



STATE OF CONNECTICUT
TEACHERS' RETIREMENT BOARD
765 ASYLUM AVENUE HARTFORD, CT 06105

Minutes of Meeting
September 10, 2008

The regular meeting of the Teachers' Retirement Board was called to order at 2:11 p.m. by Chairperson Clare Barnett on Wednesday, September 10, 2008 at 765 Asylum Avenue, Hartford, Connecticut.

Board Members Present:

Clare Barnett, Teacher Member
Eugene Cimiano, Public Member
Astread Ferron-Poole, representing Commissioner Starkowski, Dept. of Social Services
Marion Jewell, Teacher Member
Jonathan Johnson, Public Member
Eric Judge, Public Member
Elaine Lowengard, Public Member
William Murray, Teacher Member
Mary Nicholas, Teacher Member
Rosalyn Schoonmaker, Teacher Member

Staff present:

Darlene Perez, Administrator
Leanne Appleton, Assistant Administrator
Jean Ouellette, Administrative Assistant

Others present:

Robyn Kaplan-Cho, CEA
Lou Laccavole, TRB Fiscal Administrative Supervisor
Lou Meyers, Active Teacher, South Windsor
Karen Nolen, OPM
Raymond Powell, CAPSS
James Stirling, Stirling Benefits

Chairperson Barnett turned the meeting over to Board member Rosalyn Schoonmaker for the election of a chairperson for the 2007 – 2008 fiscal year. Rosalyn Schoonmaker

nominated Clare Barnett. The motion was seconded by Mary Nicholas. Eugene Cimiano moved that the nominations be closed. The Board voted unanimously to approve the nomination of Clare Barnett as Chairperson.

Chairperson Barnett stated that there are ad hoc committees that come up for particular issues and that there are three standing committees that function as a direct part of the Board. She explained the functions of the Vendor Selection Committee, Legislative and Benefits Committee, and Appeals Committee. In response to her request for volunteers, Elaine Lowengard, Rosalyn Schoonmaker, Mary Nicholas and Eugene Cimiano volunteered. Chairperson Barnett stated that she will also ask other members of the Board for their assistance.

AGENCY REPORT

Administrator Perez stated that the \$2 billion Bond bill will help secure benefits for current and future teachers. There was a provision with this legislation to dissolve the cost of living adjustment reserve account (CLARA) which funded cost of living adjustments for post September 1992 retirees. This gives more assurance to the post 1992 retirees that they will receive their COLA because it is no longer contingent upon this fund having money in it. The COLA will come directly from the pension fund itself transferring the liability from a COLA reserve account to the pension fund. This liability will be recognized in the valuation report that we should receive from our actuaries at the November meeting.

Along with the liability a COLA assumption must be incorporated into two different sets of factors. One would be the Early Retirement Incentive Plan (ERIP) factor – factors used to determine the cost of credit if a town wants to extend an ERIP to their teachers as an incentive for retirement. In addition the Plan C and D factors need to be updated for the payment options which will now incorporate an assumed 2% COLA.

Administrator Perez asked Chairperson Barnett to add this item to the agenda as well a presentation by Dr. Joseph Fields regarding a medical test recommendation.

TRB participated in a retirement system benchmarking process which confirmed suspicions that we were understaffed. Similar retirement systems have as many of 150 staff in comparison to our 30 positions. The benchmarking survey results were used to develop a Strategic Business Plan (SBP). Copies of the Strategic Business Plan were provided to the Board.

There is a realization that it is time to migrate to a web based application that allows members direct access to their account information. The members want this ability and it will relieve demands on the staff to provide this information. This application will also allow the member to change their own bank or address with immediate confirmation that

the change has been made. A Request For Information (RFI) was done this summer and the results will be reviewed at a meeting on Friday. This first step allows companies to tell us what is available for a web based application and the cost. Then a wish list will be compiled and a budget option will be submitted to obtain the funds. An update will be provided at the November meeting.

Another result of the benchmarking process was the need for a communication center. Our move enabled us to purchase a new telephone system which has the capability to expand to an interactive phone system at an additional cost. The new phone system provides a reporting of where the calls are going and how they are handled allowing us to tweak the system.

Administrator Perez stated that the Hartford School system is reviewing their health plan premium increase. This may cause more changes to the enrollment in our Stirling Benefits plan. Dr. Joseph Fields commented that law suits are being filed against the City of Hartford as the premium increases might have violated union contracts.

Administrator Perez asked for questions on the Administrative Report that was mailed with the Board package. The report provides retirement fund summaries of payables and receivables comparing the 2006 – 2007 fiscal year to the 2007 – 2008 fiscal year. The report also provides an overview of its Affirmation Action policy, statutory responsibility, strategic planning, etc. No questions were posed.

