

# VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Meeting of the Board of Trustees

December 11, 2006

## **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

JEB SPAULDING, VT State Treasurer

THOMAS CANDON, representing Commissioner of BISHCA

VAUGHN ALTEMUS, representing Commissioner of Education

## **Also attending:**

Donna Holden, Board Coordinator

Cynthia Webster, Director of Retirement Policy and Outreach

Michael Clasen, Director of Retirement Operations

Bill Rice, Law & Policy Director

Mike McShane, Assistant Attorney General

Karl Kroner and Chip Sanville, Great-West Retirement Services

The Chairperson, Joe Mackey, called the Monday, December 11, 2006, meeting to order at 9:10 a.m., which was held in the 4<sup>th</sup> Floor Conference Room, 109 State Street, Montpelier, Vermont.

## **ITEM 1:      **Discuss Retirement Office Changes and Tour Division****

Mr. Spaulding, Mr. Clasen, and Mrs. Webster reviewed organizational, personnel, and other recent changes to the Retirement Division. The Board then toured the Retirement Division.

Mr. Kaplan requested an analysis of the cost of current Retirement Division operations compared to expenses from the past several years.

Discussion ensued including agreement by several members of the Board that it would be hard to quantify such a request given the many changes in benefits, service, and demands by members over the past years in all three retirement systems.

**On a motion by Mr. Kaplan seconded by Mr. Mackey, the Board unanimously voted to obtain information from the Attorney General's Office regarding the Board's oversight and responsibility for the Retirement Systems' budget.**

*With the Board's permission the following item on the agenda was taken out of order.*

## **ITEM 2:      **§457 Plan Participation****

Mr. Spaulding briefed the Board on the §457 Plan option and proposal to offer the Plan to teachers.

**Mr. Altemus made a motion seconded by Mr. Spaulding, that the Vermont State Teachers Board of Trustees recognize the State of Vermont §457 Deferred Compensation Plan as a potentially valuable supplemental retirement savings option for teachers in Vermont and support efforts by the State of Vermont to make this plan available to school districts and teachers. *Motion failed.* Mr. Spaulding and Mr. Altemus voted yes. Mr. Mackey, Mr. Kaplan and Mr. Harris voted no. Mr. Candon abstained.**

**ITEM 3:        Approve the Minutes of**

- **October 30, 2006**

**On a motion by Mr. Kaplan seconded by Mr. Mackey, the Board unanimously voted to approve the minutes of October 30, 2006, as submitted.**

**ITEM 4:        Act on the disability retirement for**

- **Amy Bennett**

**On a motion by Mr. Harris seconded by Mr. Altemus, the Board unanimously voted to approve the disability retirement for Amy Bennett, as recommended by the Medical Review Board.**

**ITEM 5:        Adopt Board Policy Regarding: Post Retirement Earnings**

**On a motion by Mr. Harris seconded by Mr. Kaplan, the Board unanimously voted to adopt the Post Retirement Earnings Policy, as presented.**

**On a motion by Mr. Spaulding seconded by Mr. Candon, the Board voted to make the previously adopted policy effective July 1, 2007. *Motion passed.* Mr. Spaulding, Mr. Candon, Mr. Harris, and Mr. Candon voted yes. Mr. Mackey and Mr. Kaplan voted no.**

**ITEM 6:        Discuss Legislative Initiatives**

Mrs. Webster distributed, and the Board discussed and approved the list of legislative proposals.

Along with the Board Mrs. Webster also briefly discussed the two issues that were removed from a list discussed earlier in the year, which included changes to the disability retirement language and mandatory spousal signatures on retirement application. She explained the 2007 legislative session would be the first of the biennium, therefore, the more controversial issues that require more deliberation would be presented in the second year. The Board agreed the issues postponed were important and would revisit the request for mandatory signatures at their next business meeting.

Mr. Kaplan also suggested two additional statutory language amendments, which included permitting election and/or appointment of alternate Board members for the active and retired teacher Board members, and permitting the simple majority of a quorum present to pass motions, rather than requiring the four affirmative votes as currently written.

*Mr. Spaulding left the meeting.*

**ITEM 7: Other Business**

Pursuant to the Code of Conduct Policy, Mr. Altemus provided a brief report on the "Super Bowl of Indexing" conference, which he attended last week, in Arizona.

*Mr. Mackey left the meeting during the next item. As Vice-Chairman, Mr. Harris led the meeting.*

**ITEM 8: Health Care RFP Recommendation**

Ms. Webster and Mr. Clasen reviewed the December 5, 2006, memo regarding the teacher's healthcare insurance RFP process and recommendation, which requested authorization to solicit, through a simplified bid process, a consultant to assist in the RFP process and contract negotiations.

**On a motion by Mr. Harris seconded by Mr. Altemus, the Board unanimously voted to approve the recommendation to seek a consultant to assist in the Healthcare Provider RFP process.**

Mr. Kaplan volunteered to participate on the RFP subcommittee.

*Mr. Mackey returned to the meeting.*

*Mr. Spaulding returned to the meeting during the next item.*

**ITEM 9: Terminated Vested Member Update**

**At 1:30 p.m. on a motion by Mr. Kaplan seconded by Mr. Altemus, the Board unanimously voted to enter into executive session pursuant to Title 1 § 313 to discuss individual member information.**

Ms. Holden, Mr. Rice, Mr. McShane, and Mr. Clasen were invited into the executive session.

**At 2:12 p.m. the Board exited executive session.**

Mr. Harris made a motion seconded by Mr. Altemus to pay the retroactive vested deferred retiree pension benefits, as presented, and consistent with legal counsel's recommendation. Upon discussion Mr. Harris withdrew his motion and Mr. Altemus withdrew his second.

**On a motion by Mr. Spaulding seconded by Mr. Altemus, the Board voted to authorize payment of retroactive pension benefits to the vested deferred members who failed to file timely application for retirement benefits, were notified by the Retirement Office, and contacted the Board in writing concerning their retroactive pension payments. *Motion passed.* Mr. Spaulding, Mr. Altemus, Mr. Harris, and Mr. Candon voted yes. Mr. Mackey and Mr. Kaplan voted no.**

*Mr. Spaulding left the meeting.*

**ITEM 10: Any other business to be brought before the Board**

The Board established a quarterly business meeting schedule for 2007. The meetings shall be: March 14, June 13, September 18, and December 11, 2007.

The Board discussed the wording of the annual funding request letter recently sent to the Governor. Mr. Mackey said he believed the Medicare Part D reimbursement should not have been included in the state's share of the funding.

**On a motion by Mr. Kaplan seconded by Mr. Mackey, the Board voted to request staff obtain from the actuary an opinion on how to treat the reimbursement and where it should fall in the contribution from the State. *Motion passed.* Mr. Mackey, Mr. Kaplan, Mr. Harris, and Mr. Candon voted yes. Mr. Altemus abstained.**

**Next Meeting Dates:**

The next Vermont Pension Investment Committee meeting is scheduled for February 14, 2007.  
The next VSTRS quarterly business meeting is scheduled for March 14, 2007.

**Adjournment:**

**On a motion by Mr. Harris seconded by Mr. Candon, the Board unanimously voted to adjourn at 2:40 p.m.**

Respectfully submitted,

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