



Ms. Lanphear responded to the Board members' inquiry relative to the one-year review for disabilities indicating the Retirement Division was reviewing the process at this time.

**ITEM 3:      Review/Act on FY '12 Actuarial Valuation**

Mr. Driscoll presented the results of the actuarial valuation for the fiscal year ending June 30, 2012. The Board discussed the demographic changes, some of which included an increase in active membership, increase in compensation levels, an increase in retired members and retirement allowances, and a decrease in the number of inactive members. Mr. Driscoll explained to the Board members the decrease in inactive members was most likely due to the data clean-up that was conducted relative to the new Pension Gold computer system for the Retirement Division. There was a discussion concerning the actuarial assumptions and methods. There was a discussion concerning the use of the Mortality Scale of AA and the new scale BB. Mr. Driscoll indicated that might be one reason to have an experience study sooner than the five-year period.

(Ms. Pearce arrived during this agenda item.)

There was a discussion concerning the assets and the smoothed value of the assets. There was a discussion concerning the gains and losses. Mr. Driscoll indicated when the last experience study was conducted the large number of retirees expected to retire in July 2015 was not taken into account. Mr. Driscoll indicated if the experience study is conducted earlier than the five-year period that detail would be taken into account. There was a discussion about the Select & Ultimate method, the ARC and the amortization process. Mr. Driscoll indicated the single equivalent rate was still close to 7.9% which was the single equivalent rate for last year. There was a discussion concerning the NPO (Net Pension Obligation) and the contributions.

Mr. Driscoll answered the questions posed by the Board. There was a discussion about the health care costs and the recent changes to GASB. There was a discussion concerning the funding ratio of the Teachers' system.

**On motion by Ms. Pearce, seconded by Mr. Altemus, the Board unanimously voted to accept the recommendation of the actuary as presented in the FY '12 *Actuarial Valuation* report and forward to the Governor the contribution recommendation of \$68,352,825 for FY '14, and to advise the Governor of a contribution of \$71,714.169 for FY '15, and to urge the Governor to consider additional funding for the health care costs.**

**ITEM 4:      Review 2012 OPEB Update**

Ms. Manion provided a review of the *Report on the Actuarial Valuation of Post Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2012* for Board discussion. There was a discussion concerning the federal health care reform legislation and the Vermont single payer system. There was a discussion concerning the "Cadillac tax". There was a discussion relative to the pay-as-you-go and prefunding methods of funding for the health care costs and the discount rates. There was a discussion concerning

the Net OPEB Obligation. There was a discussion concerning GASB 45. There was a discussion concerning the health insurance premium rates. Ms. Manion responded to the questions posed by the Board members.

Ms. Pearce indicated once the few changes were made to the Valuation Report and OPEB Report they would be provided to the Board members.

(A recess was taken from 3:40 p.m. to 3:55 p.m.)

(Mr. Candon, Mr. Beatty, Mr. Baker, Mr. Considine, Ms. Green, Mr. Klein, Mr. Driscoll, Ms. Manion and Mr. Rauh left the meeting.)

**ITEM 5: Discuss/Act on John R. Scheck, Jr. appeal**

Ms. Lanphear provided the Board members the background information on Mr. Scheck's appeal and indicated the staff's recommendation.

**On motion by Mr. Mackey, seconded by Mr. Altemus, the Board voted unanimously to support the recommendation of the staff to follow Michael Clasen's letter of April 7, 2008 and to deny John R. Scheck, Jr.'s appeal.**

**ITEM 6: Discuss/Act on organizational issues of the Board**

**On motion by Ms. Pearce, seconded by Mr. Altemus, the Board voted unanimously to nominate Jon Harris as the Chairman of VSTRS. There were no further nominations.**

**On motion by Mr. Altemus, seconded by Mr. Norris, the Board voted unanimously to appoint Jon Harris as the Chairman of VSTRS.**

**On motion by Mr. Altemus, seconded by Ms. Pearce, the Board voted unanimously to nominate Joseph Mackey as the Vice-Chairman of VSTRS. Since there were no further nominations, the Board voted unanimously to appoint Joseph Mackey as the Vice-Chairman of VSTRS.**

Mr. Mackey inquired if there was a policy for allowing Alternates to attend conferences. Ms. Pearce indicated staff will touch base with Jaye Johnson concerning that issue.

**ITEM 7: Review/accept 2013 meeting schedule**

The consensus of the Board was to accept the 2013 meeting schedule as presented.

**ITEM 8: Any other business to come before the Board**

None.

**ITEM 9: Adjournment**

**On motion by Mr. Altemus, seconded by Mr. Norris, the Board unanimously voted to adjourn at 4:05 p.m.**

**Next Meeting Date:**

The next scheduled VSTRS meeting is an in-house meeting on Tuesday, November 6, 2012 at 9:00 a.m.

Respectfully submitted,

Kathie Kretzer  
Executive Secretary to the Board