

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Meeting of the Board of Trustees

April 10, 2006

VSTRS Members present:

JOSEPH MACKEY, Chairperson (Active No. 29334), term expiring July 1, 2009

JEB SPAULDING, VT State Treasurer

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

JON HARRIS, Vice-Chairperson (Active No. 25669), term expiring July 1, 2007

Also attending:

Donna Holden, Board Coordinator

Cynthia Webster, Director of Retirement Operations

William Rice, Director of Law and Policy

Michael McShane, Assistant Attorney General

Bill Rivard, Principal - North Country Union High School

Brian Hampton, Teacher - North Country Union High School

Joel Cook and Jeff Fallon, VT - NEA

Laurie Lanphear, Wendy Lee, Tina Kawecki, Retirement Operations staff

Lyman Amsden, Retiree - via conference call

The Chairperson, Joe Mackey, called the Monday, April 10, 2006, meeting to order at 12:15 p.m., which was held in the Pavilion 4th Floor Conference Room, Montpelier, Vermont.

ITEM 1: Approve the minutes of 1/11/06, 2/15/06 and 2/15/06 Joint Meeting

On a motion by Mr. Kaplan seconded by Mr. Altemus, the Board unanimously voted to approve the minutes of January 11, 2006, as submitted.

On a motion by Mr. Spaulding seconded by Mr. Candon, the Board unanimously voted to approve the minutes of February 15, 2006, as corrected.

On a motion by Mr. Kaplan seconded by Mr. Harris, the Board unanimously voted to approve the minutes of the Joint meeting of February 15, 2006, as submitted.

ITEM 2: Discuss/Ratify disability retirements for the following:

- Ronald Nimblett
- Mary Mehuron
- Michelle Robidoux

At 12:25 p.m. on a motion by Mr. Spaulding seconded by Mr. Altemus, the Board unanimously voted to enter into executive session, pursuant to Title 1 §313, to discuss medical records.

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

At 1:00 p.m. the Board exited executive session.

On a motion by Mr. Spaulding seconded by Mr. Kaplan, the Board unanimously voted to approve the disability retirement for Ronald Nimblett as recommended by the Medical Review Board.

On a motion by Mr. Spaulding seconded by Mr. Candon, the Board unanimously voted to defer action of the disability retirement recommendations from the Medical Review Board for Mary Mehuron and

Michelle Robidoux, pending guidance from the Attorney General's Office regarding disability retirement statutes, and discussion with the Medical Review Board.

Mrs. Webster will communicate with the Medical Review Board regarding the Attorney General's finding and arrange a Medical Review Board discussion with the Board regarding recommendations for approval with reviews.

ITEM 3: Brian Hampton – determination of creditable service

Mr. Hampton and Mr. Rivard appeared before the Board. They reviewed and discussed materials provided by Mrs. Webster.

On a motion by Mr. Altemus seconded by Mr. Kaplan, the Board unanimously voted to support full service credit to Mr. Hampton for the time period discussed and reported.

ITEM 4: James F. Martin, retiree – allowable earnings clarification

The Board reviewed and discussed materials provided by Mrs. Webster.

On a motion by Mr. Kaplan seconded by Mr. Mackey, the Board unanimously voted to affirm the statutory provisions of §1939, to verify the statutes of limitations allowed with the Attorney General's Office and enforce them, and to subtract retroactive contributions due from future allowances.

Mrs. Webster will notify Mr. Martin and include all appeal rights information.

ITEM 5: Harriet Virkstis, retiree – appeal regarding effective date of retirement

The Board reviewed and discussed materials provided by Mrs. Webster.

On a motion by Mr. Altemus seconded by Mr. Mackey the Board unanimously voted to affirm the statutory provisions of §1937(a), and uphold the appellant's October 1, 2006, retirement date.

The Board also discussed §1947 Penalty, and how to proceed when reporting violations occur, and §1948 Errors provision.

ITEM 6: Lyman Amsden – determination of eligibility for retirement

Mr. Amsden joined the meeting via conference call. The Board reviewed and discussed materials provided by Mrs. Webster with Mr. Amsden.

