOARD

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September 6, 2017

3:00 p.m.

The meeting of the Teachers' Retirement Board was called to order at 3:04 p.m. by Chairperson Clare Barnett on Wednesday, September 6, 2017 at 765 Asylum Avenue, Hartford, CT.

BOARD MEMBERS PRESENT:

Clare Barnett, Teacher Member
Bill Myers, Teacher Member
Steven Muench, Teacher Member
Stephen McKeever, Teacher Member, AFT
Lisa Mosey, Teacher Member
Elaine Lowengard, Public Member
Gregory Messner, Office of Policy and Management
Laurie Martin, Office of the State Treasurer

BOARD MEMBERS NOT IN ATTENDANCE:

Rosalyn Schoonmaker, Teacher Member
Jonathan Johnson, Public Member
Charles Higgins, 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
Brian Giantonio, TRB Attorney
Joseph Centofanti, PKF O'Connor Davies, LLP.
Robyn Kaplan-Cho, CEA
Karen Nolen, OPM
Thomas Danehy, CAPSS
Christina Gellman, OFA
James Stirling, Stirling Benefits
Rick Follman, ARTC

Open meeting: Chairperson, Clare Barnett

A motion was made by Chairperson Clare Barnett to go into Executive Session at 3:05 pm. All members voted in favor and the motion was passed.

The Board came out of Executive Session at 3:18 pm.

Chairperson Clare Barnett announced that TRB Administrator Darlene Perez will be retiring effective October 1, 2017. The Board has been working with OPM to allow Darlene to stay on as Interim Administrator after retirement while a search is conducted for a new Administrator.

A motion was made by Steven Muench and seconded by Lisa Mosey to approve a resolution to appoint Darlene Perez as Interim Administrator effective October 1, 2017 and approve a resolution authorizing Darlene Perez as Interim Administrator to execute contracts, sign checks and otherwise conduct the business of the board

1. Consideration and Approval of premium changes to become effective January 1, 2018 for the health benefit programs offered by the TRB as recommended and presented by Joseph Fields, TRB Benefit Consultant.

Joe discussed the new rates for the medical and drug, dental, vision and hearing programs effective January 1, 2018. The assumptions used in the calculations are drug trend 4.8%, medical trend 5.8%, V+H 0% trend, dental trend 4.0% and incurral factor 2%. The recommended retiree contribution per member per month for the medical base plan is \$101.00, \$5.00 for the vision and hearing and \$50.00 for the dental program, for a total combined contribution of \$156.00 for all coverages.

A motion was made by Lisa Mosey and seconded by Bill Myers to approve the premium changes effective January 1, 2018 for the health benefit programs offered by the TRB. All members voted in favor and the motion was passed.

2. Consideration and Approval of the GASB 68 report presented by Joseph Centofanti, PKF O'Connor Davies, LLP.

Joseph Centofanti provided a presentation on the GASB 68 report in regards to the schedule of employer allocations and schedule of pension amounts by TRB as of June 30, 2016.

A motion was made by Bill Myers and seconded by Laurie Martin to approve the GASB 68 report. All members voted in favor and the motion was passed.

3. Agency Report:

Health Fund:

We are operating on an Executive Order budget which is giving us the same amount of money for the TRB health program as we received last year. If there is a state budget by the next board meeting, an update on the health fund will be provided.

Retiree Drug Subsidy (RDS) project update:

There have been four (4) separate OPM requests to issue RFPs as we go through this process. OPM has been very efficient in getting the requests approved in a timely manner. We recently received the contract in the mail from the selected vendor. We will send the contract over to the AG's office. Upon approval, the selected vendor will be able to begin their work. The approval process on the side of CMS is very extensive and can take up to ten (10) months. It can then take up to another 10 (ten) months for the vendor to do their work. We're anticipating getting the money which could be approximately nine (9) million dollars sometime in year 2019.

Retirement Statistics:

The retirement statistics are stable. The number of July retirees was slightly over 1,000 which was just a little more on the conservative side compared to previous years.

Review of Administrators' Contract:

There was an increase in reviews of Administrators' contracts that seem to be tapering off now. For the most part, the contracts are in pretty good order. We're seeing only a few contracts that were not written as well as they could be. We're hoping that the corrections are made to those contracts and we can move forward accordingly.

