TRB BOARD MEETING
2020-10-26

Clare B.: … meeting minutes? Do we have a motion?

Bill M.: So moved.

Charles H.: Second.

Clare B.: Um, any discussion, any additions, changes? Okay. All those in favor signify by saying aye. Aye.

Bill M.: Aye.

Charles H.: Aye.

Clare B.: Opposed? Abstentions? Okay, the second item, the Consideration and Approval of Actuarial Valuation report presented by John Garrett, Cavanaugh Macdonald, who's our board's actuary. John, I see you online here, so, uh, you – will – can we put him on front? Is that gonna happen next? Okay. John, we're ready.

John G.: Thank you, Madam Chair. It's a pleasure to be with you all again, even virtually. Um, so we have a presentation to go through, um, Ben, I think you're gonna share it. Is that right? And Ben if you need me to I think I can as well but…

Clare B.: Yep, I see you as the new presenter, John.

John G.: And I think Ben's trying to – Ben, are you trying to share it?

Female: He's on mute and doesn't realize it.

Male: [Inaudible 1:34]

Bill M.: Ben, you're muted, so we…

John G.: Ben [inaudible 1:36]

Bill M.: … can't hear.

Computer: Unmuted.

Ben M.: Let's try that again.

Female: No problem.

Male: You're good now.

Ben M.: Okay, can you see it now?

John G.: I'm not seeing it yet. You're in some kind of…

Male: [Inaudible 2:03]

Bill M.: You have to share your screen.

Javiel R.: Who is actually presenting?

Clare B.: John Garrett.

John G.: Ben is going…

Male: Yes.

John G.: I'm sorry. I think I've got it now. Can you see it now?

Bill M.: Yes, we can.

John G.: Okay. Great. Well, thank you, everyone. We do have a pretty quick…oh. I guess – is everybody muted? I'm getting feedback. So, uh, we have a fairly quick presentation to go through here and, uh, we'll address all your questions. Ask them at any point, um, and we'll try to, uh, to, to get to those. So I hope you had some time to review the 2020 Actuarial Evaluation. Um, this is, uh, incorporating, um, both the changes to the people in the assets since the 2018 revised valuation. It also brings in, uh, all the changes to, uh, the, uh, the amortization methods, um, all those items that were incorporated into the experience study, um, that we presented earlier this year and finally, it, uh, it does, it does provide the actuarial determined employer contributions for fiscal years 22 and 23. This, uh, we usually always present the valuation as a draft and that's because it should be draft until the board has adopted it but this year is draft for another reason as well, which is we haven't yet got the preliminary [Cafer 3:45] assets from, um, the Comptroller's office yet. I know they're working through it.

It's, it's probably going to be a matter of a week or two but we wanted to keep this, this draft until, uh, the preliminary [Cafer 4:00] information is available because we think it's important that the valuation matches up with what's going to be in the GASB report, which typically should match exactly what's in the [Cafer 4:08] for assets. So we have an estimate of what the assets look like. We really don't anticipate the final, uh, uh, the preliminary assets we're going to get from, from the Comptroller's office to be dramatically different. So with the board's adoption of this valuation at the end, if you approve it, then we would say approve it with the potential change to the market value of assets provided it is, it's, it's immaterial to the valuation result. And by that we mean that the funded ratio doesn't change more than 0.3%, something like that and, um, with that then once the assets are final, we'll, we'll throw them into the valuation and then we will produce the final valuation report. So that's why we're going to go through this as draft, um, today but we don't really anticipate any material changes, um, from what's being presented today to what's going to be that final version of the valuation and, of course, if it is, then we would recommend the board maybe reconvene to just adopt that final val-, valuation.

We'll discuss what the differences are but again that, it would, we really don't anticipate to have any, any material difference when we get the preliminary assets. So the Table of Contents, we, we see the points we're going to go through. I, I'm going to let Ben kind of carry us through the presentation. We'll, you know, I will jump in to hit some high points here and there but, but, uh, at, at the end, um, we'll, uh, we'll again try and take care of any of the questions you might have. So Ben, wh-, why don't you take it from there.

Computer: Unmuted.

Ben M.: All right. Great. Thank you, John. Uh, so starting out on, uh, Slide 3 here just some general observations for the val. Uh, over the two-year period since the last valuation there's a slight increase in the active membership and payroll increased about 4.2% over that period. The, uh, unfunded actuarial accrued liability increased about $1.3B and the funded ratio, uh, decreased by 0.46% and we'll go through some of the reasons, uh, that goes into those totals there. Uh, the third bullet there, the market value investment, uh, market value of assets had a return in 2019 of about 5.71%, um, but in 2020 only 1.84%. So it works out to about an average of 3.76% over the 2-year period and that's compared to the assumed rate of return of 6.90%. For the valuation we used a smoothed assets where we, uh, sort of take out some of the volatility we see in the assets on a year-to-year basis. We do a full year smoothing, um, and on that basis the 2-year compounded average was about 6.05%. So a little bit higher than what we saw on the market value, uh, but still below the 6.90% that we assumed over the 2-year period. Uh, so the result of this was about a $304M loss or increase in the unfunded accrued, actuarial accrued liability.

Now on Slide 4 the non-investment net related experience, this is things like salary increases, uh, and other demographic decrements; retirements, mortality, things like that, uh, we actually saw gains over the 2-year period of about $288.5M. I will show that in a little more detail later in the presentation. Uh, so really between the assets and the non-investment related experience it was pretty close to kind of balancing each other out. Um, so the real impact on the unfunded accrued liability, uh, was really due to the new assumptions that we adopted and, uh, as you remember the, the main change there was the updating to new mortality tables as well as moving to the generational mortality. Um, so the impact of that on the 2020 valuation was to increase the unfunded by about

$1.022B and again, uh, with the plan changes from a few years ago that unfunded is expected to be fully amortized in 28 years. So with those general comments out of the way, we can get into some more details of the valuation. Starting on Slide 5 looking at just a historical membership, um, look at the data over the last several valuations. Um, the number active members was 50,951, which has been held pretty steady over the last 4 valuations.

