

## VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

May 16, 2023, 11:00 A.M.

Please note all members participated via telephone, video, or teleconference:

### **Members present:**

CHRISTOPHER DUBE, Chairperson, Employer Representative (term expiring July 1, 2026)

MORGAN DAYBELL, Employee Representative (term expiring July 1, 2024)

KATHLEEN RAMSAY, Employer Representative (term expiring July 1, 2026)

KIMBERLY GLEASON, Vice-Chair, Employer Representative (term expiring July 1, 2024)

MICHAEL PIECIAK, Vermont State Treasurer

### **Also attending:**

Tim Duggan, Director, Vermont Retirement System

Jeremiah Breer, Chief Financial Officer, Office of the State Treasurer

Scott Baker, Director of Financial Reporting, Office of the State Treasurer

Ashlynn Doyon, Director of Policy, Office of the State Treasurer

Nicholas Marineau, Executive Assistant to the Treasurer

Justin St. James, Staff Attorney, Office of the State Treasurer

Stephen Barry, Administrative Services Manager, Retirement Division

Matthew Strom, Segal Consulting

Austin Miller, Segal Consulting

Mr. Dube called the Tuesday, May 16, 2023 Board Meeting to order at 11:03 a.m. which was held by conference call.

### **ITEM 1:      Agenda approval and announcements**

**On a motion made by Ms. Ramsay, seconded by Mr. Pieciak, the Board voted unanimously to approve the agenda.**

### **ITEM 2:      Approve the minutes of:**

- April 18, 2023

**On a motion made by Mr. Daybell, seconded by Ms. Gleason, the Board voted unanimously to approve the amended minutes of the April 18, 2023, as presented.**

### **ITEM 3:      VMERS GASB 67 Discount Rate Crossover Analysis**

Mr. Duggan explained that after the last valuation and during the completion of the GASB 67, staff were informed that the system was approaching a crossover event. He explained that a crossover event is essentially a point in time when the future assets of the system will deplete based on current funding trajectory.

Mr. Strom and Mr. Miller from Segal Consulting presented the Discount Rate Crossover Analysis. They explained that a crossover event requires a blending of the discount rate, currently set at

7.00%, and a 20 year, tax-exempt, municipal bond rate. Mr. Miller presented how the different inputs and assumptions; inflation rate, investment return, and contribution rates, affected and addressed the potential crossover.

The Board discussed employee and employer rate increases as well as the Health Insurance Stipend as means of addressing the potential crossover event. Ms. Gleason inquired about the Stipend and asked for an analysis investigating various scenarios and their impact on the system's assets. Mr. Duggan said that staff will continue to analyze the potential solutions.

**ITEM 4: Legislative Update**

Mr. Duggan provided an update on all legislative items relating to VMERS. He indicated that the new positions in the Retirement and Treasurer's Office all remain in the budget.

Mr. Duggan updated the Board that S.42 had been put on hold but the study on VPIC's holdings and \$100,000 appropriation was moved to the budget.

Mr. Pieciak expressed that he believed the agreement reached on S.42 is a positive development. Mr. Dube expressed disappointment that the Legislature did not take testimony from all stakeholders and thanked the Treasurer for expressing that on his behalf in testimony. Ms. Gleason expressed that conducting the study was an important step in understanding how stakeholders can work with the Legislature.

**ITEM 5: Contribution Rate Changes in FY 2023**

Mr. Duggan presented the rate increase memos that related to the increases for DB employees and employers as well as the administrative fee for the Municipal DC plan.

**ITEM 6: Empower VMERS Defined Contribution 1<sup>st</sup> Quarter Report**

Mr. Duggan presented the reports from Empower for the DC plan for the 1<sup>st</sup> Quarter. He stated that next quarter the team from Empower will come to present on data from the first half of the year.

**ITEM 7: Any other business to come before the Board**

**On a motion made by Mr. Pieciak, seconded by Ms. Gleason, the Board voted unanimously to adjourn at 11:50 a.m.**

**Next Meeting Date:**

The next scheduled VMERS meeting is June 20, 2023 at 11:00 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S B G', with a large, stylized flourish extending from the end.

Stephen Barry  
Secretary of the Board