Regulations Review Update:

Brian Giantonio provided an update on the regulations review process. The process is going very well. The review has been divided up into sections where the current regulations have been reviewed and compared to the statutes to identify where changes need to be made, additions have been identified where new regulations are needed where they did not exist, and a great deal of work has been put into rewriting the service purchase credit rules to include more detail to allow for a better understanding of the process. The internal review is expected to be completed by the end of September, 2017. Once the internal review is completed, there will be a filing with the Secretary of State's office, a process for Attorney General's office to pass on the legal sufficiency of the regulation, a public hearing and await the final decision. The entire process could take approximately one year for completion.

New Post Retirement Reemployment Rules:

There was a change in legislation this year that passed for the post retirement reemployment specifically with health insurance. Last year legislation was passed that required employers offer health insurance to reemployed retirees on the same basis as active teachers. This caused quite a few problems because some employers refused to offer health insurance to retired workers because they were not working half time. Active teachers must work at least half time to be offered health insurance. This same legislation also took away the subsidy retired workers could receive if they received the insurance through their retiring Board of Education. The legislation that passed this year now states that employers can offer health insurance to retired workers but they are not mandated to. Retired workers can also

receive the subsidy if they are receiving health insurance through their retiring Board of Education.

Personnel Update:

A staff member in the fiscal division recently resigned. The position that was vacated was posted and we have been working hard reviewing applications and interviewing candidates for a replacement. A candidate has been selected and we are hopeful to have a new staff member in the fiscal division at the end of this month or in October.

4. Consideration and Approval of the Appeals Subcommittee recommendation:

The Appeals Subcommittee made a recommendation to the Board to deny a TRB member's request to get a refund for a previous purchase of service years, now that the member had worked more than 37.5 years. The recommendation to deny the request is because it is not allowed by law and the member did receive credit for the service when it was purchased.

A motion was made by Lisa Mosey and seconded by Greg Myers to approve the subcommittee's recommendation to deny the appeal. All members voted in favor and the motion was passed.

5. Consideration and Approval of the June 28, 2017 Meeting Minutes:

A motion was made by Bill Myers and seconded by Laurie Martin to approve the June 28, 2017 meeting minutes. All members voted in favor and the motion was passed with three abstentions, Lisa Mosey due to absence, Steven Muench and Stephen McKeever, new board members effective July 1, 2017.

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

- a. Granting of service retirement benefits for the months of June, July and August, 2017.
- b. Survivor benefits for the months of June, July and August, 2017.
- c. Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the June, July and August, 2017 meetings.

A motion was made by Bill Myers and seconded by Stephen McKeever to approve the granting of service retirement, survivor benefits and applications for a disability allowance for the months of June, July and August, 2017. All members voted in favor and the motion was passed.

MATTERS FOR THE BOARD INFORMATION:

Retirement Statistics for the month of June, July and August, 2017.

COMMENTS FROM OBSERVERS:

There were no comments from observers.

Closing Remarks:

Chairperson, Clare Barnett spoke about Administrator Darlene Perez and her retirement stating that Darlene embodies everything that this organization has been. Darlene has been employed by this organization pretty much her whole adult life, here at the Teachers' Retirement Board. We are very glad that she's going to be with us during this entire transition period so we don't miss a beat and all of the important work continues to get done.

Chairperson, Clare Barnett also spoke in celebration of the 100th anniversary of the Teachers' Retirement Board. The State Teachers' Retirement Board was founded by a public act after a special session on September 1, 1916 and that established us to begin operation sometime after July 1, 1917. It became a mandatory system on September 1, 1917 when teachers returned to work from the summer. Only existing teachers prior to September 1, 1917 could choose not to be a part of the system. It is one of the very oldest state teacher retirement systems in the country. There were originally just five (5) members, a banking commissioner, insurance commissioner, secretary of education, and two teachers. There were only these five members for almost 70 years. There has always been an executive secretary for the Teachers' Retirement Board. There have only been a total of nine (9) people including the current Administrator, Darlene Perez who have ever directed the Teachers' Retirement Board.

The meeting concluded with applause and cake to celebrate the Teachers' Retirement Board.

ADJOURNMENT:

A motion was made by Bill Myers and seconded by Lisa Mosey to adjourn the meeting. All members voted in favor and the motion was passed.

The meeting adjourned at 3:50 pm.