So not much has changed there in terms of the number of active members but as you can see in the number of retirees and beneficiaries it has been steadily increasing, so we measured that as of the valuation date of about 38,140. So again that results in about an active, 1.32 active members for every single retiree and again that ratio of actives to retirees has been steadily declining over time and that's to be expected for a retirement plan as it matures. Uh, something definitely to keep an eye on, um, but nothing to really be too worried about. Again, it's really to be expected. So on Slide 6, look at the last, uh, uh, few years of history for the market and actuarial value of assets. Uh, where we measured as of June 30, 2020, again if we want to go back in time a little bit, uh, so this is back at the, uh, kind of middle of the year, we measured the market value of assets to be $18.2B. Again, with the actuarial smoothing, some of those losses in the last two years have yet to be recognized. So the actual value of assets is measured to be a little bit higher by $19.0B.

So what that kind of means is that over the next three or four years, depending on what happens to the assets in the upcoming couple of years, uh, we still expect there to be some net losses to be recognized over the next three years or so. So on Slide 7, look a little bit closer at the cumulative gain and loss for the valuation over the 2-year period. Again, the big story of this chart is the assumption change that was adopted. Uh, again, most of that was due to the change in mortality, um, and again the generational is the biggest component of that kind of going from a static mortality table where the mortality rates are the same from valuation year to valuation year to moving to where the mortality rates automatically improve or show improvement in all future years. So that added quite a bit of cost as part of the experience study, uh, so again that was about $1.022B as far as, uh, a loss there. The asset experience, as I mentioned, is about a $304M loss, uh, due to the, uh, assumed rate of return, er, the actual rate of return being less than the assumed rate of return. Uh, we had saw some gains from salary experience. Uh, this was basically the actual salary increases we saw in the data was a little bit less than what we expected.

Again, salary is a little bit of a tricky thing because, uh, for the valuation we assume it's nice and smooth and increases happen exactly a certain percentage each year. In actuality, it kind of comes in dips and starts where it might go a couple of years where there's not really a lot of, uh, increases in salary and then all of the sudden there might be a larger than expected increase in salary to kind of catch up for those other years. Um, again, over this two-year period we saw gains from that, uh, we also saw a slight loss due to other decrements; uh, retirement, mortality and turnover. Again, these are all done on the old assumption basis, so, uh, this chart doesn't reflect the new assumptions yet going forward. We'll start to see how well the new assumptions perform starting with the next valuation. Uh, and then we also saw the, some gains from, uh, the actual COLAs granted being a little bit less than expected. We, uh, assumed for one group, the older retiree, older retiree group 3% and that's, uh, it was actually granted. For the newer retirees, we assumed 2% each year, uh, but it was actually granted 1.5%. So a little bit less was given than what we, uh, normally expect in our valuation, so we saw some gains from that.

Um, but largely aside from the assumption change, um, most of these other gains and losses, uh, more or less balanced out and, uh, it's what we typically like to see. Typical of what we expect to see is that they be somewhat random in nature and so you get gains one year, losses the next, uh, and everything kind of tends to average out close to zero. So on Slide 8, one of the purposes of doing the valuation is to do a, is to take a snapshot of the funded status of the plan, um, so we do that by measuring the liabilities and comparing that to the assets that are available to cover those liabilities. So as of June 30, 2020, we measured the liabilities to be $37.1B. Again, the actual value of assets to go against those liabilities was measured at $19.0B. So we take the difference there that is the unfunded accrued liability that is the amount left to cover, uh, over time to, um, you know, to pay for those benefits in the future and we measured that unfunded to be $18.1B. So the funded ratio is 51.3%, which is slightly down from the last valuation of 51.7%.

Now Slide 9, another reason, a second reason for us to perform a valuation is to, uh, determine actually determine employer contribution for the upcoming fiscal years and so we see that, uh, compared to the last valuation that the employer [inaudible 14:22] cost actually decreased, largely due to the new assumptions. So employer normal cost rate is 5.65% but the unfunded amortization rate that the, the rate to pay off that unfunded accrued liability over time, uh, increased about, uh, about 5%. So up to 25.97%, um, and then again the members are contributing 7%, so in total the total contribution rate increased to 38.62%. So overall, it's about an increase of about just under 4% from the last valuation. Again those contributions when we consider projecting salary, um, where we're, in this valuation calculating the, the ADEC for fiscal year, uh, 2022 and 2023, uh, so the fiscal year, uh, 2022 ADEC is about $1.445B and then the ADEC for, uh, 2023 is about $1.582B and I'll stop it there to take any questions or let John weigh in on anything he'd like.

John G.: Yes. Yes, one thing that we've been doing along the way…there's a lot of feedback there. Uh, one thing that we've been doing along the way with just providing the valuation is because the valuation you've got to consider is a snapshot as of one particular day. It is the end of the fiscal year, we get the data as of the end of the fiscal year and we do an actuarial valuation that from there projects out all the benefits that are going to be paid and, uh, it's not really a great indication on what path the plan is on. Uh, it's just really a, a one-time look, here we are today. So we have been providing projections and, and the next, one of the next steps we're going to have here and of course this next slide is, is that we're going to jump right in and start doing the 30-year projections of the ADECs, um, which is going to give us really that path of where we expect to go and, uh, you know, I think with that we'll see that, uh, you know, going ahead, um, there's still a, you know, a pretty solid pathway toward the plan, you know, improving its funded status. Um, one other item is those, those ADECs, which on Page 1 we kind of summarize the valuation results on Page 1 of that report.

