

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees – In-House Meeting

October 25, 2017 – 8:30 a.m.

VSERS Members present:

ROGER DUMAS, Chairperson, VRSEA Representative (term expiring October 31, 2018)

ERIC DAVIS, VSEA Representative (term expiring September 30, 2019)

JAY WISNER, Governor's Delegate position – via telephone

ADAM GRESHIN, Commissioner of Finance & Management (ex-officio)

DAN POULIOT, Deputy Commissioner of Department of Human Resources representing BETH FASTIGGI, Commissioner (ex-officio)

JEAN-PAUL ISABELLE, VSEA Alternate Representative (term expiring September 30, 2019) – via telephone

BETH PEARCE, Vermont State Treasurer

ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2018)

Members absent:

THOMAS HANGO, Vice-Chairperson, VSEA Representative (term expiring September 30, 2018)

JEFF BRIGGS, VSEA Representative (term expiring September 30, 2018)

Also attending:

Michael Clasen, Deputy State Treasurer

Matt Considine, Director of Investments

Andy Cook, Investments Analyst

Katie Green, Investments Manager

Scott Baker, Director of Financial Reporting

Laurie Lanphear, Director of Retirement Operations

Tim Duggan, Assistant Attorney General

Erika Wolffing, Retirement Division

Dawn Neddo, Program Technician, Retirement Division

Steve Klein, Joint Fiscal Office

Catherine Benham, Joint Fiscal Office

Kathleen Riley, Segal Consulting

The Chairperson, Roger Dumas, called the Wednesday, October 25, 2017, In-House Board meeting to order at 8:33 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:**

- October 12, 2017

On motion by Mr. Wisner, seconded by Mr. Davis, the Board voted unanimously to approve the minutes of October 12, 2017.

ITEM 2: Review/Act on FY17 Actuarial Valuation

Ms. Pearce introduced Ms. Riley from Segal Consulting to present the FY17 valuation report for the Vermont State Employees' Retirement System. Ms. Riley began her presentation with the membership demographics of the System as of June 30, 2017. The system had 8,620 active members compared to 8,436 on June 30, 2016, 742 vested terminated members, 6,727 retired members and beneficiaries, 7,469 total non-actives, and a ratio of non-actives to actives of 0.87. Average age of active employees is 46.0, with average years of service of 11.1 years and average payroll of \$58,533. As of June 30, 2017, the system had 6,092 retired members and 635 beneficiaries receiving total monthly benefits of \$10,469,053.

Ms. Pearce explained the increase in retired employees during 2008-2009 and 2015-2016 due to a retirement incentive to achieve savings by keeping vacated positions unfilled. Many of these positions were filled, and the savings were not achieved. Ms. Pearce stressed that these employment decisions have an impact on the actuarially required/determined contribution (ARC/ADC).

The actuarial value of assets for year-end was \$1,793,794,733 and is used to determine the actuarial required contribution needed in FY19. These assets for valuation purposes were 102.59% of market value. Net loss from investments was \$11,338,110, net loss from other experience was \$83,433,438 for a total of \$94,771,548. The actuarial accrued liability as of June 30, 2017 was \$2,511,372,455. Unfunded actuarial accrued liability at the end of the year was \$717,577,722.

FY19 projected actuarially determined employer contribution is \$62,984,742, the FY20 projected actuarially determined contribution is \$74,038,986. Ms. Pearce explained that the Administration and Legislature is responsible for funding the ARC/ADC based on the FY19 actuarially determined contribution. Treasurer Pearce noted that the current base appropriation, assessed on a percentage of pay basis should be close or able to cover the increase in the ARC/ADC without an increase to department budgets.

On a motion by Ms. Pearce, seconded by Mr. Greshin, the Board voted unanimously to recommend to the Governor and General Assembly an actuarially determined contribution (ADC) recommendation for FY19 of \$62,984,742.

On a motion by Ms. Pearce, seconded by Mr. Pouliot, the Board voted unanimously to approve the FY17 Valuation Report as presented by Segal Consulting.

At 9:55 a.m. the Board took a brief recess. Ms. Riley and Mr. Greshin left the meeting at this time.

ITEM 3: Director of Investments Report

On motion by Ms. Pearce, seconded by Mr. Wisner, the Board voted unanimously to enter Executive Session at 10:00 a.m. pursuant to 1 V.S.A. § 313 in order to discuss contract negotiations.

The Board came out of Executive Session at 10:14 a.m.

Mr. Dumas inquired about the new record keeper's ability to speed up the process for withdrawals by having the option for direct deposit instead of payment by check only. Mr. Considine informed the Board that Prudential was notified of the withdrawal process concerns during the plan review discussion last month.

ITEM 4: Any other business to come before the Board

Ms. Pearce notified the Board that the video from the October 10th presentation hosted by the Vermont Business Roundtable would be available by Friday.

ITEM 5: Adjournment

On motion by Ms. Pearce, seconded by Mr. Wisner, the Board voted unanimously to adjourn at 10:18 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is an In-House Meeting on Monday, November 13, 2017 at 9:30 AM.

Respectfully submitted,



Erika Wolffing
Director Retirement Outreach & Policy