

**COMMISSION ON THE DESIGN AND FUNDING OF RETIREMENT AND HEALTH
BENEFIT PLANS FOR STATE EMPLOYEES AND TEACHERS**
Meeting of the Commission Members
July 30, 2009

Commission Members present:

Jeb Spaulding, VT State Treasurer, Chairperson
Terry Macaig, member of the House of Representatives
Jeanette White, member of the Senate
Neale Lunderville, Secretary of Administration
Doug Wacek, member of the public appointed by the Governor
David Coates (via telephone), member of the public -
Appointed by the Speaker of the House and President Pro Tempore of the Senate

Members absent:

Bill Talbott, Commissioner of Education

Also attending:

Cynthia Webster, Director of Retirement Policy and Outreach & Secretary to the Retirement Boards
Beth Pearce, Deputy Treasurer
Monica Chiren, State Treasurer's Office
Staff members of VT-NEA and VSEA
Staff member of Joint Fiscal Office
Members of the VSTRS and VSERS Boards
Members of the Vermont State Police
Retired members of VSTRS and VSERS
Members of the public

Via Telephone:

David Driscoll from Buck Consultants
Anne Werum Lambright from West Virginia Consolidated Public Retirement Board
Phyllis Chambers from Nebraska Retirement Plan
Pat Connolly, Doug Cherry, Gary Green, Ron Palmeri, Walter Callahan from the Florida Retirement Plan

The Chairperson, Jeb Spaulding, called the Thursday, July 30, 2009, meeting to order at 9:01 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Introduction of Commission Members and members of the public**

Commission Members introduced themselves and the members of the public attending the meeting introduced themselves.

**ITEM 2: **Group discussion of guiding principles/key characteristics for retirement plans –
What do we want from our retirement benefit plan?****

Mr. Spaulding provided to the group the statement that was adopted by the 2005 Teacher Commission for discussion purposes, which was entitled "Guiding Principles for a Retirement Plan".

The statement included four principles; recruitment, retention, reward and sustainability. The group discussed the principles. Mr. Spaulding inquired of the group if what was expected from the retirement plan was the same for the state employees and teachers. There was a discussion of the differences between teachers and state employees, as well as differences among the different state groups. There was a discussion about compensation. The group decided it would like retirement and health care to be added to the list of principles. Mr. Spaulding indicated the list of principles would be reworked and resubmitted to the Commission for review.

(Mr. Lunderville entered the meeting during this Item.)

ITEM 3: Approval of minutes of July 14, 2009

On motion by Mr. Macaig, seconded by Mr. Lunderville, the Commission voted unanimously to approve the minutes of July 14, 2009 as submitted.

(A recess was taken from 9:50 a.m. to 10:00 a.m.)

ITEM 4: Question and answer with Actuary David Driscoll from Buck Consultants

David Driscoll joined the meeting via telephone. Mr. Driscoll answered the questions the Commission posed, which included questions about employee and employer contribution rates, smoothing, assumptions, differences between the private and public sector, rates of return, OPEB's and pension benefits. Ms. Webster explained to the Commission the changes that were implemented to the state system in 2008. Mr. Driscoll agreed to rejoin the meeting at 1:00 p.m.

(Mr. Driscoll left the conference call at this time.)

ITEM 5: Review of defined benefit/defined contribution transition in West Virginia

Ms. Webster gave the Commission a brief overview of the defined benefit/defined contribution transition in West Virginia.

(A recess was taken from 11:00 a.m. to 11:15 a.m.)

Ms. Lambright joined the meeting via telephone. Mr. Spaulding introduced the Commission members and explained their interest in West Virginia's experience. Ms. Lambright provided the Commission with a background of the West Virginia plans and the explanation why they decided to switch back and forth. Ms. Lambright answered the questions posed by the Commission. The Commission thanked Ms. Lambright for her participation in the meeting.

(Ms. Lambright left the conference call at this time.)

The Commission discussed the presentation by Ms. Lambright and discussed additional questions for Mr. Driscoll.

(A luncheon recess was taken from 12:04 p.m. to 1:03 p.m.)

ITEM 6: Allocation of costs and benefits between plans in the Vermont State Retirement System

(Mr. Driscoll rejoined the conference call.)

Mr. Driscoll provided the Commission a presentation entitled *Allocation of Costs and Benefits Between Plans in the Vermont State Retirement System*. The Commission reviewed the presentation. Mr. Driscoll answered the questions posed by the Commission.

(Mr. Driscoll left the conference call.)

Ms. Webster gave an overview of Nebraska's transition from defined contribution to a cash balance plan.

ITEM 7: Review of Nebraska's transition from defined contribution to cash balance plan

Ms. Chambers joined the meeting via the telephone. Mr. Spaulding introduced the Commission members and explained their interest in Nebraska's experience. Ms. Chambers provided the Commission with a background of the Nebraska plans and the explanation why they decided to go to a cash balance plan. Ms. Chambers explained what a cash balance plan was. Ms. Chambers answered the questions posed by the Commission. The Commission thanked Ms. Chambers for her participation in the meeting.

(Ms. Chambers left the conference call at this time.)

(Mr. Wacek left the meeting at this time.)

ITEM 8: Review of defined benefit versus defined contribution options in Florida

The members from the Florida Retirement Plan joined the meeting via the telephone. Mr. Spaulding introduced the Commission members and explained their interest in Florida's experience. The background of the Florida plan was provided to the Commission. Questions were posed by the Commission and answered by members from the Florida Retirement Plan. The members of the Florida Retirement Plan were thanked for their participation in the meeting.

(Members from the Florida Retirement Plan left the conference call at this time.)

ITEM 9: Public Comments

A member of the public indicated she would request the Commission to have a vision statement. It was indicated that it is important to have input from the public. Ms. White indicated it would be helpful if the public did not react to ideas until it was proper to react. Mr. Lunderville indicated he would like to know the practicality of implementing any changes that are proposed.

ITEM 10: Any other business to come before the commission

None.

ITEM 11: Adjournment

Hearing no objection, the Chair declared the meeting adjourned at 3:40 p.m.

Next Meeting Date:

Thursday, August 20, 2009 at 9:00 a.m., to be held in Room 10 of the State House, 115 State Street, Montpelier, VT.

Respectfully submitted,

Monica Chiren
Treasurer's Office