The ADECs, you know, $1.445B, uh, that actually was when we did, when we updated projections after we did the experience study and taking into account, um, Laurie had given has a projected asset return for Fiscal Year 2020 of about 1.85% and from there we projected what we thought the ADECs would be for Fiscal Year 22 and 23 and for that we're getting $1.466B, um, and for the next year we're getting over $1.6B. So these ADECs are a little bit less than that because in those projections we weren't really anticipating the salary gains, uh, gains due to those other sources, which actually reduce the UAL a little bit more than what would have been projected from the 2018 post-experience study results. So, Ben, why don't you finish those next items there and, and we'll handle any questions that the board members may have.

Computer: Unmuted.

Ben M.: Sure thing, John. So the, after those projections are complete, uh, the next things up for us would be to finish the GASB 67 reporting. We anticipate being able to, uh, complete that in November and then as well we'll be finishing up the, uh, funding report for the OPEB plan as well as the GASB 74 reporting for them as well in November. So happy to, uh, entertain any questions the board may have.

Greg M.: Hey, uh, hey John. I've got a question for you. Um, I just want to make sure I understand, um, sort of the numbers here. So we're going to go up $195M or so in ADEC from 21 to 22. Um, I think we expected, uh, with the phase into level dollar amortization about $100M to $120M a year, uh, of increase during that 5-year period. Is it fair to say the other, uh, $80M or so is attributable to the change in assumptions? I think $1B, 25 years at 6.9% is probably, uh, around $80M a year or somewhere in that range, so it, is that a simple way to explain this to, uh, the people that I have to explain these things to, or am I missing some point?

John G.: Yeah, Greg, that's, uh, yeah, that, that experience study. When we did the experience study, we showed the impact, uh, based on the 2018 valuation because that was the latest one that was available and when we showed the, the impact of the new assumption, um, that was, you know, roughly pushing the cost up, um, uh, to the high. It was 1.38 I believe and then with, with the new experience that, that's kinda, that's kinda pushed it up, uh, just a little bit more. But, uh, one other thing is that, you know, the experience study when we valued it on 2018, we actually have 2 additional years of accrual now that when we now put it into the 2020 valuation that UAL increase was, was certainly it's going to be higher. So, so yeah, that, why we're at 1.445 is primarily due from if we're looking back at the, what was the fiscal year 21, ADEC that difference is primarily driven by the, um, the new assumptions.

Greg M.: New assumptions and, and the phase-in, right?

John G.: Yeah. It will, you're right. So tha-, that step up that we're going to see, we're going to see that continued step-up until the phase-in is complete in Fiscal Year 25 but this, this is, this valuation actually has the first step of that phase-in incorporated. So, so really when you look at the ADEC for 2022, it has one step of that 5-year phase-in. Again, for everybody the phase-in is actually we're, we're going from a level percent of payroll methodology that assumes that the payments are going to increase every year going forward to a level dollar one, which was going to set a fixed, um, dollar amount for the amortization costs and stabilize really the, the, uh, the, the dollar amount of the contribution. Uh, in doing that it's going to ramp up, um, the amortization costs over that 5-year period of smoothness, so you'll see that Step 1 and Step 2 are kind of in those 2022 and 2023 ADECs that we're, we're sh-, we're, we're showing you.

Greg M.: Okay. Thanks. Appreciate that and definitely appreciate, uh, the, the 30-year projections when we get to those.

John G.: We'll, we'll, that, that's a propriety to us. Right now, we're going forward. Uh, part of the team is going to be working on the GASB reporting, the healthcare guys are going to be working on their, uh, retiring healthcare reports and, um, but the first item we want to push out are those projections of the ADECs. We know you're, you're probably going to be, uh, in budget, budget time if you're not already there. I guess you probably are though aren't you?

Greg M.: Yes. Thank you.

Clare B.: Okay, any questions for John? All right. The board will entertain a motion to accept the, uh, valuation as presented, uh, with the understanding that there may be some, um, minor changes that John said are pretty immaterial and, um, and that's because the finalization of the numbers are still being finalized but it should be a rather, any change should be rather small and if it needs to be, John said we would again reconvene to, um, to approve that as well but without that, the board will entertain a motion. Do we have a motion to accept the valuation?

Bill M.: Sure.

Male: So moved.

Bill M.: I'll move it.

Clare B.: Moved and seconded by William [inaudible 22:54]. Second?

Lisa M.: I'll second it.

Clare B.: Okay. Any, um, any discussion by the board members? All right. All those in favor signify by saying aye. Aye.

Bill M.: Aye.

Charles H.: Aye.

Kathy H.: Aye.

Jon J.: Aye.

Clare B.: Opposed? Abstentions? All right. Thank you very much. John, thank you very much. Ben, thank you very much.

Ben M.: Thanks, thanks everyone.

Clare B.: Okay, the third item on the agenda is the Agency report. Helen has been busy, um, you know, having all of the people take a look at what's available in the open enrollment period. So Helen, can you give us an update on that? I think you have Terry with you.

Helen S.: Yes. Yes. I- I'll start. I'll let Terry jump in. Um, again, it was a perfect, uh, year to not make any changes to the plans with everything that is going on out there. Uh, its, we've had 16, there's going to be a total of 16 sessions. Uh, we did them virtual. We had very little, uh, folks attend. I think the highest meeting was 83, the lowest was 20. I did expect that, uh, because it's a very, very different concept for our retirees. They could dial in or they could, um, come on virtually but again, without any plan changes and with the information being so detailed in the mailing, I think it was, it was fine. I have confirmed that the mailings did go out as planned. There haven't been any issues with that or anyone receiving them. Uh, we've had so far 20 members move from the Medicare Advantage to the Medicare Supplement and then 30 members move from the Medicare Supplement to the Medicare Advantage. I, I don't anticipate much movement in the end, maybe a couple of hundred. Again, there's been no benefit changes. Uh, we did have, um, a couple of minor, minor bumps in the road considering we have a population of 31,000 retirees, so the phones were ringing very min-, minimal.

