

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees
October 23, 2013

VSEERS Members present:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2015)
Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 1, 2014)
Allen Blake, VRSEA Alternate representative (term expiring September 1, 2014)
Jeff Briggs, VSEA Representative (term expiring September 1, 2014)
Thomas Hango, VSEA Alternate (term expiring September 1, 2015)
Kate Duffy, Commissioner of Human Resources (ex-officio)
James Reardon, Commissioner of Finance & Management (ex-officio)
Richard Johannesen, Governor's Delegate (ex-officio)
Elizabeth Pearce, VT State Treasurer

Members absent:

Paul White, Jr., VSEA Representative (term expiring September 1, 2014)

Also attending:

Stephen Wisloski, Deputy VT State Treasurer
Stephen Rauh, Chairman of VPIC
David Driscoll and Hope Manion, Buck Consultants
David Beatty, Dept. of Finance & Management
David Rowlee, Member of the VMERS Board
Laurie Lanphear, Director of Retirement Operations
Monica Chiren, Assistant to Nancy Dimick

The Chairperson, Kevin Gaffney, called the Wednesday, October 23, 2013, meeting to order at 8:08 a.m., which was held in the Governors' Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of:**

- **October 10, 2013**

On motion by Mr. Briggs, seconded by Mr. Dumas, the Board voted unanimously to approve the minutes of October 10, 2013, as submitted.

ITEM 2: **Review/Act on FY '13 Actuarial Valuation**

Mr. Driscoll reviewed with the Board members the reasons for having an annual actuarial valuation. Mr. Driscoll presented the results of the actuarial valuation for the fiscal year ending June 30, 2013. The Board discussed the demographic changes, including the increase in membership as a result of limited service positions. There was a further discussion concerning the limited service positions. There was a discussion concerning the difference between inactives and vested deferred members.

(Ms. Duffy arrived during this agenda item.)

There was a discussion concerning the average compensation and the retiree population. There was a discussion concerning the Select & Ultimate method and the single equivalent rate. There was a discussion about the actuarial value of assets. There were discussions relative to amortization, the unfunded liability, the ARC and the contribution rates. There was a discussion about mortality. There was a discussion about the rate of return and asset smoothing. In response to Mr. Johannesen's inquiry Mr. Driscoll replied Vermont and Minnesota are the only states using the Select & Ultimate methodology. There was a discussion about the new GASB standards. There was a discussion concerning the funding level of Vermont compared to other New England states. There was a brief discussion concerning the funding level of the Teachers' system. There was a discussion concerning the gains and losses and the NPO (Net Pension Obligation).

Ms. Pearce indicated with the new GASB standards coming into effect it is possible there would be two valuation reports next year. There was a discussion concerning conducting an experience study in 2014. Mr. Driscoll answered all of the Board's questions.

On motion by Mr. Briggs, seconded by Mr. Dumas, the Board unanimously voted to forward to the Governor the contribution recommendation of \$44,651,783 for FY '15 and \$47,037,307 for FY '16 based on the FY '13 Actuarial Valuation report as presented by the actuary.

Ms. Pearce indicated once the valuation report has been finalized it would be provided to the Board members.

(A recess was taken from 10:01 a.m. to 10:08 a.m.)

ITEM 3: Review 2013 OPEB Update

Ms. Manion provided a review of the *Report on the Actuarial Valuation of Post Retirement Benefits of the Vermont State Employees' Retirement System Prepared as of June 30, 2013* for Board discussion. There was a discussion about the demographics. There was a discussion about the accrued unfunded liability. There was a discussion concerning the federal health care reform legislation and the Vermont single payer system. Ms. Manion answered all the questions posed by the Board members.

(Mr. Rowlee arrived during this agenda item.)

On motion by Mr. Briggs, seconded by Mr. Dumas, the Board unanimously voted to authorize the Treasurer's staff to negotiate with the actuary Buck Consultants to prepare an actuarial valuation of the comparison and costing of the State's plan versus the Green Mountain Care plan and to report back to the Board.

ITEM 4: Review/Accept 2014 meeting schedule

Mr. Gaffney indicated to the Board members the 2014 meeting schedule was contained in the Board packets for their information.

ITEM 5: Any other business to come before the Board

None.

ITEM 6: Adjournment

On motion by Mr. Dumas, seconded by Mr. Hango, the Board unanimously voted to adjourn at 10:40 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is an in-house meeting on Thursday, November 14, 2013 at 9:00 a.m.

Respectfully submitted,

Nancy Dimick
Secretary to the Board