

**VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
VERMONT STATE TEACHERS' RETIREMENT SYSTEM**

**JOINT Meeting of the Boards
April 11, 2006**

VSERS Members present:

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2006)
JEB SPAULDING, Vice-Chairperson, VT State Treasurer
LINDA McINTIRE, Commissioner of Human Resources
JAMES REARDON, Commissioner of Finance & Management
DICK JOHANNESSEN, Governor's Delegate
WILLIAM HARKNESS, VSEA member (term expiring September 2007)
ROBERT HOOPER, VSEA member (term expiring September 2006)
JOE HEALY, Retired Vermont State Employees' Association

VSTRS Members present:

JOSEPH MACKEY, Chairperson (Active No. 29334), term expiring July 1, 2009
JON HARRIS, Vice-Chairperson (Active No. 25669), term expiring July 1, 2007
JAY KAPLAN, Association of Retired Teachers of Vermont, term expiring July 1, 2008
THOMAS CANDON, representing Commissioner of BISHCA
VAUGHN ALTEMUS, representing Commissioner of Education
JEB SPAULDING, VT State Treasurer

Also attending:

Donna Holden, Board Coordinator
David Minot, Director of Finance and Investments
Marie Duquette, VMERS Governors Delegate

The VSTRS Chairperson, Joe Mackey, called the Tuesday, April 11, 2006, meeting to order at 12:34 p.m., which was held in the 4th Floor Conference Room, 109 State Street, Montpelier, VT.

The VSERS Chairperson, Warren Whitney, called the Tuesday, April 11, 2006, meeting to order at 12:34 p.m., which was held in the 4th Floor Conference Room, 109 State Street, Montpelier, VT.

Mr. Hooper left during the next item.

ITEM 1: **Discuss/Act on SDIA Plan Organization**

Mr. Minot reviewed the material provided.

On a motion by Mr. Spaulding seconded by Mr. Healy, the VSERS Board unanimously voted to rebalance the SDIA funds to 50% to each existing manager, and revisit the issue in one-year.

On a motion by Mr. Altemus seconded by Mr. Candon, the VSTRS Board unanimously voted to rebalance the SDIA funds to 50% to each existing manager, and revisit the issue in one-year.

ITEM 2: Any other Business to Come Before the Boards

None

Mr. Kaplan left during the next item.

ITEM 3: VSERS Actuarial Method Change

Mr. Whitney and Mr. Spaulding explained the current actuarial valuation method, the Frozen Initial Liability (FIL) method, used in Vermont for the VSERS and VSTRS systems was not common and only used by 5% of other state level pension systems, as opposed to the current industry standard, Entry Age Normal (EAN) method, which is used by 72% of state plans.

Mr. Spaulding said one of the recommendations to the Legislature from the VSTRS Funding Commission last summer was for the Teachers' plan to move to the EAN method for purposes of more accurate disclosure and reporting. He said for consistency and presentation purposes for the Legislature, it would be practical to change the valuation method for the VSERS to EAN, also. He also noted that because of the difference in the level of funding from the State for the two systems, the change would significantly affect the funded ratio and unfunded liability for the VSTRS, but the affects on the VSERS funded ration and actuarial recommendation would be negligible.

On a motion by Mr. Spaulding seconded by Mr. Healy, the VSERS Board unanimously voted to approve adopting EAN for the VSERS in lieu of FIL.

Adjournment:

On a motion by Mr. Healy seconded by Mrs. McIntier, the VSERS Board unanimously voted to adjourn at 12:50 p.m.

On a motion by Mr. Mackey seconded by Mr. Altemus, the VSTRS Board unanimously voted to adjourn at 12:50 p.m.

Respectfully submitted,

Donna Holden, Board Coordinator