July 18, 2019

Frederick Jortner  
Clerk of the House  
State Capitol  
Hartford, CT 06106


Dear Mr. Jortner:

In accordance with Section 5-278(b) of the Connecticut General Statutes, the Office of Labor Relations hereby files with the Clerks of the House of Representatives and of the Senate, a Memorandum of Understanding between the State of Connecticut and the SEBAC on behalf of their bargaining unit members. The Memorandum of Understanding adjusts the amortization period as reflected in the Governor’s budget.

Also enclosed is the Supersedence Appendix and the Office of Policy and Management’s statement of the estimated costs necessary to implement the award. Please note that the effect of the re-amortization as reflected in this agreement results in savings relative to the ADEC basis and methodology previously negotiated.

Sincerely,

S. Fae Brown-Brewton  
Undersecretary for Labor Relations

Melissa McCaw Secretary, OPM  
Paul Potamianos, Budget  
Gregory Messner, Budget  
Carolyn Mercier, Comptrollers’ Office  
Office of Fiscal Analysis  
Dan Livingston, SEBAC
July 18, 2019

Michael Jefferson  
Clerk of the Senate  
State Capitol  
Hartford, CT 06106


Dear Mr. Jefferson:

In accordance with Section 5-278(b) of the Connecticut General Statutes, the Office of Labor Relations hereby files with the Clerks of the House of Representatives and of the Senate, a Memorandum of Understanding between the State of Connecticut and the SEBAC on behalf of their bargaining unit members. The Memorandum of Understanding adjusts the amortization period as reflected in the Governor's budget.

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[Signature]

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Undersecretary for Labor Relations

Melissa McCaw Secretary, OPM  
Paul Potamianos, Budget  
Gregory Messner, Budget  
Carolyn Mercier, Comptrollers' Office  
Office of Fiscal Analysis  
Dan Livingston, SEBAC
MEMORANDUM OF UNDERSTANDING

THIS AGREEMENT is made by and between the State of Connecticut, acting herein through the Secretary of the Office of Policy and Management (hereinafter “the State”) and the State Employees Bargaining Agent Coalition, acting herein through the designated representatives of its constituent unions (hereinafter “SEBAC”), for the purpose of amending certain terms and conditions governing the State Employees’ Retirement System (“SERS”), as provided in the Agreements between SEBAC and the State.

The following changes shall be implemented effective upon approval by the parties:

1. Unfunded liability shall be maintained using Entry Age Normal as the actuarial cost method.

2. The pension funding method shall be the level dollar method with a five (5) year phase in. By mutual agreement of the parties, this may be adjusted up to an eight (8) year phase in.

3. Reset of the Amortization Period:
   a. Unfunded liability as of 2018 shall be paid off by June 30, 2047.
   b. Actuarial gains and losses going forward will be amortized using a 25 year layered amortization approach.

Dated this 13th day of July, 2019.

S. Fae Brown-Brewer, Chief Negotiator
State of Connecticut

Daniel E. Livingston, Chief Negotiator
SEBAC
SUPERSEDENCE APPENDIX
AGREEMENT BETWEEN THE STATE OF CONNECTICUT
AND
THE STATE EMPLOYEES BARGAINING AGENT COALITION

In accordance with Section 5-278(b) of the General Statutes, the following is a list of those provisions of the Agreement with SEBAC which are in conflict with any statute or regulation of any state agency.

<table>
<thead>
<tr>
<th>PROVISIONS OF SEBAC AGREEMENT</th>
<th>Statute(s) and/or Regulation Amended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Age Normal</td>
<td>C.G.S. Sec. 5-152, Sec. 5-154, Sec. 5-156a</td>
</tr>
<tr>
<td>Level Dollar Method with a Five (5) Year Phase In, extendable to an Eight (8) Year Phase In</td>
<td>C.G.S. Sec. 5-152, Sec. 5-154, Sec. 5-156(a)</td>
</tr>
<tr>
<td>Reset of Amortization Period</td>
<td>C.G.S. Sec. 5-152, Sec. 5-154, Sec. 5-156a</td>
</tr>
<tr>
<td>a. Unfunded liability as of 2018 shall be paid off by June 30, 2047</td>
<td></td>
</tr>
<tr>
<td>b. Actuarial gains and losses going forward will be amortized using a 25 year layered amortization approach</td>
<td></td>
</tr>
</tbody>
</table>
Agreement Item* - Changes to Pension Amortization Schedule:

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Reamortization of all outstanding unfunded liability as of June 30, 2018 over a new 30-year period.</td>
<td>(157.2)</td>
<td>(168.3)</td>
<td>(167.1)</td>
<td>(163.8)</td>
<td>(163.9)</td>
<td>(164.1)</td>
</tr>
<tr>
<td>Total - All Funds</td>
<td>(157.2)</td>
<td>(168.3)</td>
<td>(167.1)</td>
<td>(163.8)</td>
<td>(163.9)</td>
<td>(164.1)</td>
</tr>
<tr>
<td>Projected General Fund Share</td>
<td>(115.8)</td>
<td>(121.2)</td>
<td>(120.3)</td>
<td>(117.9)</td>
<td>(118.0)</td>
<td>(118.2)</td>
</tr>
</tbody>
</table>

* The agreement also provides for the possibility of a 3-year extension of the period for transitioning to level dollar amortization (subject to the agreement of both parties).