



CT TEACHERS' RETIREMENT BOARD

165 CAPITOL AVENUE HARTFORD CT 06106
Toll free 1-800-504-1102 (959) 867-6333 Fax (860) 241-9295

DRAFT MINUTES

June 21, 2023

A regular meeting of the Teachers' Retirement Board was held virtually on June 21, 2023. The meeting convened at 3:04 p.m.

BOARD MEMBERS PRESENT:

Clare Barnett, Chair, Retired Teacher Member
William Murray, Vice-Chair, Retired Teacher Member
Joslyn Delancey, Active Teacher Member
Lisa Heavner, Public Member
Jonathan Johnson, Public Member
Gregory Messner, Office of Policy and Management
Jon Moss, Active Teacher Member
Charles Higgins, Public Member
Stephen McKeever, Active Teacher Member, AFT
Keith Norton, State Department of Education
Ted Wright, Office of the State Treasurer

ABSENT:

Carrie Cassady, Active Teacher Member
Kathleen Holt, Public Member

STAFF PRESENT:

Helen Sullivan, Administrator
Charlene Hill, Assistant Administrator
Bob Ribera, Fiscal Administrative Manager
Amanda Harley, Retirement Benefits Officer
Naomi Calvi, IT Analyst
Javiel Resto, IT Analyst

ALSO PRESENT:

Bruce Barth, Robinson & Cole
John Garrett, Cavanaugh Macdonald Consulting
Ben Mobley, Cavanaugh Macdonald Consulting

Sarah Sanders, Office of the State Treasurer
Christopher Santore, Marcum, LLP
Christina Gellman, OFA
Robyn Kaplan-Cho, CEA
Tammy Gowash, ARTC
Rep. Edwin Vargas
Bill Myers
Walt Ciplinski
Paula Bacolini
Kathy Hennessey
Barbara Oppedisano
Noreen and Jack Scafuri
Mary Hendrickson
Kathy Scully
Judy S.
Mimi Hostetter
Margaret Rick
Sara Kemmer
Sandra Bove
Janice
Gail Stafford
John Hackett
Andrea
Rita McDougald-Campbell
T. Danehy
Laura
Mary Minichiello
Fonda Green
Robert Sawczuk
Harry Kropp
John Little
Paul Honig
Patty Linardos
Newton A. Clark Jr.

Call to Order

Chairperson, Clare Barnett called the regular meeting of the Teachers' Retirement Board to order at 3:04 p.m.

1. Executive Session

At 3:08 pm, a motion was moved by Joslyn DeLancey and seconded by Charles Higgins to approve the Board going into Executive Session to hear the legal opinion from Counsel regarding legislation. All members voted in favor and the motion was passed.

A vote occurred to exit Executive Session. The motion was moved by Joslyn DeLancey and seconded by Bill Murray. All members voted in favor and the motion was passed. The board returned to the regular meeting at 3:40 p.m.

2. Welcome New Board Member

Chairperson, Clare Barnett welcomed new board member Jon Moss. Jon is an active teacher member with the Avon Board of Education replacing Thomas Nicholas.

Clare welcomed back a former board member, William Myers. William Myers is a former active teacher member of the board who will now be serving as a retired teacher member.

Clare also thanked William Murray, who has really been the face of teacher retirement for a very long time, for his service on the board. William Murray has dedicated a great deal of his life to helping the teachers of CT. He was a special education teacher in Danbury, then came into teacher leadership in Danbury as President. He is on the Investment Advisory Council as head of the Asset Allocation Committee. He has been there for 17 years serving under three Treasurers. He has been active with the National Council on Teachers' Retirement and serves on their Legislative Committee and he has also served as President of the CEA-R.

3. Approval of the May 17, 2023 Board Meeting Minutes

A motion was moved by Keith Norton and seconded by Bill Murray to approve the meeting minutes for May 17, 2023. All members voted in favor and the motion was passed.

