



STATE OF CONNECTICUT

RETIREMENT SECURITY BOARD

CO-CHAIRS: STATE COMPTROLLER KEVIN LEMBO & STATE TREASURER DENISE L. NAPPIER

Connecticut Retirement Security Board

Meeting Minutes

Monday, March 4, 2015

9:00 A.M.

55 Elm Street, Hartford, 7th Floor Treasurer's Conference Room

Members Present:

Hon. Kevin Lembo, State Comptroller, Co-Chair

Thomas Barnes

Ken Floryan

George Kasper

Jamie Mills

James Russell

John Sayour

Members Absent:

Hon. Denise Nappier, State Treasurer, Co-Chair

Michael Callahan

William Kosturko

Sal Luciano

Brendan Maher

Sharon Palmer

Other Participants:

Genevieve N. Ballinger, Research Analyst, Office of the State Comptroller

The Meeting of the Retirement Security Board was called to order at 9:13 a.m.

A. Call to Order

Comptroller Lembo called the meeting to order.

Comptroller Lembo moved to the review of recent developments and waited for a quorum to vote on any items.



B. Review of Recent Developments

529 College Plan Parallels

Genevieve N. Ballinger briefed the Board on a webinar that was put out by the Georgetown Center for Retirement Initiatives regarding the parallels between 529 college plans and the public sponsored retirement plan initiatives.

ERISA Fiduciary Liability

Ms. Ballinger relayed a response given by Brian Graff, CEO of ASPPA, and Roberta Ufford, Groom Law Group, regarding placing ERISA-like protections and fiduciary liability on the Board, without having actual ERISA coverage of the Board and without placing liability on the employers whose employees participate in the plan. By providing ERISA-like protections it would alleviate the concerns about the lack of a fiduciary standard of care around the participants' investments. Illinois places fiduciary liability on its Board. Kathleen Kennedy Townsend from the Maryland Task Force is in conversations with the Department of Labor to see if this could be possible. Mr. Graff provided us with some guidance on how Connecticut could do this. He suggested that as long as the Board adheres to the Department of Labor safe harbor regulations in the Interpretive Bulletin issued in 1999 then this would be possible. As the Connecticut statute stands now it precludes ERISA from covering the State. The Board would need to separate from the state.

A concern was raised by James Russell that if the Board took on fiduciary responsibility could they be sued; there was also a question raised if other Boards have fiduciary responsibility. Comptroller Lembo responded that some Boards do have fiduciary responsibility. But he thought there would be a need for more information. It was decided that the Board could have someone present on the legal ramifications at a later date.

Update on Similar Initiatives

Ms. Ballinger briefed the Board on the status of several other states that currently have retirement initiatives.

The California Secure Choice Retirement Savings Investment Board awarded the contract for the market analysis, feasibility study, and program design to Overture Financial.

The Management and Budget Commissioner in Minnesota issued a RFP for a study on a public retirement plan and is in negotiations with its chosen vendor.

The Massachusetts State Treasurer's Office is still waiting on IRS approval on the group trust to be used for the 401(k) deferred compensation plan for small non-profit employees.

In Oregon a recent proposed bill establishes the Oregon Retirement Savings Board that would administer the Oregon Retirement Savings Plan based off the report submitted by the Oregon



Retirement Savings Task Force. The Board must conduct a legal and market analysis to assess the feasibility of the plan and the applicability of ERISA.

Maryland's Task Force to Ensure Retirement Security published its report. The Task Force did not recommend a particular plan; instead it identified guiding principles for a plan. The report also highlighted guiding principles on the employer side.

In Washington a recent proposed bill establishes the Washington small business retirement marketplace in the state Department of Commerce. The marketplace must examine and approve three types of plans.

A recent proposed bill in Indiana establishes the Hoosier Employee Retirement Option (HERO) plan that would create portable individual retirement accounts for employees of employers that do not offer a retirement plan.

In Kentucky a recent proposed bill establishes the Kentucky Retirement Account Program, an automatic enrollment payroll deduction Roth IRA program, for employees of private employers with five or more employees.

