



## Connecticut Retirement Security Authority Board of Directors

Regular Meeting

November 17, 2017, 10:00-12:00 pm

LOB Room 1C

### MINUTES

#### Members Present

DOL Commissioner Scott Jackson, Chair  
Manisha Srivastava, Office of Policy and Management  
Genevieve Ballinger, Office of the State Comptroller  
Joseph Fazzino  
Thaddeus Gray  
Keisha Palmer  
Thomas Sennett  
Ed Zelinsky

#### Other Participants

Christine Shaw, Chief Compliance Officer, Office of the State Treasurer (for Treasurer Denise Nappier)  
Carolyn Treiss, Department of Labor

#### I. Call to Order

Commissioner Jackson called the meeting to order at 10:06 am. He welcomed members and guests and invited members to introduce themselves.

#### II. Swearing in of new member

The oath was administered to Genevieve Ballinger by Sandy Forte', Notary Public, Office of Legislative Management.

#### III. Adoption of Minutes

Commissioner Jackson made a motion, seconded by Mr. Fazzino, to adopt the minutes from the October 20, 2017 meeting. Mr. Gray requested that a few non-substantive changes be made to the minutes. On a motion by Ms. Shaw, seconded by Ms. Palmer, the changes were approved. On a motion by Ms. Srivastava, seconded by Mr. Gray, the minutes were adopted as amended by unanimous vote of the members present.

#### IV. Discussion with Michael Kreps, Groom Law Group

Commissioner Jackson introduced Michael Kreps, Principal of the Groom Law Group and one of the leading legal experts in this field.

Mr. Kreps outlined his presentation which would cover the process of the development of Connecticut's program, a national lay of the land, a discussion of ERISA, and issues that the board should keep on the radar as they move ahead with implementation.

Mr. Kreps explained that the predecessor board to the CRSA was created at a time when there was a groundswell of states looking at these types of programs. The board looked at not just whether the state should create a program, but whether it would be feasible to do so. The resultant legislation reflected the strong consensus of the group. Key issues considered were how do to design a requirement for employers, where would the money go when it came into the system, what is the board's responsibility to that money, and finally what to do at the end of people's careers - how to convert the savings into a source of reliable income.

Mr. Kreps noted that Connecticut's legislation was passed when several other states were passing similar legislation and at this point is in the middle of the pack in terms of implementation, with Oregon having launched a pilot in July and California, Illinois and Maryland all at varying stages of the implementation process. He noted that all eyes are on these states, including Connecticut, to see if there will be a model that works and can be used in other states.

Mr. Kreps explained that Connecticut's program was designed specifically not to trigger ERISA. ERISA is triggered when there is enough employer involvement in an employee retirement program to make it an employee benefit plan. Connecticut's program was designed to limit employers' involvement to such an extent that ERISA will not be triggered. Mr. Kreps suggested that the key legal question is whether the employer's enrollment in the program constitutes sufficient employer involvement to trigger ERISA.

Mr. Kreps pointed out the importance of a governance structure that is both well-designed and sustainable and that considers how we will comply with fiduciary and statutory responsibilities.

Mr. Fazzino asked about the basis for the ERIC lawsuit against Oregon. Mr. Kreps explained that the suit is still in the very early stages and that it is a narrow question brought by Fortune 500 companies who are not subject to the enrollment requirement but are subject to a requirement that they have to report every three years that they are exempt from the program because they offer their own retirement plans. The companies argue that this reporting requirement triggers ERISA preemption.

Mr. Sennett asked about the implications of the fiduciary rule. Mr. Kreps responded that the question lies with the point at which the line is crossed from merely providing education to providing investment advice.

Mr. Gray asked if it was fair to think of the State of Connecticut is the sponsor of the plan rather than the employer to which Mr. Kreps responded that yes, this is essentially the idea.

**V. Old Business**

There was no old business.

**VI. New Business**

There was no new business

## **VII. Subcommittee Updates**

### **a. Budget/Audit/Finance Subcommittee**

Ms. Palmer reported that the subcommittee did not meet as they are waiting for instructions on how to move forward on several budget items.

### **b. Education and Outreach**

Commissioner Jackson reported that the website for the CRSA is up and running. He also asked that the board members share the website with those they know who may be interested in this work.

He also informed the board that DOL had disseminated a general statement about the deferral of the implementation date in light of reports that had been shared regarding unscrupulous actors in the market and questions he and DOL had been receiving from employers. He commented that one member felt it was a missed opportunity to sell the program.

### **c. Governance & Bylaws**

Ms. Palmer reported that the subcommittee was awaiting assistance from legal counsel on the drafting several of the policies that are needed to get the board fully functioning. Commissioner Jackson noted that with regard to legal counsel, there is broad selection of RFIs available that he has reviewed and that he believes are easily modified for the board's purposes.

### **d. Personnel and Support Subcommittee**

#### **i. Executive Director discussion**

Commissioner Jackson reported that the board met and discussed the last version of the job description. They made a few changes including adding more heft to the qualifications and responsibilities. He explained his plan for the hiring process and expressed his desire to have all board members participate in the process in whatever ways they would like. He noted that although the timing with holidays approaching was difficult, he hoped that they could have a field of qualified applicants by year end. He asked that members provide proposed edits and an indication of how they want to participate before the Thanksgiving holiday. There was discussion of having a special meeting in order to vote on the job description so that the process could keep moving.

### **e. Program Design and Investment**

Ms. Srivastava reported that the subcommittee had a presentation by Stacy Scapino from Mercer who served as a consultant to the prior board. The subcommittee came to consensus to move ahead with an RFI to gauge interest and get ideas for elements of program design. The subcommittee hopes to present the RFI at the December meeting for a vote. Ms. Ballinger stated that the RFI will have about six questions some of which focus on the ways in which Connecticut's program differs from the other states and how specific issues might be addressed.

She clarified that the RFI was specifically for the record keeper administrator and not the investment manager.

**f. Research and Comparative Analysis**

Mr. Sennett reported that the group wants to look at payroll processing. ADP has provided some information the subcommittee is looking at. Commissioner Jackson noted that DOL deals with all of the large payroll companies and could put together a forum that might be useful.

Ms. Srivastava mentioned that other states have all talked about the importance of stakeholder engagement and asked if Education and Outreach had discussed a timeline for reaching out to other groups. Commissioner Jackson stated the matter would be on the subcommittee's agenda.

**VIII. Public Comment**

No one was present for public comment.

**IX. Next Meeting Date**

Commissioner Jackson announced that the next regular meeting would be held on Friday, December 15, 2017, 10:00am, LOB room 1C. He again noted that there would be a quick special meeting to vote on executive director job description.

**X. Adjournment**

On a motion by Mr. Fazzino, seconded by Mr. Gray, the meeting was adjourned by unanimous vote at 11:00 am.