

# **VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM**

Meeting of the Board of Trustees

October 25, 2004

## **Members present:**

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2006)  
RICHARD JOHANNESSEN, Governor's Delegate  
JEB SPAULDING, Vermont State Treasurer  
JANICE ABAIR, Retired Vermont State Employees' Association  
ROBERT HOOPER, VSEA member (term expiring September 2006) via the telephone  
ROB HOFMANN, Commissioner of Finance & Management

## **Members absent:**

CINDY LAWARE, Commissioner of Department of Human Resources  
WILLIAM HARKNESS, VSEA member (term expiring September 2005)

## **Also attending:**

David Driscoll, Mellon  
Joe Healy and Wayne Calderera, Retired Vermont State Employees' Association  
Cynthia Webster, Director of Retirement Operations

The Chairperson, Warren Whitney, called the meeting to order at 3:20 p.m. on Monday, October 25, 2004, in Room #10 at the State House, Montpelier, Vermont.

## **ITEM #1:     Approval of minutes for October 14, 2004**

**On motion of Mr. Johannesen seconded by Mr. Spaulding, it was unanimously voted to approve the minutes of the October 14, 2004, meeting as submitted.**

## **ITEM #2:     Discuss/Act on the FY 2004 Actuarial Valuation Report**

Mr. Driscoll provided the results of the actuarial valuation for the period ending June 30, 2004.

**On motion of Mr. Hooper seconded by Mr. Johannesen, it was unanimously voted to recommend to the Governor a contribution of \$18,294,953 (5.20% of payroll) be made for FY 2006, broken down as \$15,794,000 (4.49% of payroll) for the normal cost, and \$2,500,953 (.71% of payroll) towards the unfunded liability, and a contribution of \$19,118,496 (5.20% of payroll) be made for FY 2007, broken down**

**as \$16,505,000 (4.49% of payroll) for the normal cost, and \$2,613,496 (.71% of payroll) towards the unfunded liability.**

**ITEM #3:     Discuss Potential FY '07 GASB 43 & 45 Budget Impact**

Mr. Driscoll explained the new GASB requirements to take effect in FY 2007 mandate public retirement systems that offer health coverage to retirees begin to reflect the full liability for the medical benefits. It was the consensus of the board to request Mr. Driscoll provide an estimate of the cost to prepare a report to quantify the liability of the current health benefits under the new GASB requirements and summarize what would be required to become compliant. The board will decide whether to proceed with the report once they receive the cost estimate.

**ITEM #4:     Other Business**

A letter from the VSEA requesting approval to obtain cost figures from the actuary for several benefit enhancements was distributed for board review and action. Ms. Webster also explained the Treasurer's Summer Study Advisory Committee had discussed some potential changes to the way retirees access health coverage and the percentage of the total health premium that would be paid by the system. **On motion of Mr. Johannesen seconded by Mr. Hooper, it was unanimously voted to approve the request by VSEA and the Treasurer's Summer Study Advisory Committee to obtain costs from the actuary for the proposed changes.**

**On motion of Mr. Spaulding seconded by Mr. Johannesen, it was unanimously voted to adjourn at 4:32 p.m.**

Respectfully submitted,

Cynthia L. Webster  
Secretary to the Board