We did, Express Scripts did reach out and let us know that there was a glitch in, uh, one of their files and 156 members were impacted and they received the incorrect insert with their ANOC, which is just their notice of changes to the benefits. The benefits didn't change from last year to this year. Um, they have addressed it and they sent out an apology letter and are letting those folks know that here's the corrected version of that. It was also brought to our attention that Anthem is moving to a new platform, which is great, which is going to benefit the TRB as well but when they were transitioning to their new platform, apparently with any new venture folks were still calling old phone numbers and things like that. So their response time the past week has been very, they've had some hold times. Um, I was on hold the other day for about 10 minutes, so I also was checking them as well, uh, so I know that they are working to correct that. Um, and then with, uh, I think, I think that was about it for our population. It's been really smooth. There hasn't been any issues at all. Uh, I think there was some, we did have a caller, uh, address something in our, uh, group, uh report, our group, uh, Certificate of Coverage that we've had out since 2020, 1-1-20.

There was an interpretation of, of reading the $250 in-patient admission, uh, the benefit is being administered correctly. It is absolutely running perfect. It was just, I think people were confused about or this one person out of the whole year, um, brought it to our attention at a meeting. So I know Terry and I are looking at maybe rewording that, um, but we've had no question on it since its inception, January 1, and there haven't been any issues at all. Um, so that's about it for the medical side of things and the prescriptions. For the…

Terry D.: So the other good news is that the rates went down slightly, so that always helps without a change in benefits, so nothing to explain. That was great.

Helen S.: Yeah.

Terry D.: And that was due to, uh, good claims experience and extra revenue on the prescription drug side, so those were rates that Segal develops.

Helen S.: So yeah, all-in-all I think it's, Terry's been in most of the meetings, so I want to thank her for that. [Inaudible 27:27] a lot going on here, which segways into our staffing. Uh, we have several candidates. We're filling our positions for T-, for, uh, staff who have re-, uh, retired or, um, have taken a promotion, so that's going very well. Um, we're at the final stages of that, so it will be very, it will help us a lot to get some of those positions filled because we've been running, um, very low. We've had a couple of folks who have been very gracious in, in stepping up. I want to really thank Charlene, who has, um, made some major efforts to work with me on filling these positions. Um, I was sharing with Greg this morning that for our trainee position for our retirement benefit examiner we have 285 applicants. Um, after HR screened them, we had 200. So it took us, uh, quite some time to go through that batch and I can share with you that the other positions have been well over 100 applicants, so it's taking just a little bit of time to really go through them and screen them. So again, we have a couple of potential candidates that did, did very well, so we're very excited, uh, to get some assistance on the phone and get some folks trained and, um, up to speed.

So we're doing well with that. Other than that, I think, I think everything is moving right along. We did submit a bid to get Plexiglas even though that's not the correct name for it, I can't remember it, um, off the top of my head but, um, everyone in the building is getting Plexiglas. So we were able to get a bid in as well. I think that's really going to assist in bringing some of our staff into work a little more. People are very happy working from home but we do have, we do have some items that need to be addressed and staff does like to come in. So we have very, very skeleton, you know, – here you go, you can come in for a couple of hours but then this person would come in for another couple of hours, so we've been very good about that. So I am really hoping that by getting the Plexiglas system in a couple of months people feel more comfortable because some of them have expressed an interest to come back to work at least, you know, half a day or a full day here and there and not be masked up. So I think that would be great. I can't think [inaudible 29:37].

Clare B.: Any questions for Helen? Any questions for Helen? All right. Um, thank you, Helen. Uh, sounds like, uh, things are going well on the healthcare side, so that's very good.

Helen S.: Yep.

Clare B.: Um and your staffing also looks more hopeful than usual, so I'd have to say we're, uh, cautiously optimistic. All right before [inaudible 30:00], um, which is the Consideration and Approval to Amend the Bylaws of the TRB. Now for those, anybody who's new, for anybody who's been here you've seen the Bylaws, uh, a number of times. We have been working on updating the statues and the Bylaws oh probably about four years in a row. Uh, we started with the technical corrections bill, sweeping through statutes that some, that contradicted other statutes and some that were no longer applicable and some – so kind of cleaning them out and making them more modern and then creating literally the Bylaws from, uh, and guidelines from the practices of the board and all of those things that are consistent with the current statutes. So surely quite a, an undertaking. Uh, Darlene and [Brian Giantonio 30:55], if you remember, probably presented the first iteration of this at least two years ago to us and then we've also seen them again in the meantime. As they continue to be, uh, updated and, and finalized, um, and this is the final version, so far but remember Bylaws can be amended in any year. So once every calendar year if anybody chooses to have an amendment to the Bylaws, they can just propose that amendment to the board and then bring it before the board at a board meeting.

Once a year we can amend any of these. To give you just like an example of one that is so current, uh, we have the election of two active board members and part of their, uh, the process in the election is that they collect signatures, um, on a petition and then petition the board. But in the COVID world without people having meetings, um, and working from home virtually and, and the retirees not, I mean retirees were not involved in this, uh, this time, you know, this election but what we did was look at our procedures, which said that you had to go out and get 400 certified signatures. They had to all be, they weren't the people at the meeting but they all had to be members of the system, they had to be active members of the system. So it really is, uh, it was quite, uh, it got done. Our two members did manage to get all of the signatures that they needed but wow, it was really a challenge and I think it taught us that when you have to operate in the kind of emergency circumstance or in this virtual world that we would have to change these Bylaws.

So basically we added a line in there and I think it's like 25, 2.5 something 4 maybe where we said, you know we gave Helen kind of the authority. She needs some like a little emergency authority there. The Governor gave her that. The Governor said that during the period of COVID that adjustments and changes could be made for a period of time but we didn't anticipate this, you know. Helen could not go in and change the statute that has to do with the election of teachers. So basically what we put in there was if we are in this kind of circumstance that what we would say would be the, have the teachers instead of 400 signatures would have to get 200. Now they still have that same long time period to get them but we thought doing things virtually that was doable, um, and Stephen or anybody that had to go run around there and do it can attest to the fact that that was, was quite a challenge. Um and for the retirees just to be, you know, to be fair here if you were going to take the active teachers because they may not have been in the workforce then, you would have to anticipate that the retired teachers probably wouldn't have the opportunity that they have with their full meeting.

