

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

November 9, 2023, 2:00 P.M.

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

Members present:

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

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

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

MICHAEL PIECIAK, Vermont State Treasurer

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

Also attending:

Gavin Boyles, Deputy Treasurer, (*designated voting member on behalf of Treasurer Pieciak)

Tim Duggan, Director of Retirement, Office of the State Treasurer

Nicole Weidman, Director of Retirement Operations and Policy, Retirement Division

Justin St. James, General Counsel, Office of the State Treasurer

Stephen Barry, Administrative Services Manager, Retirement Division

Mr. Dube called the Thursday, November 9, 2023 Board Meeting to order at 2:03 p.m. which was held by conference call.

ITEM 1: Agenda approval and announcements

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

ITEM 2: Approve the minutes of:

- **October 19, 2023**

On a motion made by Ms. Ramsay, seconded by Mr. Boyles, the Board voted unanimously to approve the minutes of the October 19, 2023, as presented.

ITEM 3: VMERS Stipend Discussion

Mr. Duggan began by giving historical background on the stipend and the Board's responsibility to continue or change it. He also presented the Stipend Analysis completed by Segal Consulting that describes the impact on the Fund's liability especially in the context of preventing a crossover in the future.

The Board discussed the possibility of phasing out the stipend over time as well as the need to discuss the change with stakeholders prior to any action.

Mr. Pieciak joined the meeting at 2:16 p.m.

On a motion made by Ms. Ramsay, seconded by Mr. Boyles, the Board voted unanimously to continue the stipend for FY24 at \$25 per month.

ITEM 4: VMERS Funding Discussion

Mr. Duggan discussed the current rate increase schedule in employee and employer contribution rates through FY25. He elaborated on the ways the actuaries use these future rate increases to calculate projected liabilities and the effects of underfunding on the possibility of a crossover event.

Mr. Pieciak emphasized his desire to begin conversations with all stakeholders sooner rather than later to address current underfunding. The Board discussed their intent to address the issue and ways to distribute rate increases effectively and equitably across the different Groups.

Mr. Duggan informed the Board that staff will continue work with the actuaries using feedback from the Board to create scenarios of rate increases to help inform the Board's next discussion on the matter.

ITEM 5: Empower Contract

Mr. St. James presented his summary memo of the current state of negotiations with Empower regarding the transition from Prudential. He emphasized that he has and will continue to ensure that there are no substantive changes to the member experience throughout the process.

He highlighted that important features such as fee structure, investment lineups, and custodial agreements are governed by the same terms and conditions of the agreement using the State's terms. Mr. St. James also informed the Board that his memo can be used to understand the larger contract when he presents it to the Board at a future meeting.

ITEM 6: Joint Pension Oversight Committee Recap

Mr. Pieciak explained the presentation by the Treasurer's Office on the State of the Pension Systems in Vermont to the Joint Pension Oversight Committee. He explained that he and Mr. Duggan took the time to present on the most recent Experience Studies and Valuations. He emphasized that the Committee was happy to see the work on pension reform that has been going on for the last few years is starting to materialize.

Ms. Gleason asked if there was any discussion about divestment at the meeting. Mr. Boyles confirmed that Mr. Golonka of VPIC addressed the issue and the study being undertaken as a part of his testimony to the committee.

ITEM 7: Any other business to come before the Board

Mr. Duggan informed the Board that no action is needed on the proposal to engage an outside consultant for review of the supplemental plan fees and investment lineups. He told them that he

originally thought he would need to Board to vote to authorize the ask, however he realized that the contract is under the Treasurer's Office, so no vote is needed.

On a motion made by Mr. Pieciak, seconded by Ms. Gleason, the Board voted unanimously to adjourn at 2:42 p.m.

Next Meeting Date:

The next scheduled VMERS meeting is December 19, 2023 at 11:00 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S B G', written in a cursive style.

Stephen Barry
Secretary of the Board