

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees
October 24, 2011

Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2015
JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2012
JUSTIN NORRIS, Active Member Alternate Representative, term expiring July 1, 2013
VAUGHN ALTEMUS, representing Commissioner of Education
THOMAS CANDON, representing Commissioner of BISHCA
ELIZABETH PEARCE, VT State Treasurer

Members absent:

THOMAS MCCONNELL, Active Member Representative, term expiring July 1, 2013

Also attending:

Linda Deliduka, VRTA Alternate representative
Stephen Wisloski, Deputy VT State Treasurer
Matthew Considine, Director of Investments
Scott Baker, Director of Financial Reporting
Laurie Lanphear, Deputy Director of Retirement Operations
David Driscoll, Buck Consultants
Hope Manion, Buck Consultants
Stephen Rauh, Chairman of VPIC
Stephen Klein, Joint Fiscal Office
David Beatty, Dept. of Finance & Management
Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Jon Harris, called the Monday, October 24, 2011, meeting to order at 2:00 p.m., which was held in the TRE/FIN Conference Room, fourth floor, 109 State Street, Montpelier, VT.

At the Chairperson's request everyone introduced themselves and indicated their position.

ITEM 1: **Approve the Minutes of: August 9, 2011**

On motion by Mr. Mackey, seconded by Mr. Altemus, the Board voted unanimously to approve the minutes of August 9, 2011 as submitted.

ITEM 2: **Review/act on disability application of:**

Peter E. Fallon

New

On motion by Mr. Mackey, seconded by Mr. Candon, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Peter E. Fallon, without review.

(David Beatty entered the meeting at this time.)

ITEM 3: Review/Act on FY '11 Actuarial Valuation

Mr. Driscoll presented the results of the actuarial valuation for the fiscal year ending June 30, 2011. The Board discussed demographic changes, some of which included a decrease in active membership, decrease in compensation levels, and increase in retired teachers. Mr. Driscoll indicated this year they had the number of July 1 retirees to use in the valuation. There was a discussion about the experience study, which was conducted recently.

(Linda Deliduka entered the meeting at this time.)

There was a discussion concerning the smoothing method. There was a discussion about the Select-and-Ultimate method, and the single equivalent rate of 7.9%. There was a discussion about the unfunded liability. There was a discussion about the changes that came into effect July 1, 2010. There was a discussion about the changes made to some of the assumptions in accordance with the experience study. Mr. Driscoll answered the questions posed by the Board. There was a discussion about the health costs and where the funding should come from. There was a discussion about GASB and the possible changes. Ms. Pearce indicated she and Jim Reardon wrote a letter to GASB relative to the changes, as did Buck Consultants. Mr. Driscoll indicated it would be difficult to implement the GASB changes they were proposing.

On motion by Ms. Pearce, seconded by Mr. Mackey, the Board unanimously voted to accept the recommendation of the actuary as presented in the FY '11 *Actuarial Valuation* report and forward to the Governor the contribution recommendation of \$60,182,755 for FY '13.

ITEM 4: Review 2011 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, 2011* for Board discussion. There was a discussion concerning GASB 45. There was a discussion concerning the reimbursement plan for drug coverage. There was a discussion about EGWP (Employer Group Waiver Plan) and EERP (Early Retiree Reinsurance Program). Ms. Pearce indicated that both VEHI and the State system were researching EGWP further. There was a discussion about the OPEB obligation. There was a discussion about the health care cost trends.

(A recess was taken from 3:55 p.m. to 4:05 p.m.)

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

ITEM 5: Appoint VSTRS representative to the VPIC

On motion by Mr. Harris, seconded by Mr. Norris the Board voted unanimously to the appointment of Joseph Mackey to VPIC as the Trustee Representative of VSTRS for a term to be determined pursuant to statute.

ITEM 6: Review Status of Treasurer's Office Historical Financial Spreadsheet of VSTRS

Ms. Pearce led the Board in a discussion of the draft for discussion *VSTRS Historical Data Trends* handout. The Board discussed the health care costs, and how it was an issue that needed to be dealt with.

(Ms. Lanphear left the meeting during this item.)

ITEM 7: Any other business to come before the Board

It was indicated at the November 8th in-house meeting there would be a presentation relative to the annuities product. It was indicated this would be a joint presentation with the State Board.

Ms. Pearce indicated Ms. Webster will be retiring December 1st. Ms. Pearce indicated she is working with the Chairs of the Board to discuss how to utilize staff to work with the Boards. Ms. Pearce indicated one of these items was to create a To-Do List to keep action items moving. Mr. Harris indicated one of the things they would do at the November meeting would be to review the actuarial valuation page-by-page in order to answer any questions any Board members might have. Ms. Pearce indicated she had a one-page explanation of the Select-and-Ultimate method that she would forward to Mr. Norris.

ITEM 8: Adjournment

On motion by Ms. Pearce, seconded by Mr. Altemus, the Board unanimously voted to adjourn at 4:38 p.m.

Next Meeting Date:

The next scheduled VSTRS meeting is an in-house meeting on Tuesday, November 8, 2011 at 9:00 a.m.

Respectfully submitted,

Monica Chiren
Assistant to Cynthia L. Webster
Executive Secretary to the Board