So if they don't come together and meet in person in a fall then they're going to hot – tough for them to hustle around and get the signatures that they need virtually. So we removed the, moved them from 100. Their threshold was 100 and we moved them down to 50, so we took the 2 thresholds and we cut them in half, um, just understanding that in the kind of virtual world and in the CO-, in the global pandemic here we, the Bylaws themselves have to be something that kind of is living and breathing and moving forward. So, uh, kind of one example of some of the things that we did. Everything else in there is just an update of current statutes because every time that we do add statutes, they will also inform us and cause us to make some adjustments and changes in these Bylaws. So I don't think there's – what I did, we did say to people was we sent them out last week and we said read them.

They're not, uh, it's like 40 pages but it's a lot of things that you've seen already, at least as I said for the, for our older board members that you've seen this at least 3 times but, um, and then if there was anything you wanted us to set aside to let Helen know and we would do that at this meeting. Um, but I did not receive nor Helen or any staff members any requests to set aside any item or article or section or, um, subsection of the Bylaws. So since there were none, uh, the board would entertain a motion to accept the Bylaws as they were presented to the board in a draft form, so do we have a motion?

Bill M.: So moved.

Clare B.: Okay, do we have a second?

Charles H.: Second.

Clare B.: Okay, any discussion? Any discussion by the board members?

Stephen M.: Yeah, I have just one thing. I didn't catch it until you brought it back up again. Um, getting the 400 signatures was tough. I, I couldn't believe it. Helen and Loc did a great job helping me, um, but in the, in the article where you have it written it just, all it says is in the event the voting be completely electronic. Do we want to clarify that a little bit more as to why it would go to electronic, um...

Clare B.: I thought I was trying to leave it, um, I guess I was trying to leave it open-ended, Stephen. You're the first people to experience it, um, and we recognize that it was a pro-, it was difficult. It was difficult for you to do that. No fault of your own. I'm going to [inaudible 36:37].

Stephen M.: Yeah. I [inaudible 36:38]…

Clare B.: …here you would have gotten 400 signatures and…

Stephen M.: I was surprised. I thought by doing it online would've been a lot quicker and easier but I think what happens is people became easier to set it aside and I'll get to it tonight and then it just gets buried in their emails.

Clare B.: Yes.

Stephen M.: But I think my only concern, I like the idea of leaving it open and I'm open to leaving it alone, I just wanted to like hear some other thoughts, um, but the way it's written, it sounds like we could as the TRB or anybody could for any reason make it electronic. Um, so I'm wondering if we need to clean that up a little bit to say why it would go to electronic or do we have to or is it okay just going that way? I'm putting that out there for some thought.

Clare B.: I'd like to say it's okay going this way because I'm not actually sure what the future will hold for us. Um. I'd like to say we're all going to get back together again and meet in a room. Um, most of you have never even seen the new office I would say, right? Most of you have never been to the new offices at all because we moved after that pandemic arrived. Um, so I guess I'd like to leave it there just to be as flexible as we could, Stephen. I'd maybe in the future we'll have a, we will be part virtual or it will be all virtual or it will be all in-person. So I'd like, the board has at least enough flexibility in there to go to in-person or go to virtual and, uh, and there's no reason that if we find in the future that we need to make an adjustment that we couldn't but I, I personally like to have it a little, you know, give the board that flexibility.

Stephen M.: Okay.

Clare B.: Anybody else? All right, we have a motion on the table, moved and seconded. All those in favor signify by saying aye. Aye.

Bill M.: Aye.

Charles H.: Aye.

Kathy H.: Aye.

Laurie M.: Aye.

Clare B.: Opposed? Abstentions? All right. Thank you. Uh, the next item on here is, um…

Female: Clare, can I [inaudible 38:40].

Clare B.: …the Consideration and Approval of the Vice-Chair of the Board. Now each year, um, we, we don't – once we elect the Vice-Chair, the Vice-Chair just kind of stays there and then eventually, in this case, uh, Bill Myers, uh, retired and moved to the retired status and so he was our Vice-Chair for I don't know at least 10 years I think over a period of time, uh, but we need to have a Vice-Chair. I'm the Chair but we need to have a Vice-Chair and, uh, so the floor is open here. The Chair would entertain, uh, motions to, uh, from the floor for, uh, nominations for a Vice Chair and a second for a Vice-Chair.

Lisa M.: I make a motion to nominate Bill Murray for Vice-Chair.

Clare B.: Uh, do we have a second?

Steve M.: I'll second it.

Clare B.: Okay. It's been moved and seconded. Um, are there any other nominations from the floor? All right, seeing none the board would try your minds here. All those in favor of, uh, selecting Bill Murray as our Vice-Chair signify by saying aye. Aye.

Bill M.: Aye.

Charles H.: Aye.

Lisa M.: Aye.

Clare B.: Opposed? Abstentions? All right. Thank you. Congratulations, Bill. It's, uh, quite a prestigious job I can tell you and, uh, comes with a lot of serious remuneration and a lot of gratitude. A lot of gratitude I think on the part of everyone. Anyway, I think you got the message, then thank you. Thank you for doing a job that you, that you're going to step up and enjoy. Um, Consideration and Approval of the Nomination Petitions of Two Active Teachers, Stephen McKeever and Thomas Nicholas. Now Thomas Nicholas is not online today. Uh, unfortunately, Thomas Nicholas tested positive for COVID and, uh, he's home sick. He's not hospitalized but he is, uh, too tired, uh, he communicated with me, to really even be online for the whole meeting with us today. So we wish Tom a hopefully, uh, successful and speedy recovery but both of these individuals, Stephen and Tom, had to go out and get this, these kind of virtual signi-, signatures that we discussed already with the Bylaws changes, so, uh, I commend them for, uh, really having done an awful lot of work to get that done. A lot of hustling to get that done.

