

**VERMONT STATE TEACHERS' RETIREMENT SYSTEM**  
Meeting of the Board of Trustees – In-House Actuarial Meeting  
**October 27, 2016 – 2:00 p.m.**

**Members present:**

JON HARRIS, Chairperson (Active No. 25669), term expiring– July 1, 2019  
JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2020  
LINDA DELIDUKA, VRTA Alternate representative, term expiring July 1, 2020  
JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2017  
PERRY LESSING, Active Member Alternate Representative, term expiring July 1, 2017  
DANIEL RADDOCK, Financial Regulation Representative  
ELIZABETH PEARCE, VT State Treasurer  
BILL TALBOTT, Agency of Education representing Debora Price

**Members absent:**

DEBORA PRICE, representing Secretary of Agency of Education

**Also attending:**

Laurie Lanphear, Director of Retirement Operations  
Joshua McCormick, Administrative Coordinator  
David Driscoll and Kevin Penderghest, Buck Consultants

The Chairperson, Jon Harris, called the October 27, 2016, meeting to order at 2:02 p.m., which was held in the Governor's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

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

- **September 8, 2016**

**On motion by Mr. Mackey, seconded by Ms. Pearce, the Board voted unanimously to approve the minutes of September 8, 2016, as submitted.**

**ITEM 2:      **Review/Act on FY '16 Actuarial Valuation and Assumptions****

Mr. Driscoll presented the results of the actuarial valuation for the fiscal year ending June 30, 2016. As of June 30, 2016, there was an increase of 334 active teachers from June 30, 2015. He stated total compensation and average compensation has increased. The normal contribution rate slightly decreased from 1.35% to 1.33%.

Mr. Driscoll reviewed with the board the member data summary, asset allocation and assets. Assets for valuation are 1.716 billion and assets for valuation purposes are 105.9%. Mr. Driscoll reviewed with the board the sources of gains and losses. He then reviewed the contributions payable under the system, summary of member data, and the Amortization schedule through 6/30/38.

**On motion by Ms. Pearce, seconded by Mr. Mackey, the board unanimously approved to adopt the Actuarial assumptions as presented in the draft experience study and to forward to the Governor, and the chairs of the House and Senate, the contribution recommendation of \$88,409,437 for FY '18 based on the FY'16 Actuarial Valuation report as provided by the state independent actuary, Buck Consultants, which will also include the impact from 5% to 6% contribution for non-vested teachers as of July 1, 2015.**

**ITEM 3:      Review 2016 OPEB update**

Mr. Penderghest reviewed with the board the FY '16 OPEB report. He stated to the board that this valuation is to measure liability for post-retirement medical benefits, and is done each year to project the cost of medical benefits for retiree's remainder of life. Mr. Penderghest stated to the board that the unfunded accrued liability is \$1.027 billion. He also stated that the High Cost Premium Excise Tax (or "Cadillac Tax") effective date was pushed out and will not come into effect until 2020.

There was a discussion about the comparison of Pre-Funding Basis versus Pay-as-you-go Basis as well as an overview of retirees versus active members and age's pre-65 versus post-65.

Mr. Penderghest then reviewed with the board the actuarial assumptions and methods, actuarial accrued liability, membership data by age and group, premium bills, and the net OPEB obligation.

**On Motion by Mr. Mackey, seconded by Mr. Raddock, the board unanimously voted to approve the report valuation for post-retirement benefits for the Vermont Teachers Retirement System, and would like the Treasurer's Office to convey to the administration the need to find appropriate pre-funding resources to assure the continuation of health care plans.**

**ITEM 4:      Any other business to come before the board**

Ms. Pearce gave an update to the board about the Actuary RFP process.

Ms. Pearce also gave an update to the Board on the process of hiring of the consultant for the purpose of assisting and developing the 3<sup>rd</sup> party administrator contracts for the retirement funds.

Ms. Lanphear asked the Boards permission to approve a simplified bid process to hire a consultant to evaluate the health care plans. The current contract with VEHI ends on 7/1/2017.

**On motion by Mr. Harris, seconded by Mr. Norris, the Board unanimously voted to allow the Treasurer's Office to hire a consultant in order to construct an RFP for health care plans.**

**ITEM 5:      Adjournment**

**On motion by Ms. Pearce, seconded by Mr. Mackey, the Board unanimously voted by roll call to adjourn at 3:36 p.m.**

**Next Meeting Date:**

The next scheduled VSTRS meeting is an In-House meeting, November 8th, at 9:00 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joshua McCormick". The signature is written in a cursive style with a large, sweeping initial "J".

Joshua McCormick  
Administrative Coordinator IV