

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees
March 19, 2008

VSTRS Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2011
JOSEPH MACKEY, Vice-Chairperson (Active No. 29334), term expiring July 1, 2009
JAY KAPLAN, Association of Retired Teachers of Vermont, term expiring July 1, 2008
THOMAS CANDON, representing Commissioner of BISHCA
JEB SPAULDING, VT State Treasurer and BETH PEARCE, Deputy Treasurer
VAUGHN ALTEMUS, representing Commissioner of Education

Also attending:

Donna Holden, Board Coordinator
Cynthia Webster, Retirement Policy and Outreach Director
Michael Clasen, Retirement Operations Director
David Driscoll, Buck Consultants
Linda Deliduka, Retired Teachers Association
Jeff Fannon, VT-NEA
Hubert and Pauline Pfingst
Mark Hage, VT-NEA and Joe Zimmerman, VEHI

The Chairperson, Jon Harris, called the Wednesday, March 19, 2008, meeting to order at 9:00 p.m., which was held in the Treasurer's Conference Room, 109 State Street 4th Floor, Montpelier, Vermont.

ITEM 1: Approve the Minutes of January 8, 2008

On a motion by Mr. Kaplan seconded by Mr. Altemus, the Board unanimously voted to approve the minutes of January 8, 2008, as discussed.

ITEM 2: 2007 NCTR Conference Report – Altemus/Kaplan

Mr. Altemus and Mr. Kaplan provided an oral report.

Mr. Kaplan disclosed that he has been a member of the NCTR Resolutions Committee, and Legislative Committee for several years.

ITEM 3: Travel Requests

Mr. Kaplan advised the Board that since receiving the agenda and information regarding the National Council of Public Employees Retirement Systems agenda and information that he no longer was interested in attending, and withdrew his request.

Mr. Candon expressed his interest in attending the NEPC annual conference.

On a motion by Mr. Altemus seconded by Mr. Mackey, the Board unanimously voted to authorize attendance for any interested member at the 2008 NEPC Annual Conference May 14-15, 2008.

Mr. Spaulding arrived at the meeting.

ITEM 4: Discuss/Act on 2002-2007 5-yr Experience Study

Along with Mr. Driscoll, the Board reviewed the 7/1/02 – 6/30/07 report.

On a motion by Mr. Spaulding seconded by Mr. Candon , the Board unanimously voted to approve the 7/1/02 – 6/30/07 5-yr Experience Study, as discussed.

Mr. Spaulding left during the next item.

ITEM 5: Discuss Senior Teacher Program Policy and Appeal

Mrs. Webster reviewed the history of the amendment to 16 V.S.A. § 1931, which resulted from Burlington and Essex school district contract provisions that allow teachers to take on additional duties during their final year of employment in order to translate their payouts for leave balances at retirement into reportable compensation for average final compensation (AFC) purposes.

At 12:09 p.m. Mr. Kaplan made a motion seconded by Mr. Altemus to move into executive session.

Upon discussion and advice of Mr. McShane, **Mr. Kaplan withdrew his motion and Mr. Altemus withdrew his second.**

At 12:20 Mr. Kaplan made a motion to enter into executive session to discuss the appeals. *Motion failed due to the lack of a second.*

Mr. Spaulding returned to the meeting.

Mr. Candon made a motion seconded by Mr. Kaplan, to approve the appeals from two members who had been denied the ability to report their additional earnings under a Senior Teacher Program by the Retirement Office.

Discussion ensued.

Mr. Kaplan called the question.

The original motion passed 4-2. Mr. Altemus and Mr. Spaulding voted no.

Mr. Spaulding left during the next item.

The Board reviewed the information provided by the Retirement Office regarding the Chittenden Central Supervisory Union “Work Option Agreements” for up to 16 senior teachers in that district.

Mr. Kaplan made a motion seconded by Mr. Mackey, to grandfather in the potential 16 members that could participate in the CCSU Work Option Agreements for FY '08, for a maximum of \$9,000 for each completed Work Option Agreement, with proper documentation to be submitted to the Retirement Office.

