



CT TEACHERS' RETIREMENT BOARD

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November 12, 2014

2:00 pm

The meeting of the Teachers' Retirement Board was called to order at 2:05 pm by Chairperson Clare Barnett on Wednesday, November 12, 2014 at 765 Asylum Avenue, Hartford, CT.

BOARD MEMBERS PRESENT:

Clare Barnett, Teacher Member
William Myers, Teacher Member
Rosalyn Schoonmaker, Teacher Member
Maureen Honan, Teacher Member
Al Bredehorst, Teacher Member
Clifford Silvers, Public Member
Jonathan Johnson, Public Member
Eugene Cimiano, Public Member
Lee Ann Palladino, Designee (Office of the Treasurer)
Elaine Lowengard, Public Member
Gregory Messner, Designee (Office of Policy and Management)
Kathy Demsey, Designee (State Department of Education)

BOARD MEMBERS NOT IN ATTENDANCE:

Charles Higgins, Public Member
Michael Freeman, Teacher Member

STAFF PRESENT:

Darlene Perez, TRB Administrator
Mark Aronowitz, OPM Consultant
Mike Janusko, OPM Consultant
Charlene Hill, Administrative Assistant

OTHERS PRESENT:

Tom Danehy, Connecticut Association of Public School Superintendents
Richard Follman, Association of Retired Teachers of Connecticut
Christina Gellman, Office of Fiscal Analysis
Robyn Kaplan-Cho, Connecticut Education Association
Karen Nolan, Office of Policy and Management
James Stirling, CEO, Stirling Benefits, Inc.

Open meeting – Chairperson

Chairperson, Clare Barnett turned the meeting over to Mark Aronowitz to provide an update on the audit recommendations.

1. Audit Recommendations:

Mark Aronowitz provided an update on the audit recommendations. He discussed that there are seven main items in the audit report. The main focus is on the first item, Health Fund Accounting and Reporting. There was a meeting with two different groups of the Auditors of Public Accounts. The compliance audit team produced the audit report, the other auditor is producing the GAAP or CAFR report to take the accounting records as they exist and put them into a generally accepted accounting principle package. The meeting with the compliance auditors was to go over each of the seven items and the details of what they found, ask some questions and see if there was anything else they could provide to further understand the scope of what needs to be done. The meeting went well. The next step is to go back to fiscal year 2004 and reconstruct all of the accounting entries that have been made since then and tie out the different accounting reports to eventually tie them out to the cash account for the Health Fund.

The Pension fund will also be looked at but is not the primary focus. A meeting was held with two managers, one from the Office of the Comptroller and one from the Office of the Treasurer who discussed the difficulties they experienced trying to reconcile information. Regularly scheduled meetings will be set up with them as things progress. The reconciliation is going to be a lengthy process.

Staffing:

The Accounting division has 12 employees, there are currently 4 vacancies and 3 employees have announced their intention to retire. Candidates are being reviewed for those vacancies. Interviews have started for the Accountant position. The position levels are also being looked at due to the complexity of this operation and the dollar volume that goes through the Agency.

Other items:

The other items in the report are significant but not as significant as the reconciliation. Some of the issues have already been addressed by the response to the report. In some cases there is very little that needs to be done. New processes will be reviewed to see how they are working.

Clare Barnett asked about the finding in the audit report in regards to the review of TRB's regulations to determine the necessary modifications or additions to reflect current statutory language and internal procedures. She advised that this might be an area where someone would have to be hired.

Mark Aronowitz discussed that if someone was to be hired, they would need to be an Attorney who has certain skill sets, someone who understands and has expertise in pensions.

Cliff Silvers asked about the Audit Committee.

Clare Barnett explained that after the findings in the audit report a formal process was put in place as charged by the Office of the Treasurer and as part of TRB's MOU that was outlined in the telephone Board meeting last month.

Cliff Silvers asked who the members of the Audit Committee are.

Clare Barnett advised that the Audit Committee members working with Mark Aronowitz are William Myers, Maureen Honan, Gregory Messner, Lee Ann Palladino and Jonathan Johnson. The committee will include a variety of people who will come together with Mark as a working group whose membership will probably be customized to the tasks at hand to work on some of these recommendations.

There was a discussion regarding Darlene Perez and her staff being a valuable resource throughout this process as Mark has to meet with her and her staff continuously to assist in understanding the operation.

William Myers advised that the Audit Committee met at 1:00 pm prior to the Board meeting to begin discussions, ask questions and come to an understanding of the next steps as Mark outlined earlier. More information and meetings will need to occur. A schedule of meetings will be developed and regular updates will be provided.

2. Consideration and Approval of the 2015 COLA:

1.7% cost-of-living adjustment (COLA) for those who retired on or after September 1992.

A motion was made by Rosalyn Schoonmaker and seconded by Eugene Cimiano to approve and adopt the increase. All members voted in favor and the motion was passed.

3. Approval of the October 29, 2014 Meeting Minutes.

A motion was made by Rosalyn Schoonmaker and seconded to approve the October 29, 2014 meeting minutes. All members voted in favor and the motion was passed.

4. Consideration and Approval of the Administrator's Actions regarding:

- a. Granting of service retirement benefits for the month of October, 2014
- b. Survivor benefits for the month of October, 2014
- c. Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the October, 2014 meeting.

A motion was made and seconded to approve the granting of service retirement, survivor benefits and applications for a disability allowance for the month of October, 2014. All members voted in favor and the motion was passed.

5. Appeal:

William Myers advised that there was an appeal in regards to what constitutes a permanent teacher versus a per diem substitute teacher and how calculations are done. The member and his representative presented their case to the Appeals Subcommittee. It was determined that the calculations were done correctly by TRB staff. All members of the Appeals Subcommittee voted to uphold the staff's decision to deny the appeal for a recalculation.

A motion was made and seconded to approve the decision of the appeal. All members voted in favor and the motion was passed.

MATTERS FOR THE BOARD INFORMATION:

TRB Annual Report

Retirement Statistics for the months of October, 2014.

COMMENTS FROM OBSERVERS:

ADJOURNMENT – 2:30 PM