

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

September 13, 2007

Members present:

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2008)
JEB SPAULDING, Vice-Chairperson, VT State Treasurer
ROBERT HOOPER, VSEA member (term expiring September 2008)
LINDA McINTIRE, Commissioner of Human Resources
JAMES REARDON, Commissioner of Finance & Management – **arrived later in the meeting**
DICK JOHANNESSEN, Governor's Delegate
JOE HEALY, Retired Vermont State Employees' Association (term expiring September, 2008)

Members absent:

TOM GIFFIN, VSEA member (term expiring September 2007)

Also attending:

Donna Holden, Board Coordinator
Beth Pearce, Deputy Treasurer
Cynthia Webster, Director of Retirement Policy and Outreach
Bill Rice, Law and Policy Director
Chris Levell, NEPC
David Driscoll, Buck Consultants

The Chairperson, Warren Whitney, called the Thursday, September 13, 2007, *conference call* meeting to order at 8:10 a.m., which was held in the Treasurer's Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: Approval of the minutes for the meeting of August 9, 2007

On a motion by Mr. Healy seconded by Mr. Hooper, the Board unanimously voted to approve the minutes of August 9, 2007, as discussed.

ITEM 2: Act on the §457 Plan Emergency Withdrawal Request from

- Wendy Norcross
- Marsha Powell

On a motion by Mr. Hooper seconded by Mr. Healy, the Board unanimously voted to approve the §457 Plan emergency withdrawal request from Wendy Norcross, and Marsha Powell, as requested and recommended by Great-West.

The Board requested that Ms. Pearce and Mrs. Holden follow-up with Great-West regarding their desire to receive more comprehensive information contained in requests.

ITEM 3: Discuss/Act on the disability retirement for:

None

Mr. Reardon arrived at the meeting.

ITEM 4: Discuss/Act on VSEA 3rd Request for Actuarial Estimates Re: Group F COLA

Mr. Whitney made a motion seconded by Mr. Hooper to approve the third VSEA request for Group F COLA Benefit enhancement.

Discussion ensued, including but not limited to, the following.

Mr. Whitney explained, and Mr. Hooper concurred, that many of the members of the VSEA Retirement Committee are also on the Legislative Retirement Summer Study Committee, and that they expected the Legislative Committee to initiate a similar request, as well as other options/alternatives, that would require actuarial support and assumptions.

Mr. Spaulding pointed out to the Board that the request before them was not for additional information, but a new scenario and analysis being sought by VSEA, because the prior two proposals that the actuary provided information for were not widely supported.

Mrs. McIntire advised the Board the Legislative Retirement Summer Study Committee would be meeting at mid-morning on this same day.

Mrs. Webster advised the Board the cost estimated by the actuary for this request would be approximately \$3K, however, if the request came from a Legislative Committee rather than VSEA there would be no charge based on the actuary's contract.

Mr. Hooper offered a friendly amendment accepted by the maker of the motion to add: "...coupled with any other requests forwarded from the legislative Retirement Summer Study Committee".

Mr. Spaulding clarified that for FY '08, reimbursement of pension expenses would be forthcoming, with the exception of investment management funds, which meant that ultimately the expense would be paid back to the fund by the State.

Some members of the Board briefly discussed their personal opinions regarding where any potential savings should be spent with respect to proposed savings from other retirement recommendations including a tiered health plan, i.e. GASB 45 vs. increased member benefits.

On a motion by Mr. Johannesen seconded by Mr. Hooper, the Board unanimously voted to postpone action on the motion pending the outcome of the Legislative Committee findings and recommendations, and if the issue is not included in an actuarial request by the Legislative Committee the Board would revisit the question at a later date.

ITEM 5: Discuss/Act on Experience Study Approval

Mr. Driscoll and Mr. Levell joined the meeting. The Board discussed the three issues before them with respect to the Experience Study, change in the assumed rate of return from 8.0% to 8.25%, and statutory requirements of 3 V.S.A. § 472 a (h) to approve assumptions for benefit calculations.

On a motion by Mr. Reardon seconded by Mr. Spaulding, the Board unanimously voted to accept the Five Year Experience Study through June 30, 2006, as presented and discussed, and approve changing the actuarial assumed rate of return from 8.0% to 8.25% to be incorporated and to be effective 7/1/2007.

On a motion by Mr. Spaulding seconded by Mr. Reardon, the Board unanimously voted to use for benefit determination, and pursuant to V.S.A. § 472a (h), the actuarial assumptions incorporated in the Five Year Experience Study through June 30, 2006, and amended by the Board, except as otherwise specified in the document entitled "*Recommended Actuarial Assumptions for the Calculation of Factors for Early Retirement, Amounts Payable under Optional Forms of Payment, and Service Purchases*" as presented to the Board of Trustees on September 13, 2007.

Mr. Hooper left the meeting.

ITEM 6: Vested Deferred Member Update

At 9:26 a.m. on a motion by Mr. Whitney seconded by Mr. Healy, the Board unanimously voted to enter into executive session, pursuant to Title 1 § 313 to discuss pending litigation.

Mr. Rice, Mrs. Holden and Mrs. Webster were invited into the executive session.

At 9:35 a.m. the Board moved out of executive session.

On a motion by Mr. Healy seconded by Mr. Johannesen, the Board unanimously voted to approve the vested deferred payment requests received, consistent with prior requests of similar circumstances approved by the Board.

ITEM 7: Any Other Retirement Business to Come Before the Board

Mrs. Holden advised the Board the annual approximate two-hour Actuarial Valuation meeting would be held on October 30, 2007 at 8:00 a.m.

Mr. Spaulding advised the Board interest was expressed by another Board's member to contract with a consultant at some point in time, to review the current statutes, and to compile and document the Retirement Office's policies and procedures. The Board agreed to discuss the matter at a later meeting.

ITEM 8: Adjournment

On a motion by Mr. Healy seconded by Mr. Spaulding, the Board unanimously voted to adjourn at 9:41 p.m.

Next Meeting Dates:

The next scheduled VSERS meeting is October 11, 2007

The next scheduled VPIC meeting is scheduled for November 28, 2007

Respectfully submitted,

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