Uh, so the Chair would entertain a motion to, uh, approve the, um, the two new, there would be two new board member positive-, terms with your, with your election today. Stephen McKeever and Tom Nicholas will, their term will commence in, on July 1, 2021, and will be over on June 30, 2025. It is a four-year term for active teachers, so the Chair would entertain a motion to accept both of those nominations.

Lisa M.: Motion to accept.

Clare B.: Motion to accept.

Bill M.: Seconded.

Clare B.: Seconded by Bill, okay. Discussion? All those in favor signify by saying aye. Aye.

Bill M.: Aye.

Charles H.: Aye.

Kathy H.: Aye.

Clare B.: Opposed?

Stephen M.: Aye.

Clare B.: Abstentions? Opposed? Abstentions?

Stephen M.: I think I got it [inaudible 41:53], so…

Clare B.: Pardon?

Stephen M.: Do I have…I think have to abstain from this vote.

Clare B.: No, you can vote yes, Steve.

Stephen M.: Okay.

Clare B.: You can vote for yourself. I'm sure you put your name on the petition, so I think…

Stephen M.: I'll vote yes.

Clare B.: All right. Consideration and Approval of the 2021 Board Meeting Schedule. I think you have that attached for yourself. Um, a lot of times they, uh, back up to the IAC meetings, a few times they don't. Um, a few times I, maybe the NCTRI participated in it, Helen did, uh, uh, Laurie Martin did, [Shawn Wooden 42:27] did; we all participated in the National, National Council on Teacher Retirement meeting online and, uh, so we – sometimes you have to bump a meeting that is going to interfere with that because people couldn't leave what they were doing because its online and they need the computer to be online for that. So those would be some minor adjustments that are in there but that's just for, um, your consideration and approval. So, uh, the board would entertain a motion to accept the, um, and approve the board schedule. Hello, we need a motion.

Charles H.: So moved.

Clare B.: So moved, very good. Thank you.

Charles H.: So moved.

Clare B.: We need a second. Keep them all alert out there. Thank you.

Bill M.: Second.

Clare B.: Moved and seconded. Discussion? All those in favor signify by saying aye.

Charles H.: Aye.

Kathy H.: Aye.

Laurie M.: Aye.

Clare B.: Opposed? Abstentions? Thank you very much. Uh, Consideration and Approval of the January 2021 COLA Increase. Uh, it's 1.3% for the post-September 92. These are the people who didn't retire in June and so we approved theirs, uh, for January COLA and 1% for the post-92 members who joined the system on or after July 1, 2007. So the board would consider a motion to approve, uh, those two COLA adjustments for January 1, 2021. Need a motion.

Greg M.: So moved.

Clare B.: Okay, so moved to approve. Second?

Steve M.: Second.

Clare B.: Discussion? All those in favor signify by saying aye.

Bill M.: Aye.

Charles H.: Aye.

Kathy H.: Aye.

Jon J.: Aye.

Laurie M.: Aye.

Clare B.: Opposed? Abstentions? Okay. Consideration and Approval of the Administrator's Actions Regarding A, B and C. A is the granting of service retirements for the month of September. B is the survivor benefits for the month of September. Uh, reports and recommendations is C for the medical review committee for the month of September. Remember, October is not over weighted, so that's why it's just the one month. Sometimes we take more than one month on these, so, uh, the board will entertain a motion to, uh, consider and approve this.

Lisa M.: So moved.

Clare B.: So moved. Thank you and a second?

Bill M.: Second.

Clare B.: Second. Discussion? All right. All those in favor…

Steve M.: I had one question on the…

Clare B.: Oh, go ahead, Steve.

Steve M.: Um, I'm looking on the one, the retirements, the statistics for the month. It says, uh, year to date there's 13 and then [inaudible 45:01].

Clare B.: [Inaudible 45:01]. You on the statistics at the bottom?

Steve M.: No. I'm on Page 1.

Clare B.: Okay.

Steve M.: Um, I'm just trying to understand what I'm reading. It says deferred vested, investments year to date is 13. Early, and then it goes to the early retirement. Current is 16, prior is 4. Does that prior mean last September we had 4 early retirements and then it jumped all the way to 16 this year or was that prior? What does that mean?

Clare B.: Helen? You have to be unmuted, Helen.

Helen S.: Yes. I think the prior is from last year, if I, if I understand this report correctly.

Steve M.: So our early retirements jumped from 4 to 16 this year?

Helen S.: Yeah. We had some significant changes, Steve.

Steve M.: Yes.

Helen S.: Like I was just looking at some stats this morning on just regular retirements. For example, like in 2019 for September we had 47 teachers retire, we had 100 in 20, uh, this year and then October 2019, I'm just because I was doing my own stats because I didn't get a lot of calls, so I was putting some reports together like last year we had 29 teachers retire in October, this year we had 61. So, I'm, I'm, we're not slowing down. This is supposed to be our off cycle and [inaudible 46:25].

Steve M.: And it's not.

Helen S.: …early retirements. We're getting the LOAs. We're getting the retirements.

Steve M.: Right.

Helen S.: I completely understand, so…

Steve M.: What is this going to do long term? Is this going to beat us in the long-term as far as what's available later on? Are we going to be dealing with a hiccup or a bump for the next 20 or 30 years?

Helen S.: I, I couldn't tell you. I don't know how many people are like I don't have stats on number of new teachers…

Male: Helen, you're on mute.

Helen S.: Um, I shouldn't be. Um…

Male: No, John. John is not…

Helen S.: That’s okay.

John G.: Yes, still…

Helen S.: Hopefully, um…

John G.: So in an actuarial…I’m sorry. Helen, do you want…

Helen S.: No, John, please take it away because I’m just going to have black [**inaudible** 47:11] and reports internally on new, you know, new hires.