4. Approval of the June 30, 2023 Credited Interest

John Garrett and Ben Mobley, Cavanaugh Macdonald Consulting, LLC presented to the board the interest rates to credit mandatory and voluntary contributions to members' accounts at the end of the fiscal year. The rate of interest credited to members' mandatory contributions is set by the board with the enactment of Public Act 19-117. John advised the calculation of the 10-year smoothed rate credited to these accounts is no longer necessary. John proposed a simplification to the calculation of the rate of interest credited to voluntary accounts which relies directly on the actual fiscal year to date rate of return published by the State Treasurer's office and the 6.9% assumed rate of return of the Plan.

The interest rate of return for the mandatory contributions is 4.0%

The interest rate of return for the voluntary contributions is 6.93%

A discussion followed.

A motion was moved by Keith Norton and seconded by Bill Murray to approve the June 30, 2023 credited interest to be posted to members' accounts and the proposed simplification to the calculation of the rate of interest credited to voluntary accounts. All members voted in favor and the motion was passed.

5. Approval of the Independent Audit Report for GASB No. 68 and GASB No. 75 reports as of June 30, 2022.

Christopher Santore, Marcum, LLP presented the Independent Audit reports for GASB No. 68 and GASB No. 75 (OPEB) reports. In their opinion, the schedule of employer allocations and schedule of pension and OPEB amounts by employer presents fairly, in all material respects, the expected employer contribution effort for allocation purposes, the State of Connecticut's proportionate share of the net pension and OPEB liability associated with the employer, and the employer pension and OPEB expense and revenue of all participating entities for the Connecticut Teachers' Retirement System as of and for the year ended June 30, 2022.

A motion was moved by Bill Murray and seconded by Jonathan Johnson to approve the Independent Audit reports for GASB No. 68 and GASB No. 75 (OPEB) as of June 30, 2022. All members voted in favor and the motion was passed.

6. Agency report

Legislation Update:

Administrator Helen Sullivan provided an update on the agency's legislative proposal HB-1218. There were some minor eligibility changes that went through.

Other legislation not proposed by the agency that were also passed was HB-6489, which added two additional seats on the board. HB-6941 made some adjustments to some eligibility guidelines with some of our counterparts with the State Department Board of Education. HB-6880 regarding Goodwin University and the Magnet Schools to qualify those schools to meet the requirements of a public school. HB-6880 regarding SERC which changed the benefit for one particular member in the System.

CT Baby Bonds:

Chairperson, Clare Barnett provided information regarding the CT baby bonds legislation. The baby bonds were proposed in 2021 from the Treasurer and then went to the Bond Commission. This year it went through legislation and will have stable funding. Clare advised that information was reported that the bonds would be paid out of the reserve fund of the Teachers' Retirement System which caused concern and calls to the Teachers' Retirement Board. Clare had discussions with the Treasurer regarding how the baby bonds would be financed and confirmed there would be no damage to the Teachers' Retirement fund.

Chief Investment Officer Ted Wright advised that he is responsible for investing the capital once it is funded to ensure that 18 years from now the first cohorts can have the funds necessary to fulfill the intent of the baby bonds and go towards building the State of CT and its citizens.

Deputy Treasurer Sarah Sanders advised that legislation was passed this session that allows funding of the baby bonds trust through a mechanism where an insurance policy will be replaced for a reserve fund that was set up for the Teachers' Retirement pension obligation bond. These bonds were issued in 2008 that raised about 2 billion dollars for deposit into the Teachers' Retirement fund. So, it's really the bonds, not the Teachers' Retirement fund. The reserve fund was set up in 2019 to provide additional protection for the bond holders because there was a restructuring of the bonds at that time. In part because of the State's improved financial condition, it's more affordable and feasible today to do something that the industry does for these debt service reserve funds. You can substitute it for an insurance policy from a bond insurer. That's what the legislation allows the Treasurer to do. It has no impact on the beneficiaries of the Teachers' Retirement Fund.

Clare clarified that the money that went into the reserve account was not the Teachers' money to begin with and in 2032 it would not be the Teachers' money at that time either. It is surplus money that was put up to protect the security bond holders.

