

**COMMISSION ON THE DESIGN AND FUNDING OF RETIREMENT AND
HEALTH BENEFIT PLANS FOR STATE EMPLOYEES AND TEACHERS**

Meeting of the Commission Members

July 14, 2009

Commission Members present:

Jeb Spaulding, VT State Treasurer, Chairperson

Terry Macaig, member of the House of Representatives

Jeanette White, member of the Senate

Neale Lunderville, Secretary of Administration

Doug Wacek, member of the public appointed by the Governor

David Coates, member of the public appointed by the Speaker of the House and President

Pro Tempore of the Senate

Members absent:

Bill Talbott, Commissioner of Education

Also attending:

Cynthia Webster, Director of Retirement Policy and Outreach & Secretary to the Retirement Boards

Beth Pearce, Deputy Treasurer

Monica Chiren, Assistant to Cynthia Webster

Some Members of the Public Included:

Members of VT-NEA

Joint Fiscal Office

Reporters

Photographer

The Chairperson, Jeb Spaulding, called the Tuesday, July 14, 2009, meeting to order at 9:11 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Introduction of Commission Members**

The Commission Members introduced themselves and gave a brief description of their backgrounds.

Mr. Spaulding inquired of the Commission Members if they had any questions or comments about the Agenda. Mr. Coates requested OPEB's be discussed during Item 5. Mr. Spaulding suggested the meeting schedule be discussed at the end of the meeting.

ITEM 2: **Discussion of commission's charge, tentative meeting schedule and final report**

Mr. Spaulding read through the Charge and the Commission Members discussed each section. It was decided by the August meeting the Commission would like to know if the Joint Fiscal Committee was planning to provide benchmarks to the Commission to guide the development of recommendations.

ITEM 3: Overview of Vermont State and Teacher Retirement benefits and costs, and comparisons to benefits and costs in other state-wide plans

Ms. Webster provided documents to the Commission, which provided information on the group comparisons of both the Vermont State and Teacher systems. Ms. Webster gave a detailed description of the plans and answered any questions the Commission Members had.

Ms. Webster also handed out documents which contained the characteristics of the State and Teacher Public Pension Plans in New England compared to Vermont and the characteristics of the State and Teacher Pension Plans in Triple A Rated States. Ms. Webster pointed out some of the most important features on these charts to the Commission Members.

There was a discussion that the flat 6% per year early retirement penalty maybe something for the Commission to explore further.

(A recess was taken from 10:45 to 10:55 a.m.)

ITEM 4: Five year cost review of current benefit levels and contribution rates, as well as three, five, and ten year projections of these levels and rates

Ms. Pearce provided the Commission a presentation entitled Vermont Pension Overview: Preliminary Cost Projections, the Economic Context and Sustainability Issues. The Commission reviewed the presentation. The Commission requested that a chart be prepared that would reflect the sources of the funding for the different groups. Ms. Pearce indicated she had software available that would enable the Commission to model different investment scenarios

ITEM 5: Group discussion of guiding principles/key characteristics for retirement plans – What do we want from our retirement benefit plan?

The Commission decided to move Item 5 to the next agenda so there could be public participation.

ITEM 6: Discuss next steps, agenda and date for next meeting

Mr. Spaulding requested comments from the Commission Members.

Mr. Coates indicated a lot of information had been provided today and that it would take time to consider it. He suggested that questions be put into email and copied to everyone on the Commission.

Ms. White indicated she would like to receive information about what plans public entities have and how the average Vermonter compares to the State. Mr. Coates indicated he would work with Ms. Pearce on this issue.

Mr. Macaig indicated he would like information about the Buck Report and the Wisconsin Report to be distributed to the Commission members.

Mr. Lunderville indicated he would like to explore how it would change benefits if the State couldn't fund at the recommended rate.

Mr. Wacek indicated he would like to explore what are the alternatives available.

Mr. Spaulding indicated the Commission could obtain speakers from other state systems that have tried something different. The Commission members expressed an interest in hearing from other states.

Mr. Spaulding provided the Commission an RFP for Legal Consultation Services. The Commission members agreed it would be beneficial to have legal advice.

The Commission decided it would like to receive expert advice from someone other than Buck Consultants.

ITEM 7: Public Comment

Nathan Lavery indicated he would speak to the Joint Fiscal Committee to see if they want to set a benchmark.

Mr. Cook indicated he did not have a comment.

It was requested that the meeting schedule be posted on the Legislative website.

The Commission decided it would forward its thoughts and comments to each other.

ITEM 8: Any other business to come before the commission

The Commission decided to attempt to schedule meetings on a two week cycle and schedule the meeting for the entire day.

ITEM 9: Adjournment

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The meeting was adjourned at 12:00 p.m.

Next Meeting Date:

The next scheduled Commission on the Design and Funding of Retirement and Retiree Health Benefit Plans for State Employees and Teachers meeting is on Thursday, July 30, 2009 at 9:00 a.m.

Respectfully submitted,

Monica Chiren
Treasurer's Office