John G.: Right. So I mean what we’re actually seeing in Helen’s report is the actual counts of people moving, right? In an actuarial valuation, we take an active population and based on their ages and years of service, we project when the probabilities of them retiring are. So when somebody actually does retire, the valuation has already assumed that, you know, a percentage of them, maybe 50% or 60%, again depending on that age and service combination, are going to retire. So when a person does retire and let’s just take one example. A person retires and we assumed that they were 50% likely to retire and we also then had an assumption that if they didn’t retire in that year that it was say 50% likely they’d retire the next year. So there’s going to be a modest loss to the plan when you have more retirements than expected. So you have to think, Steve, that, that everything that’s good for people is bad for the actuarial valuation report, right? When, when people get bigger pay raises than we anticipate, that’s, that’s going to be an actuarial loss. When people live longer than we anticipate, that’s an actuarial loss. When, when, uh, you know, when nobody quits work, um, that’s an actuarial loss. So if everybody stays employed, that’s an actuarial loss.

So, so it’s, uh, but because we have a probability for every event to occur in the future, where the loss is generated is from that difference between what we expected to happen and what we, we actually measured to happen in the next valuation. So we could see in 22 when we do the next valuation, we’re probably going to see that 2020 is going to have some retirement loss but I don’t think it’s going to be material and, and regardless whatever happens to the investments typically dwarfs the demographic experience of the plan. So the move of the investments are so much more volatile and more material to the plan than what happens to the people. The actuaries, we do a pretty good job of, of, uh, projecting what happens to people because it’s a big group of people and, and you make an assumption and it fits pretty good to a large group but the investments because the volatility of assets, uh, are and have been for quite a while, um, so high that, you know, that’s the part that we’re driving ourselves crazy trying to come up with ways to do a better job of anticipating what assets are going to do but really it’s just, it’s a volatile piece of the plan. You know, one thing we didn’t present in the, the valuation.

Two of the changes that were made, uh, in the experience study, one we talked about which was a primary impact of the experience study was to go to a generational method of mortality. So that anticipates that not only there's a mortality rate today that is somewhat conservative that anticipates fewer people die than actually do but it's projected to improve in all future years. So as the trends in mortality continue to improve that's already been priced into the plan, so we shouldn't see a lot of losses due to mortality and there's certainly not going to be a big cost to change mortality. Again, any future [inaudible 50:15], we've already taken that cost now. And the second item is, is one item that Greg had questioned, which was changing to a level dollar, uh, inc-, uh, UAL amortization approach and why that takes risk out of the plan is that before we were assuming that payroll had to grow at 3.25% and if payroll did not grow at 3.25%, which post 2009 it was a few years that it did most years it didn't that that was a loss to the plan.

So going to a level dollar approach removes that as a source of loss, so, so, you know, those changes that have occurred with the experience study and, and with, uh, the, um, act, Public Act 19-117. Those are two really good steps to help save us the cost of the plan going forward. [Inaudible 51:01] point is the country is still exposed to market, market rates of return and, and again that's going to dwarf any of this retirement experience, turnover experience, mortality experience that we're going to see in the future.

Steve M.: Okay. Thank you.

Clare B.: Okay. Any other, uh, questions, discussion? Okay, uh, we have a motion that has been moved and seconded. All those in favor signify by saying aye. Aye.

Bill M.: Aye.

Charles H.: Aye.

Lisa M.: Aye.

Steve M.: Aye.

Clare B.: Opposed? Abstentions? All right. Thank you. Uh, you also have attached, uh, are the retirement statistics for the month of September 2020. Uh, we move to comments from observers. Helen, how do I do this? Are they talking? I'm not hearing observers. Are there observers out there? Usually have.

Helen S.: I didn't know we were ready for observers. Okay.

Clare B.: Yeah.

Helen S.: One second, Clare. I just wanted to point… Javiel, can you mute whoever [inaudible 51:59] website. Thank you. Um, I do want to let everybody know there was some internal confusion about the, our meetings are normally on Wednesday. So we realized this morning that, um, there was some confusion when the agenda got posted this morning. It was an internal oversight, so we took care of that. I apologize and that we have an observation sign-in sheet. So folks who are on the call can actually look at, um, go back to where the agenda is and we will not be doing any kind of roll call, they can just go into that, click on that observation sheet and put their name and, uh, in there and it automatically, uh, will record them for us as well so that there's more time for folks. And, um, I just wanted to clarify B, um, to our retirees while we have them, so it's great. I know they're, it's been pretty quiet because of COVID but, um, when Terry and I were alerted to, um, the Anthem supplement change, you know, lag time on the phone, um, it was brought to our attention. You know, we have a three-call rule. If we get three calls about something, we know it's systemic. So we did reach out and Terry's been working with the Medicare Supplement side on that platform change and, and the hold times, uh, and Terry can tell you I was one of those people who was just trying to research the issue myself, spending my time doing that.

So we really encourage people just to let us know if there's an issue right away, um, because then we can get on it even quicker. Um, sometimes I don't hear about it as quickly as, as I should, um, so there could be an overlap with how things are going. Terry, did you want to add anything to that? And that's our smaller group.

Terry D.: Yeah, I just wanted to say that that issue is isolated to the Med Sup plan as you said. I just wanted to make sure everybody knew and that Advantage is fine.

Helen S.: Thanks.

Terry D.: Yep.

Helen S.: And I'll mute myself.

Clare B.: Are there observers out there to make comments?

Rita M.: Hello?

Clare B.: Hello.

Rita M.: Great. Hi.

Clare B.: What's your name and speak up.

Rita M.: This is Rita McDougal-Campbell, retired teacher in Trumbull. Two brief…

Clare B.: Hi Rita.