Actuary John Garrett explained that this has zero implication on the actuarial valuation. There is no impact to the funding of the Plan.

Election:

Chairperson, Barnett advised that the legislation which adds two additional retiree seats to the board has not been signed by the Governor yet although it is anticipated that it will be signed. We are in preparation mode for running an election. The timeframe that this has to run is short. We will work to do this with all due transparency. A similar process to the last election will be run. The same vendor will be managing the process, sending out ballots, collecting and counting ballots etc. The legislation says on or before October 1, 2023. We have the legal opinion of the board's attorney that the election shall be underway by October 1, 2023. We are going to try to be as close to that October deadline as we can. We cannot promise that anyone will be seated in any way on October 1st. Information will be posted on the website as soon as we are legally able to, and the process will start at that time.

7. Approval to transfer members' Accounts Deemed Abandoned

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

A motion was made by Keith Norton and seconded by Joslyn DeLancey to transfer members' accounts deemed abandoned following twenty-five years of inactivity, or ten years for non-vested inactive members to the Pension Reserve Account, in accordance with Section 10-183ee of the Connecticut General Statutes to the Pension Reserve Account. All members voted in favor and the motion was passed.

8. Approval of the Annual Resolution Renewal

The annual resolution renewal authorizes the TRB Administrator, Assistant Administrator, and Fiscal Administrative Manager to negotiate and/or execute all contracts, agreements, drafts, warrants and any such other arrangements necessary to operate or conduct the business of the Connecticut Teachers' Retirement System and for the payment of any benefits permitted or required.

A motion was made by Bill Murray and seconded by Charles Higgins to authorize the TRB Administrator, Assistant Administrator and Fiscal Administrative Manager to negotiate and/or execute all contracts etc., and any other such arrangements necessary to operate or conduct the business of the Connecticut Teachers' Retirement System. All members voted in favor and the motion was passed.

9. Approval of the Annual Resolution Renewal of the Medical Review Committee

The Medical Review Committee consists of a panel of doctors who review and render decisions to approve or deny disability applications.

A motion was moved by Keith Norton and seconded by Bill Murray to renew the Medical Review Committee Resolution. All members voted in favor and the motion was passed.

10. Approval of the July 2023 COLA increase for pre-September 1, 1992 members

The July 2023 COLA increase for members who retired prior to September 1, 1992 is 3.6%.

A motion was moved by Bill Murray and seconded by Steve McKeever to approve the July 2023 COLA of 3.6 % for pre- September 1,1992 members. All members voted in favor and the motion was passed.

11. Administrator's actions regarding

- a. Granting of service retirement benefits for the month of May 2023.
- b. Survivor benefits for the month of May 2023.

- c. Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the May 2023 meeting.

A motion was moved by Steve McKeever and seconded by Joslyn Delancey to approve the granting of service retirement, survivor benefits and applications for a disability allowance for the month of May 2023. All members voted in favor and the motion was passed.

MATTERS FOR THE BOARD INFORMATION:

Retirement Statistics for the month of May 2023.

PUBLIC COMMENTS:

Bill Myers thanked the board for their work and thinks the legislation adding two more retiree teachers on the board is great. He also thanked UnitedHealthcare for their preventive care program and their automatic refill of prescriptions. Bill also welcomed Jon Moss to the board and thanked Bill Murray for his service and Sarah Sanders for her report on the Baby Bonds legislation.

Walt Ciplinski thanked the board for the work they do. He advised that United Healthcare has added an additional step of requiring a phone call code back number before you can even begin to renew online, and this is another burdensome step in the process. He commented about the rate of return and whether it would be applied to the July COLAs. Walt also asked for a copy of the two transcripts not yet posted on the website.

ADJOURNMENT:

With no other comments or announcements, a motion was moved by Joslyn DeLancey and seconded by Charles Higgins to adjourn the meeting. All members voted in favor and the motion was passed.

The meeting adjourned at 4:43 p.m.