Mr. Kaplan made a motion seconded by Mr. Harris to rescind Mr. Amsden's January, February, and March benefit payments, and make his retirement effective the first of the month following his March 2006 termination. Motion failed 3-3. Mr. Mackey, Mr. Kaplan, and Mr. Harris voted yes. Mr. Spaulding, Mr. Altemus, and Mr. Candon voted no.

Mr. Kaplan made a motion seconded by Mr. Mackey to request the Attorney General's Office investigate reporting errors made by Bellows Free Academy, Essex School District, and Burlington School Districts. Motion failed 3-3. Mr. Mackey, Mr. Kaplan, and Mr. Harris voted yes. Mr. Spaulding, Mr. Altemus, and Mr. Candon voted no.

Mr. Mackey asked Mrs. Webster to work with Mr. Rice to create and send letters to school districts regarding potential audits, reporting errors, and related statutory provisions.

Mrs. Webster was also requested to work with the Attorney General's Office regarding retiree Bruce Chapman's employment and compensation issues.

ITEM 7: Legislative update

Mrs. Webster briefed the Board on the status of pending legislation, including H.238, and S.111. Mr. Spaulding updated the Board on Legislative funding for the VSTRS. He said it was likely that an additional \$12.8 million in surplus funds would be added to the base funding of \$24.4 million. He advised that pursuant to the under funding report he also anticipated approval of the change in actuarial method from the current frozen initial liability (FIL) valuation method used by the VSTRS systems, to the entry age normal (EAN) method.

ITEM 8: Requirements for TRS membership

Perpetuated by issues brought before the Board today, the Board agreed that base requirements for membership in the system, along with other issues, needed a more in-depth review and discussion. Mr. Harris agreed to serve on a committee along with Mrs. Webster, members of the Retirement Office staff, Mr. Cook, Department of Education representatives, and other stakeholders, to prepare recommendations for the Board and potential statutory amendments.

ITEM 9: Update/discussion on the following items:

- Newsletters

Mrs. Webster advised the Board newsletters would now be published twice per year, in July and December with additional direct targeted flyers sent during the year as needed such as in April for May open enrollments, trustee elections, etc. The Board requested they be advised when a newsletter was being prepared for publication, and may submit suggestions for topics, etc.

- VEHI contract

Mrs. Webster advised the Board a sole source waiver was requested from the Administration for continued VEHI contracting, and if granted would result in a four year contract based on the waiver.

- Medicare Part D subsidy

Mrs. Webster advised the Board the earliest she expected to see the anticipated \$1.2 to \$1.3 million refund from Social Security was June. Mrs. Webster will keep the Board advised.

- Travel policy clarification

Mr. Spaulding verified that parking would be paid in addition to expenses covered by the GSA.

Mr. Mackey mentioned his desire to attend the NCTR Conference in October, along with Mr. Kaplan. The Board discussed and agreed that expenses for travel after July 1, 2006 would be applied to the January 11, 2006 agreed upon travel policy of \$2,000 per member per year, for approved travel and that members shall also adhere to the Standards of Conduct Policy.

- GASB report and status

Mrs. Webster advised the Board David Driscoll provided details and a report at a meeting on March 14, 2006.

ITEM 9: Any other business to be brought before the Board

- A. Disability retirement waiver request

The Board reviewed and discussed materials provided by Mrs. Webster regarding Melissa Jewett.

On a motion by Mr. Kaplan seconded by Mr. Altemus, the Board unanimously voted to permit Ms. Jewett to apply for a disability retirement.

Mrs. Webster advised the Board that terminated vested members who would be eligible for a benefit would be receiving a notice of eligibility from the Retirement Office.

Mr. Spaulding left the meeting.

Mr. Mackey requested that Mrs. Webster and the Board Coordinator create a standing quarterly VSTRS meeting schedule.

Next Meeting Dates:

The next Vermont Investment Committee meeting is scheduled for April 11, 2006.

Adjournment:

On a motion by Mr. Altemus seconded by Mr. Harris, the Board unanimously voted to adjourn at 5:05 p.m.

Respectfully submitted,

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