Rita M.: Hi, Clare. Two brief comments. One, um, I heard from a number of people that there was difficulty logging in to Anthem's [inaudible 54:40]. I myself [inaudible 54:44]. It took me about 9 minutes to get in because the system that, um, they were using kept kicking me out for some reason. I don't, I don't know why but I thought maybe it was just me but then I heard from a number of other people that they had difficulty getting in and some weren't able to get in at all. So I should just bring that to your attention and I think I sent a note to Amanda about that. Um, the other thing is I, I wish that the board would consider offering to observers video as well as audio, um, access for the board meetings. It's very difficult to not know whose speaking and to not be able to see the visuals, the exhibits that are being presented by, um, the people who are presenting. So that would be very helpful. Thank you very much.

Clare B.: Thank you, Rita. Next.

Mary H.: Okay, this is Mary Hendrickson, [Simsberry 55:41].

Clare B.: Hi Mary.

Mary H.: Hi. Um, I confirm, I affirm Rita's previous thing. My, we should be able to see this. The, Helen very successfully ran the open enrollment on the sys-, so Webex and we could see the presentations, she could mute everybody but we could all see what was going on. I think it's very important that we see these things that are being presented. That is number one and most important I think attendees should be able to have a copy of what's being talked about. For instance, the Bylaws and the statutes. This could be done electronically. They can just be available electronically and then we could look at it. We are a very informed and active retired group and we want to be part of all this, this is our life right now.

Clare B.: Okay. Thank you very much.

Mary H.: Hello?

Clare B.: [Inaudible 56:33].

Mary H.: [Inaudible 56:33]

Clare B.: Go ahead.

Mary H.: Did all that get in?

Clare B.: Oh yes it did. Yes.

Mary H.: Okay. I would like those comments to be, uh, somehow engaged.

Male: We're recording. We are recording, Mary.

Mary H.: Thank you.

Clare B.: Next.

Walt C.: Oh, hello?

Clare B.: Hello.

Walt C.: Can you hear me?

Clare B.: Yes.

Walt C.: Oh, hi. This is Walt Ciplinski from [Newington 56:58] calling and, uh, thank you for making your meeting available and, uh, I just have a comment in reference to what Terry DeMattie brought up about, um, rewording something in the Certificate of Contract and, um, I guess the question or the comment I have is that it's my understanding that anything that is said or printed by Anthem is subordinate to the con-, Certificate of Contract language. So it seems like retirees should have this, any changes or rewriting should be in-hand before they choose between the Advantage or supplement offerings and, uh, so I'm kind of asking are you contemplating any changes in the Certificate of Contract for 2021? And thank you very…

Terry D.: You have…

Walt C.: Yeah.

Terry D.: The only changes in the, the Certificate for Evidence of Coverage for 2021 is they are changing the date to make it effective 2021 and…

Walt C.: Okay.

Terry D.: …and they're removing a comma or a colon or a B from the, from one of the benefits, one of the specific descriptions of a benefit. It wasn't clear. It was a punctuation issue.

Walt C.: Oh, okay. So did you…

Terry D.: [Inaudible 58:15] hearing aid coverage. I think the hearing aid coverage said, uh, one per person and it should have been one per ear. So we caught [inaudible 58:25] too.

Walt C.: Yeah. Yes. Yeah, that, that helps a lot. Thank you.

Terry D.: You're welcome.

Walt C.: Okay. Thank you very much. I appreciate that. Have a great rest of the day. Bye.

Clare B.: Okay. Next phone caller. Next caller. Helen, I'm not showing anybody up on my screen.

Male: [Inaudible 58:52] call.

Female: [Inaudible 58:54] I think we just pick up.

Clare B.: I'm not sure if someone's speaking. I'm, I have mine turned up to the max, so is there another caller out there, another observer who'd like to make a comment? Javiel, can Javiel tell if there's another person on the line that…

Javiel R.: Yes, no.

Clare B.: I can't see anyone on mine.

Javiel R.: No. There's probably about 10, 15 people out there and there's no one.

Clare B.: They're just listening, right. Those are just, yeah, participants. Okay, well seeing none, um, then, uh, the board would entertain a motion to adjourn.

Steve M.: So moved.

Clare B.: We have a vote on that? Move, seconded. Yes, I see a hand, one and two. Okay. Uh, yes. Discussion? All those in favor signify by saying aye.

Bill M.: Aye.

Charles H.: Aye.

Kathy H.: Aye.

Jon J.: Aye.

Clare B.: Very good. It's 4:05. The board adjourned the meeting at 4:05. Remember the board does not meet in December or January. It's never been our practice to and this is the November meeting. I know that you received, uh, I'm sorry it was probably my fault, miscommunicating that to Charlene but if you remember we met late in September because of the declaratory hearing. We moved things to be able to adjust to that, uh, we didn't meet in October. So that was really the meeting we had was canceled was the October meeting, which would have been earlier in October and we said to you at our September meeting, we said to board members that we would like to be able to move that November meeting because it was going to be the day after election day and we just didn't know what to anticipate, hopefully nothing will happen and it will be just a regular, very smooth transition or whatever. So we just wanted to move it and so that's how we ended up with this Monday date in October. So we do apologize for that. Apologize to you Charlene because I'm sure I got you all messed up by miscommunicating somehow what was being done with what wasn't. This is the November meeting except it's in October. Um and then when next we meet will be in February. That's when the legislature will actually already have convened. This is the long session that we convene in January.

Remember, its January to June and on the off years by annum then it's February to May, so it's a shorter session. So this is going to be the long session. So any other, uh, comments? Anybody? No? Yes? Everybody all set? All right, uh then this, uh, we are adjourned. I thank all of you, uh, enjoy the holidays. You have a lot of them coming up. We have Halloween, we have Veteran's Day. I'm sorry, Election Day is in between time and hopefully there will be celebrating. I'm sure there'll be celebrating for some people, uh, and then we have Thanksgiving and then we have, uh, Christmas and whatever else. So I look forward to seeing you guys in the new year. We will come back if there's any issue like in John's case if we need to do anything with valuation, the board will reconvene. So I thank all of you for today's meeting.

/axb