Our Budget options were submitted and we received a request from Governor Rell to submit a 10% reduction to our budget. Administrator Perez will be meeting with Leanne Appleton, Assistant Administrator, to find ways to make this reduction. A report will be provided at the November meeting.

Board members attending the October National Council on Teachers' Retirement (NCTR) conference in Washington D.C. are invited to have dinner with the Gabriel Roeder Smith & Company actuaries on October 12. Administrator Perez reminded the Board that if registered for the hotel they also have to register for the conference. There is a travel ban so the Board will not be able to assist with any of the expenses. Mary Nicholas, Rosalyn Schoonmaker and William Murray expressed interest in attending the dinner.

MATTERS FOR BOARD ACTION

Chairman Barnett motioned to add the two items requested by Administrator Perez to the Agenda as Item 8 and Item 9. Seconded by William Murray, the Board voted unanimously to approve the addition to the agenda.

Item 1. Rosalyn Schoonmaker made motion to accept the June 25, 2008 minutes. Seconded by William Murray, members voted in favor with abstentions from Eric Judge and Elaine Lowengard as they were not at that meeting. The motion was passed.

Item 2. a. Motion to approve the granting of service retirement benefits for June, July and August 2008 was made by Rosalyn Schoonmaker. Seconded by William Murray, all members voted in favor and the motion passed.

b. Motion to approve the granting of survivorship benefits for June, July and August 2008 was made by William Murray. Seconded by Rosalyn Schoonmaker, all members voted in favor and the Motion passed.

c. Motion to approve the reports and recommendations of the Medical Review Committee for July and August 2008 was made by Rosalyn Schoonmaker and seconded by Mary Nicholas. A discussion of the medical review process took place. Two TRB Benefits Division staff members assemble the information for the Medical Review Committee. Applicants may appear on their agenda for several months because all necessary documentation of their inability to perform as a teacher has not been received. When a person is so disabled that they are unable to provide the information a conservator with power of attorney would be advisable. In response to a request at the June 25, 2008 meeting a letter from Dr. Marvin Zelman, the Medical Review Committee Chairperson, was distributed to the Board members. The letter outlined the professional credentials and affiliations of the committee members. The Medical Review Committee Chairperson selects the committee members. The Board votes on their remuneration and can give feedback to the chairperson on concerns. All members voted in favor and the motion passed.

Item 3. The bidders for the Pharmacy Benefits Manager contract for January 1, 2009 – December 31, 2011 were Medco Health Solutions, SXC Health Solutions, RX Solutions and Pharmaceutical Technologies, Inc. The Vendor Selection Committee recommended staying with Medco as few complaints have been received regarding their performance. Their bid will save us millions of dollars over the term of the contract compared to the other bidders. Medco knows our needs. The other bidders have little experience and one had no experience with Medicare.

A model done by Dr. Fields based on last year's usage found that by using Medco it will be approximately \$2 million cheaper. The expected savings off of the current pricing is between 6% and 7%. The new pricing model as a result of Medco winning the bid allowed a total cost of just below 8% increase for the year.

The Board voted unanimously to approve the recommendation of the Health Insurance Sub-committee to award the Pharmacy Benefits Manager contract to Medco Health Solutions.

Item 4. Rosalyn Schoonmaker made motion to approve the recommendations of Dr. Joseph Fields, the Board's Health Insurance Consultant, to implement new premium rates for the CTRB Health Benefits Plan to become effective January 1, 2009. Mary Nicholas seconded the motion. Dr. Fields reported that there was a larger increase in prescription drugs this past year. The bidding process was able to bring the expected drug increase down to 12%. When the whole package is put together it is at 8% providing an affordable quality benefit package. The dental, vision and hearing plans have improved. The vision plan still provides lenses every 2 years but the dollar amount has been increased for lenses and hearing aids. The proposed rates are: Medicare Supplement with Scripts - \$99; Medicare Supplement with Scripts and Dental - \$144; Medicare Supplement with Scripts, Dental and Vision and Hearing - \$149. The Board voted unanimously to approve the premium rate increase.

Item 5. Dr. Joseph Fields, distributed the Health Fund Status Report. The current 10 year projection of the trust fund is plus \$275 million up from the February projection of \$250 million. At the end of the fiscal year there is \$60 million in the account. Just two years ago there was nothing. There have been two changes to the model: 1) 1,000 people have been added to the plan as a result of the changes to the Hartford and Bridgeport teacher coverage; 2) the stipend has been doubled from \$110 to \$220 which is anticipated to affect 600 people in the model. Rosalyn Schoonmaker made motion to accept the Health Fund Status Report. Seconded by Mary Nicholas, the Board voted unanimously to accept the report.

Item 6. Motion to accept the recommendation of the Appeals Sub-committee to deny the request of Celotto, Grammatico and Loss to include a salary adjustment in their final average salary was made by Rosalyn Schoonmaker and seconded by William Murray. Administrator Perez gave a brief explanation of the case. The Board voted unanimously to approve the recommendation.

