

**VERMONT STATE TEACHERS' RETIREMENT SYSTEM**  
In-House/ Conference Call Meeting of the Board of Trustees  
**September 20, 2017 – 9:45 a.m.**

**VSTRS Members participating:**

JON HARRIS, Chairperson, Active Member Representative, term expiring– July 1, 2019 – via telephone

JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2020 – via telephone

JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2021 – via telephone

BETH PEARCE, Vermont State Treasurer

DANIEL RADDOCK, Financial Regulation Representative – via telephone

**Board members absent:**

DEBORA PRICE, representing Secretary of Agency of Education

PERRY LESSING, Active Member Alternate Representative, term expiring July 1, 2021

LINDA DELIDUKA, VRTA Alternate Representative, term expiring July 1, 2020

**Also attending:**

TIM DUGGAN, Assistant Attorney General Representing the Treasurer's Office

MARIBETH SPELLMAN, BOB CREWS, BARRY BLIXT, representing Hickok & Boardman

MARK HAGE, Representing Vermont NEA

LAURA SOARES, representing VEHI

LAURIE LANPHEAR – Director of Retirement Operations

DAWN NEDDO, Retirement Division

The Chairperson, Jon Harris, called the Thursday, September 20, 2017 meeting to order at 9:47 a.m., which was held in the Treasurer's Conference Room, fourth floor, 109 State Street, Montpelier.

**ITEM 1:** Approve minutes of September 7, 2017

**On a motion by Mr. Norris, seconded by Mr. Mackey, the Board unanimously accepted the minutes of the September 7, 2017 VSTRS Board Meeting.**

**ITEM 2:** Discuss VEHI rates

Mr. Hage gave a background on the FY19 rating process.

Mr. Hage discussed the history of VSTRS relationship with VEHI and discussed how the pooling arrangement impacted active teachers and VSTRS over the years, as well as between the under 65 and over 65 populations of VSTRS.

Ms. Soares discussed the proposed VEHI rates for FY19, explaining that VEHI is proposing a 2.5% increase for VSTRS.

The differences in methodologies for projecting rates were discussed and it was noted that VEHI's numbers would suggest as much as a possible 1.6% decrease for VSTRS if VSTRS were not in the pool.

Ms. Pearce acknowledged VEHI's proposal to make a retrospective premium adjustment of up to \$1.5 million if VSTRS is subsidizing the pool by that amount in FY19, so long as sufficient reserves exist and (1) requests that VEHI extend the period in which the \$1.5 million would be paid back from FY19 to FY19 and FY20; (2) confirms that VSTRS would not owe VEHI any amounts if the subsidy goes the other way; and (3) confirms that continued membership in FY19 is not necessary to get the retrospective premium adjustment.

Ms. Pearce stated that it is incumbent upon VEHI to be clear about future rate increases for active teachers and encourages VEHI to reach out to the Vermont Educational Health Benefits Commission in more detail.

**On motion by Mr. Mackey, seconded by Treasurer Pearce, the Board unanimously voted to go into Executive Session at 10:14 a.m. pursuant to Title 1, §313 for the purpose of discussing VEHI rates.**

At this time, Ms. Soares and Mr. Hage left the meeting.

The Board came out of Executive Session at 10:51 a.m.

**On motion by Treasurer Pearce, seconded by Mr. Norris, the Board unanimously voted to recommend that VEHI file its proposed FY19 rates reflecting a 2.5% increase for VSTRS, contingent upon VEHI agreeing to a retrospective premium arrangement of up to \$1.5 million for FY19 if a subsidy exists from VSTRS to the overall pool in that year. Under that arrangement, \$1.5 million would be due from VEHI to VSTRS following FY19 and/or FY20, so long as the overall VEHI pool is adequately funding their reserves in those years. This \$1.5 million is payable first following FY19, if sufficient reserves exist, and if not payable after FY20 if sufficient reserves exist. Mr. Raddock recused himself from the vote.**

**On motion by Treasurer Pearce, seconded by Mr. Norris, the Board unanimously voted that within the 2.5% rate increase, the under 65 VEHI population rate would increase 8%, which would result in an approximate calculation of an 1.11% increase for the over 65 population, contingent that if the increase is over 1.5%, it be reconsidered by the Board. Mr. Raddock recused himself from the vote.**

**ITEM 3:** Other Business

Upcoming Board Meeting on September 25, 2017 with Segel Consulting to set Mortality Rate Assumptions. Treasurer Pearce will distribute materials for the Board to review as they are available

**ITEM 4:** Adjournment

**On motion by Mr. Mackey, seconded by Treasurer Pearce, the Board voted unanimously to adjourn at 10:51 a.m.**

**Next Meeting Date:**

September 25, 2017 2:00 p.m. In-House Meeting, BGS-MTPL Conference Room, 4th Floor, 109 State Street Montpelier, Vermont 05609

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dawn M. Neddo". The signature is written in a cursive style with a large initial 'D'.

Dawn M. Neddo  
Program Technician