

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

In House Meeting of the Board of Trustees

October 25, 2017 – 11:00 a.m.

VMERS Members present:

PETER AMONS, Chairperson, Employee Representative (term expiring July 1, 2020)

KIMBERLY GLEASON, Employer Representative (term expiring July 1, 2020)

MEL HAWLEY, Employer Representative (term expiring July 1, 2018) – via telephone

BETH PEARCE, Vermont State Treasurer

Board members absent:

DAVID ROWLEE, Employee Representative (term expiring July 1, 2018)

Also attending:

Kathleen Riley, Segal Consulting

Matt Considine, Director of Investments

Scott Baker, Director of Financial Reporting

Tim Duggan, Assistant Attorney General

Laurie Lanphear, Director of Retirement Operations

Erika Wolffing, Retirement Office

Mr. Amons called the Wednesday, October 25, 2017 In-House meeting to order at 11:10 a.m. which was held in the BGS-MTPL Conference Room, Pavilion Building, 4th Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the minutes of:**

- September 25, 2017

On a motion made by Ms. Pearce, seconded by Ms. Gleason, the Board voted unanimously to approve the minutes of September 25, 2017 as submitted.

ITEM 2: **Review and Act on FY17 Actuarial Valuation**

Ms. Riley presented the FY17 Actuarial Valuation Report of the Vermont Municipal Employees' Retirement System to the Board. The report is for the year ending on June 30, 2017, projecting liabilities moving forward and is used to budget the actuarially required contribution. Ms. Riley started the presentation by presenting the participant data used. As of July 1, 2017, there were 7,302 active members, 797 vested terminated members, 2,942 retired members and beneficiaries, 3,739 total non-actives, and a ratio of non-actives to actives of 0.51. The average age of the active members was 48.4 with 8.8 average years of creditable service and average payroll of \$37,635. There were 2,731 retired members and 211 beneficiaries receiving total monthly benefits of \$2,246,997.

Ms. Riley explained that the actuarially required contribution is determined by the actuarial value of assets and attempting to smooth out market volatility. The actuarial value of assets was \$634,690,493, 102.5% of market value. Investment loss based on the actuarial assumed rate of return at 7.95% was \$17,171,553. Net experience gain was \$2,218,971; actuarial shortfall at end of year was \$178,356,608. The actuarially determined contribution rate is \$15,066,601 including normal cost of \$4,036,835 and the payment on the actuarial shortfall at \$11,029,766.

Ms. Pearce explained that the actual employer contributions collected, \$16,481,881, is enough to cover the current obligation. Ms. Pearce stated that the Board has the ability to recommend changes to employee contribution rates within the groups, and can make that decision at a later date. Ms. Pearce stated in the past they have tried to work with both the employee and employer groups to make changes that everyone agrees are necessary.

Mr. Amons stated that in order to ask for an increase in contributions, the Board would need a projected analysis of the next few years showing the fund crossing over. Ms. Riley suggested the Board needs to take into account that the change in amortization schedule will increase payments in the next few years. Ms. Pearce explained that the change in amortization schedule will result in higher payments at the front end but save in interest payments over the long-term.

Ms. Pearce suggested having a Board meeting in mid-November to discuss the amortization changes and potentially making changes to the employee contribution rates.

On a motion made by Ms. Pearce, seconded by Ms. Gleason, the Board voted unanimously to accept the FY17 Valuation Report as presented by Ms. Riley from Segal Consulting with any technical or proofing changes needed.

Ms. Riley left the meeting at this time.

ITEM 3: Director of Investments Report

On a motion made by Ms. Pearce, seconded by Ms. Gleason, the Board voted unanimously to enter Executive Session at 12:56 p.m. pursuant to 1 V.S.A. § 313 for the purpose of discussing contract negotiations.

The Board came out of Executive Session at 1:16 p.m.

On a motion made by Ms. Pearce, seconded by Ms. Gleason, the Board voted unanimously to direct staff to take the appropriate steps necessary with Fidelity to facilitate transition to a new record-keeper.

ITEM 4: Discuss/Act on Disability Retirement Recommendation for:

- Scott Johnson

On a motion made by Ms. Pearce, seconded by Ms. Gleason, the board voted unanimously to accept the recommendation of the MRB to allow continuance of Scott Johnson's disability retirement without additional review.

ITEM 5: Any other business to come before the board

None.

ITEM 6: Adjournment

On motion by Ms. Pearce, seconded by Ms. Gleason, the Board voted unanimously to adjourn at 1:18 p.m.

Next Meeting Date:

The next scheduled VMERS meeting is on November TBD, 2017.

Respectfully submitted,

A handwritten signature in cursive script that reads "Erika Wolffing".

Erika Wolffing
Director Retirement Outreach & Policy