The proposed bills in New Hampshire and North Dakota were defeated.

Federally, the proposed budget includes \$6.5 million in funding to allow states to follow through with retirement initiatives.

C. Adoption of Meeting Minutes

A motion was made by Ken Floryan to adopt the Meeting Minutes of February 4, 2014. John Sayour seconded the motion. Jamie Mills abstained from voting. The minutes were adopted at 9:30 a.m.

D. Recommendations by the Vendor Selection Committee

George Kasper updated the Board on the selection process for the market feasibility study and the vendors that were selected by the vendor selection committee. The committee consists of Laura Jordan, designee for the Treasurer, from the Office of the State Treasurer; Josh Wojcik, designee for the Comptroller, Policy Director from the Office of the State Comptroller; Jamie Mills; John Sayour; and George Kasper. Five vendor proposals were considered. They were interviewed and then rated numerically by the committee. The committee selected Boston College to conduct the market analysis component of the study and the joint proposal from Mercer and Oliver Wyman to complete the other three components of the plan; financial feasibility, program design, and general consulting services.

If Boston College could not conduct the market analysis component, then it would be conducted by Mercer and Oliver Wyman, in addition to the three components. If Mercer and Oliver Wyman could not conduct the market analysis component, then it would be conducted by Overture



Financial. If Mercer and Oliver Wyman could not conduct the three components of the study, then Overture Financial would be selected to conduct the three components.

The Board raised some concern that the vendor would put together a market feasibility study without consulting them. However, Ms. Ballinger reassured the Board that they would be able to provide input.

Two motions were made at 9:40 a.m.

- 1) Jamie Mills made a motion to enter into negotiations for the market analysis component of the study with Boston College, and if those negotiations fail to enter into negotiations with Mercer and Oliver Wyman, and if those negotiations fail to enter into negotiations with Overture Financial. John Sayour seconded the motion. The motion was adopted unanimously.
- 2) Jamie Mills made a motion to enter into negotiations for the general consulting, program design, and financial feasibility components of the study with Mercer and Oliver Wyman, and if those negotiations fail to enter into negotiations with Overture Financial. Thomas Barnes seconded the motion. The motion was adopted unanimously.

E. New Business

Comptroller Lembo asked the Board if they would like to hear from any other speakers.

The Board discussed having the vendors come and speak after they are under contract. Professor Norman Stein, Law Professor at Drexel University, has offered to speak to the Board to give some legal framing for the plan. Ms. Mills thought this would be helpful sooner rather than later to obtain concrete information. Mr. Sayour thought it would be better to wait until after the Board has a conversation with the vendors. It was decided that Mr. Stein would be asked to come to the May-June meeting. It was discussed emailing Mr. Stein questions before he comes to the meeting. Sarah Gill, Senior Legislative Representative at AARP and member of the Task Force to Ensure Retirement Security for all Marylanders has offered to come to the April meeting.

Some of the Board members had asked to get their mileage reimbursed. A motion was made by Comptroller Lembo to approve mileage reimbursement. Seconded by Mr. Sayour. The motion was approved unanimously on a case by case basis.

Comptroller Lembo also reminded the Board about filing their 2013 and 2014 Statement of Financial Interest forms.

Comptroller Lembo also notified the Board that if we have any unspent donations, the Board cannot return the funds to the foundation. Rather, the funds could be spent on related activities within state government. Staff will email relevant program options for any unspent funds before the next Board meeting. In terms of fundraising, the Board has tentative agreements with PEW and the Arnold Foundation. The Arnold Foundation has conditionally promised \$250,000 but a commitment letter has not been received yet. PEW is offering to fund a specific need.



Unfortunately, AFSCME, the Gates Foundation and AARP declined financial support. Letters have since gone out to the Buck Foundation and the Open Society Foundation. Treasurer Nappier also sent out fundraising letters and \$10,000 is loosely committed.

F. Public Comment

There was no public comment at the meeting.

G. Adjournment

The April meeting of the Board will be held at 55 Elm Street.

A motion was made by Mr. Floryan to adjourn. Ms. Mills seconded the motion. The meeting adjourned at 10:24 AM.