Motion to accept the recommendation of the Appeals Sub-committee to deny Roberta Leonard permission to purchase September 1973 volunteer teaching service was made by Rosalyn Schoonmaker and seconded by William Murray. Administrator Perez gave a brief explanation of the case. The Board voted unanimously to approve the recommendation.

Item 7. Mary Nicholas made motion to cancel the October Board meeting and to start the November 12, meeting at 2:30 p.m. Seconded by Eugene Cimiano, the Board voted unanimously to approve the motion.

Item 8. A copy of the proposed TRB Policy for Tamoxifen was provided to the Board. Dr. Joseph Fields explained that about 10% of people receiving Tamoxifen do not have a needed receptor to make the use of Tamoxifen effective. Medicare does not cover the test that determines if a person has the receptor. It is proposed that TRB cover the cost of this test through the prescription drug program. The policy will state that if a person is already on Tamoxifen they do not have to submit to the test. However, before a patient can start taking Tamoxifen they must take the test to determine if they have the receptor that allows the drug to be beneficial to the patient. This protects the patient from needlessly experiencing the side effects of the drug. It is expected that for every dollar we spend on the test a savings of a dollar and a half will be realized. Rosalyn Schoonmaker motioned to accept the proposal. Seconded by Eugene Cimiano, the Board voted unanimously to approve the motion.

Item 9. Rosalyn Schoonmaker made motion to accept the updated Early Retirement Incentive Plan (ERIP) factors proposed by the Gabriel Roeder Smith & Company actuaries to be effective January 1, 2009. The factors are used to calculate the cost to towns and members wishing to purchase credit as an incentive to retire. Prior to the \$2 billion bond bill the cost of living adjustment for post September 1992 retirees was contingent in part upon the amount of money in the Cost of Living Adjustment Reserve Account. With the bond bill, Denise Nappier determined it would be cleaner to eliminate the COLA reserve account, which was an unrecognized account, and move it to the pension fund so its earnings would be recognized. Therefore the COLA is no longer contingent upon there being money in the reserve account. This could cause a slight liability which needs to be reflected in the ERIP service credit buy in factors as well as the Plan C and D factors. Conceptually this is necessary because the law changed. Mary Nicholas seconded the motion and the Board voted unanimously to approve the new factors.

MATTERS FOR BOARD INFORMATION

Item 1. Chairperson Barnett reminded the Board that the Retirement Statistics Report for the month of June, July and August, 2008 were provided for their information.

Item 2. Chairperson Barnett stated that there will be two active teacher Board seats open for the July 1, 2009 – June 30, 2013 term. Petition packages can be picked up in person with picture identification at the TRB office as of September 22, 2008. Instructions for the procedure are included in the package.

Item 3. Chairperson Barnett noted that Administrator Perez commented on the 2008 Administrative Report while presenting her Agency Report.

Item 4. The Agency's Strategic Business Plan was distributed to the Board members.

OLD MATTERS

Item 1. Rosalyn Schoonmaker and Mary Nicholas will be attending the NCTR Conference in October. William Murray will be attending as an alternate. Chairperson Barnett will be attending as a past president of the NCTR. It was reiterated that the Teachers' Retirement Board will not be able to assist with any of the costs.

Eric Judge requested that Dr. Fields provide the model assumptions to those who would like to review them prior to the next meeting. Dr. Fields stated he would provide the information.

NEW MATTERS FOR BOARD DISCUSSION

There were no new matters for discussion.

COMMENTS FROM OBSERVERS

At the request of Elaine Lowengard each person present identified themselves.

In response to the Superintendents Group representative Raymond Powell's questions, it was explained that members of the Board make up the Appeals Sub-Committee; however, the member has the right to come before the whole board. The time frame to ask for an appeal is 90 days. He stated that the TRB has done a really nice job with the website. Lou Laccavole, Fiscal Administrative Supervisor, was acknowledged as having responsibility for the website. He also commented that the TRB health plan is very good for the low cost.

Karen Nolan, Office of Policy and Management, questioned if there was a breakdown of the 2009 total health plan premium that was increasing from \$270 to \$297. Dr. Fields stated that the rates for the medical and prescription are calculated separately then combined because they must be purchased together. She also commented on the usefulness of the website.

Lou Meyers, an active teacher in South Windsor, stated the he is interested in running for the Board.

Robin Kaplan-Cho, CEA, introduced herself.

The Board members, Dr. Fields and staff then introduced themselves.

The meeting adjourned at 3:32.

Respectfully submitted,

Jean Ouellette, Administrative Assistant

September 18, 2008

Date

Attest:

Darlene Perez, Administrator

November 12, 2008

Date Approved