Upon discussion, **Mr. Kaplan withdrew his motion and Mr. Mackey withdrew his second.**

On a motion by Mr. Kaplan seconded by Mr. Mackey, the Board voted to approve the FY '08 Work Option Agreements from CCSU for up to 16 teachers as outlined in the bargaining agreement, for an amount up to \$9,000 each, and for proper documentation of the work performed to be submitted to the Retirement Office in a timely manner. *Motion passed 5-1. Ms. Pearce voted no.*

Mrs. Webster offered to review her proposal for a policy for future Senior Teacher Programs and other similar arrangements. The Board discussed Mr. Kaplan's suggestion to develop a broad based subcommittee to draft a policy for the Board to consider. The Board also discussed the prudence in sending notification to school districts advising that no other arrangements would be recognized until a policy was developed for the 'FY '09 school year.

Mrs. Webster encouraged the Board to adopt an interim policy to provide guidance to the Retirement Office and the school districts.

Ms. Pearce made a motion seconded by Mr. Altemus, to adopt an interim policy that all senior teacher program and/or other similar arrangements required approval, that the Board initiate development of guidelines, and that the Board not consider applications for the FY '09 school year until the policy is completed by June 1.

The maker of the motion and the second agreed to Mr. Candon's amendment by substitution of the motion that the Board would determine all eligible senior teacher or similar arrangements for the FY '09 school year, and the Board would adopt a policy by June 1, 2008. *Motion unanimously passed.*

Mr. Spaulding returned to the meeting.

ITEM 6: Discuss /Act on Terminated Vested Member Request

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

At 2:46 p.m. on a motion by Mr. Altemus seconded by Mr. Candon, the Board unanimously voted to enter into executive session, pursuant to Title 1 § 313 to discuss pending litigation.

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

At 2:55 p.m. the Board exited executive session.

ITEM 7: BC/BC FY'09 Rate Review

Mr. Zimmerman and Mr. Hage appeared before the Board to review the medical premium increases for retirees and their dependents effective July 1, 2008. VEHI stated they expected the rate increase for over age 65 members for the next year would likely be less than under age 65 members. They also indicated they continue to closely monitor the reserve fund.

ITEM 8: Discuss VPIC Structure and Act 50 Report Follow-Up

Mr. Spaulding advised the Board the bill passed the House and was on its way to the Senate.

ITEM 9: Discuss Process/Procedure for Contacting Vendors

The Board discussed and agreed that it was appropriate for Board members to contact vendors upon occasion, providing it was consistent and compliant with the Code of Ethics and allowable under the language of the contract(s). It was the consensus of the Board that contacting vendors to seek clarification on specific questions was acceptable, but that issues of general interest should be shared with the entire Board.

ITEM 10: Discuss Statewide 403(b) Administration

Mr. Spaulding provided an update in S.354, which would be up for the second reading in the Senate on Thursday and/or Friday. The Board agreed they have no objections to being the oversight Board to the new 403(b) Plan if passed.

ITEM 11: Director's Report

- Legislative Initiatives/Update

Mrs. Webster advised that she had given testimony on the "housekeeping/technical corrections" proposals; however the VT-NEA was opposed to a component involving how transferred membership benefits would be calculated, or blended. She explained that the VSERS Board had discussed and acted on this matter at their meeting on March 13, passing a motion that "...encouraged the Government Ops Committee adopt the position that the benefits for members who transfer between retirement systems be calculated in accordance with the contributions paid for said benefits, and as a back-up, to support allowing those members who transferred between July 1, 2007 (when the restriction for dual memberships was eliminated) and June 30, 2008 (when the clarifying language is to occur) to be offered an option on how service from previous system would be calculated." She also advised that she spoke with members of the Municipal Board who by majority also supported the compromise.

On a motion by Mr. Candon seconded by Mr. Spaulding, the Board voted to endorse the fall-back position adopted by the State Board and approved by the majority of the Municipal Board. *Motion passed. Mr. Kaplan voted no.*

- Review Established Policies
- Discuss Retired Teacher's Compensation for Business Manager Position

The Board agreed to re-schedule discussion/action on these items until a business meeting the afternoon of May 29, 2008.

ITEM 12: Any other business to be brought before the Board

None

Adjournment

On a motion by Mr. Kaplan seconded by Mr. Candon, the Board unanimously voted to adjourn at 4:40 p.m.

Next Meeting Dates:

The next scheduled VPIC meeting is April 8, 2008.

The next VSTRS half-day business meeting is tentatively scheduled for May 29, 2008 in the p.m.

The next scheduled VSTRS full-day business meeting is June 10, 2008.

Respectfully submitted,

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