

## VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

October 30, 2006

### **Members present:**

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2008)  
JEB SPAULDING, Vice-Chairperson, VT State Treasurer  
DAVID HERLIHY, Representing LINDA McINTIRE, Commissioner of Human Resources  
SUSAN ZELLER, Representing JAMES REARDON, Commissioner of Finance & Management  
JOE HEALY, Retired Vermont State Employees' Association  
DICK JOHANNESSEN, Governor's Delegate

### **Members absent:**

ROBERT HOOPER, VSEA member (term expiring September 2008)  
TOM GIFFIN, VSEA member (term expiring September 2007)

### **Also attending:**

Donna Holden, Board Coordinator  
Elizabeth Pearce, Deputy Treasurer  
Cynthia Webster, Director of Retirement Operations  
Susan Watson, Audit Compliance Director  
Bill Rice, Law and Policy Director  
David Beatty, Finance and Management Budget Analyst  
Daniel Sherman and David Driscoll, Buck Consultants

The Chairperson, Warren Whitney, called the Monday, October 30, 2006, meeting to order at 8:14 a.m., which was held in the 4<sup>th</sup> Floor Conference Room, 109 State Street, Montpelier, VT.

### **ITEM 1: Approval of the minutes for the meeting of October 19, 2006**

**On a motion by Mr. Johannesen seconded by Mr. Spaulding, the Board unanimously voted to approve the minutes of October 19, 2006, as submitted.**

### **ITEM 2: FY '06 Actuarial Valuation**

Mr. Driscoll and Mr. Sherman provided a review of the *June 30, 2006 Actuarial Valuation*. Mr. Driscoll reminded the Board the actuarial funding method was changed by the legislature from the Entry Age Normal (EAN) method to the Frozen Initial Liability (FIL) method and only slightly affected the current valuation report. Reported was an FY'07 adjusted recommended contribution at \$24,028,961 (vs. \$21,336,496 reported in the FY '05 report), FY'08 recommended contribution at \$25,114,815, and FY'09 at \$26,249,760, which included both normal and accrued liabilities.

**Mr. Healy made a motion seconded by Mr. Johannesen, for the Board to recommend to the Governor, pursuant to Title 3 § 471(k), a certified FY '07 contribution of \$24,028,961, an FY '08 contribution of \$25,114,815 (a total 6.51% of payroll) broken down as \$24,159,122 (6.26% of payroll) for the normal cost, and \$955,693 (.25% of payroll) towards the unfunded liability, and an FY '09 contribution of \$26,249,760 (a total 6.51% of payroll) broken down as \$25,246,282 (6.26% of payroll) for the normal cost, and \$1,003,478 (.25% of payroll) towards the unfunded liability. Motion failed, Mr. Healy, Mr. Johannesen, and Mr. Whitney voted yes. Mr. Spaulding, Mr. Herlihy and Ms. Zeller voted no.**

**On a motion by Mr. Spaulding seconded by Mr. Herlihy, the Board unanimously voted to accept the *FY '07 Actuarial Valuation* report as presented, and forward the required contribution recommendations, consistent with statute, to the Governor.**

**ITEM 3:      GRS Actuarial Review Discussion**

Ms. Pearce provided a written report, which isolated specific GRS actuarial recommendations as a result of their recent review. She advised the Board all issues were addressed with Buck Consultants and have been satisfactorily resolved.

*Ms. Zeller left the meeting during the next item.*

**ITEM 4:      OPEB (Other Post Employee Benefits) Report**

Mr. Sherman distributed and discussed a *draft* OPEB report, addressing required FY '08 GASB 43 & 45 assumptions.

**ITEM 5:      Any Other Retirement Business to Come Before the Board**

None

**Next Meeting Dates:**

The next scheduled *in-house* monthly meeting of the Board is November 9, 2006  
The next scheduled VPIC meeting is scheduled for November 29, 2006

**Adjournment:**

**On a motion by Mr. Healy seconded by Mr. Johannesen, the Board unanimously voted to adjourn at 10:00 a.m.**

Respectfully submitted,

Donna Holden, Board Coordinator  
for Cynthia Webster, Secretary to the Board