VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees
October 30, 2006

Members present:
JOSEPH MACKEY, Chairperson (Active No. 29334), term expiring July 1, 2009
JEB SPAULDING, VT State Treasurer
THOMAS CANDON, representing Commissioner of BISHCA
VAUGHN ALTEMUS, representing Commissioner of Education
JON HARRIS, Vice-Chairperson (Active No. 25669), term expiring July 1, 2007

Members absent:
JAY KAPLAN, Association of Retired Teachers of Vermont, term expiring July 1, 2008

Also attending:
Donna Holden, Board Coordinator
Cynthia Webster, Director of Retirement Operations
Beth Pearce, Deputy Treasurer
Bill Rice, Law & Policy Director
Daniel Sherman and David Driscoll, Buck Consultants
David Beatty, Finance and Management Budget Analyst
Jeff Fannon, VT-NEA Legal Counsel
Michael and Barbara Marvin

The Chairperson, Joe Mackey, called the Monday, October 30, 2006, meeting to order at 1:10 p.m., which was held in the 4th Floor Conference Room, 109 State Street, Montpelier, Vermont.

ITEM 1: Approve the Minutes of September 11, 2006 – Business Meeting

On a motion by Mr. Altemus seconded by Mr. Harris, the Board unanimously voted to approve the minutes of September 11, 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 Norman (EAN) method to the Frozen Initial Liability (FIL) method and significantly affected the current valuation report. They reported an FY'07 adjusted recommended contribution at $38,929,729 (vs. $59,239,829 reported in the FY '05 report), the FY'08 recommended contribution at $40,749,097, (reflecting 5.09% normal cost at $26,567,961 and $14,181,136 towards accrued liability) and the FY'09 at $42,653,712, (reflecting 5.09% normal cost at $27,763,519 and $14,890,192 towards accrued liability).

On a motion by Mr. Altemus seconded by Mr. Harris, the Board unanimously voted to accept the *FY '07 Actuarial Valuation* report as presented, and forward to the Governor the contribution recommendations of $40,749,097 for FY '08 and $42,653,712 for FY '09.

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.

ITEM 4: OPEB (Other Post Employment Benefit) Report

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

ITEM 5: Michael Marvin Salary Credit Adjustment

Mr. & Mrs. Marvin and Mr. Fannon appeared before the Board to discuss the Board's prior policy regarding reportable service credit, and reconsideration of the policy at the June 23, 2006 meeting which would significantly impact Mr. Marvin's final salary credit calculation.

On a motion by Mr. Spaulding seconded by Mr. Altemus, the Board unanimously voted to allow Michael Marvin's salary earned as a driver's education instructor at the Burlington School District for the school years 1989/90 through 2004/05 be counted toward his retirement earnings, and to allow his retirement allowance be adjusted accordingly to his date of retirement, contingent upon receipt of required contributions from Mr. Marvin payable to the Vermont State Teachers' Retirement System, representing the required contributions on the additional salary and the re-calculated cost of his service purchased immediately prior to retirement.

ITEM 6: Ratify the Disability Retirement for Marcia Lane

On a motion by Mr. Harris seconded by Mr. Candon, the Board unanimously voted to ratify the ballot vote to approve the disability retirement for Marcia Lane, as recommended by the Medical Review Board.

ITEM 7: Legislative Authority to Spend Trust Fund Money

Mr. Candon made a motion to table discussion, pending a full Board presence. The motion failed due to the lack of a second.

Mr. Rice advised that he agreed with Mr. Griffin's prior assessment that the Legislature has full authority to authorize expenditure of funds for retirement related expenditures including studies.

ITEM 8: Any other business to be brought before the Board

None

Next Meeting Dates:

The next scheduled VPIC meeting is scheduled for November 29, 2006

Adjournment:

On a motion by Mr. Harris seconded by Mr. Candon, the Board unanimously voted to adjourn at 4:22 p.m.

Respectfully submitted,

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