

**VERMONT STATE TEACHERS' RETIREMENT SYSTEM**  
Meeting of the Board of Trustees – Treasurer's Conference Room  
**October 30, 2018 – 4:00 p.m.**

**Members present:**

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

LINDA DELIDUKA, VRTA Alternate Representative, term expiring July 1, 2020 – via telephone

DEBORA PRICE, representing Secretary of Agency of Education – via telephone

DANIEL RADDOCK, Financial Regulation Representative – via telephone

BETH PEARCE, VT State Treasurer – via telephone

**Members absent:**

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

**Also attending:**

Michael Clasen, Deputy State Treasurer

Eric Henry, Director of Investments

Katie Green, Investments Manager

Andy Cook, Investments Analyst

Tim Duggan, Assistant Attorney General

Tina Forrend, Retirement Specialist

Erika Wolffing, Retirement Office

Will Kriewald, Chief Financial Officer

Jeff Diamond, Segal Consulting – via telephone

The Chair, Jon Harris, called the Tuesday, October 30, 2018 meeting to order at 4:01 p.m., which was held in the Treasurer's Conference Room, Pavilion Building, 4<sup>th</sup> Floor, 109 State Street, Montpelier, VT.

**ITEM 1:      **Agenda approval and announcements****

There were no announcements or changes made to the agenda.

**ITEM 2:      **Approve the Minutes of:****

- October 25, 2018

**On a motion made by Mr. Norris, seconded by Ms. Price, the Board voted unanimously to approve the minutes of October 25, 2018 as submitted.**

**ITEM 3:      **FY2018 Actuarially Determined Employer Contribution****

Ms. Pearce explained her revised memorandum to the Board regarding the FY20 recommended actuarially determined contribution. Ms. Pearce clarified that the additional funding from the

2018 Special Session was \$26.2 million not \$29.4 million as previously stated. The ADEC as calculated by the 2018 Valuation from Segal Consulting was \$126,197,389 made up of an employer normal cost of \$7,116,765 and an unfunded liability amortization payment of \$119,080,624. Ms. Pearce explained the new schedules in the memo that defers recognition of the addition \$26.2 million until the end of the amortization period in 2038, resulting in additional accumulated interest of \$77.4 over the 20-year period. Holding the \$26.2 million until 2038 would result in a higher ADEC payment for FY20 of \$129,491,206. Mr. Harris stated it is prudent for the Board to recommend an ADEC that maximizes savings in interest payments.

Mr. Raddock stated concerns on voting for an ADEC differing from the recommendation in the 2018 Valuation on such short notice and requested delaying until the following day. Mr. Harris stated the recommendation by statute is due November 1, necessitating a decision at this meeting. Ms. Price stated that the Secretary supported the original memo but without time for him to review the changes, she would have to abstain from voting.

**On a motion made by Ms. Pearce, seconded by Mr. Norris, the Board voted by roll call that pursuant to 16 V.S.A. § 1942(r) the Board recommend a FY20 State contribution to the VSTRS fund of \$129,491,206 reflecting a normal cost of \$7,116,765 and an unfunded liability amortization payment of \$122,374,441. Ms. Pearce further moved that the Board direct the Treasurer, in conveying this recommendation to the Administration and General Assembly, to present Segal's original ADEC calculation and explain the basis of the Board's recommendation in a manner consistent with the Treasurer's October 30<sup>th</sup> memorandum to the Board. The motion passed with Mr. Harris, Mr. Mackey, Ms. Pearce, and Mr. Norris voting in the affirmative. Mr. Raddock voted against the motion and Ms. Price abstained.**

**ITEM 4: Other Business**

Ms. Pearce updated the Board on the OPEB valuation and stated it would be a little delayed.

**ITEM 5: Adjournment**

**On a motion made by Ms. Pearce seconded by Mr. Mackey, the Board voted unanimously to adjourn at 4:24 p.m.**

**Next Meeting Date:**

The next VSTRS Board meeting is a Quarterly In-House Meeting on November 13, 2018 at 9:00 a.m.

Respectfully submitted,



Erika Wolffing  
Retirement Office