

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

October 28, 2021 – 11:00 a.m.

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

VMERS Members present:

CHRISTOPHER DUBE, Chairperson, Employer Representative (term expiring July 1, 2022)

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

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

KATHLEEN RAMSAY, Employer Representative (term expiring July 1, 2022)

BETH PEARCE, Vermont State Treasurer

Also attending:

Tim Duggan, Assistant Attorney General

Lesley Campbell, Administrative Services Coordinator IV

Stephen Barry, Financial Administrator I

Eric Henry, Chief Investments Officer

Katie Green, Deputy Chief Investments Officer

Will Kriewald, Chief Financial Officer

Scott Baker, Financial Director II

Ashlynn Doyon, Executive Assistant to the Treasurer

Kathy Riley, Segal Consulting

Matthew Strom, Segal Consulting

Patryk Tabernacki, Segal Consulting

Austin Miller, Segal Consulting

Tom Golocka, VPIC Representative

Seth Abbene, VPIC Representative

Mr. Dube called the Wednesday, October 28, 2021 Board Meeting to order at 11:02 a.m. which was held by conference call.

ITEM 1: Agenda approval and announcements

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

ITEM 2: Approve the minutes of:

- **September 21, 2021**

On a motion made by Mr. Daybell, seconded by Ms. Gleason, the Board voted unanimously to approve the minutes of the September 21, 2021 as presented.

ITEM 3: VMERS 2021 Actuarial Valuation

Mr. Strom presented the 2021 VMERS Actuarial Valuation after opening remarks from Ms. Riley. Mr. Tabernacki explained the census data as of June 30, 2021, used to develop the report. As of the end of the fiscal year, there were 7,879 active members, 4,936 total non-actives for a ratio of non-actives to actives of 0.63 meaning that approximately for every non active member there are two active members. Active members had an average age of 47.7 years, 8.4 average years of service, and average payroll of \$42,132. As of June 30, 2021, there were 3,343 inactive members and 998 deferred members. There were 3,670 retired members and 268 beneficiaries receiving total monthly benefits of \$3,544,190 with an average monthly benefit of \$900.

Mr. Tabernacki explained the financial information in the report, employer and member contributions have exceed benefits since the time period shown (2012). Mr. Tabernacki explained how the value of assets are smoothed over a 5-year period. As of the end of the fiscal year the actuarial value of assets was \$837,095,639 with about \$21 million in net losses deferred for future recognition.

Mr. Strom presented the actuarial experience of the plan over the past year. There was a \$21.9 million in gains from investment return and a net loss of \$6.5 million form other experience leading to a total gain to the plan of \$15.4 million or approximately 0.6% of the actuarial accrued liability. The market value of assets was 4.24% for the year compared to an assumed rate of return of 7.0%. The actual rate of return on an actuarial basis for 2021 was 9.87% resulting in the gain of \$21.9 million. Mr. Strom explained the other experience contributing to the gain to the plan including net turnover, retirement, mortality, and disability retirement. There was a loss from salary and service decrease for actives and COLA experience.

Mr. Strom explained the development of the unfunded actuarial accrued liability which was \$237,072,174 as of the end of the year. The actuarially determined contribution consists of the normal cost and the payment on the unfunded liability. The employer normal cost was approximately \$20.2 million and the payment on the unfunded liability was \$19.2 million for an actuarially determined contribution requirement of \$39.5 million or 11.31% of payroll. Mr. Strom presented the comparison of the actuarially determined contribution to the current funding policy rate, and in total there was a contribution shortfall of 4.389%.

On a motion made by Ms. Pearce, seconded by Ms. Gleason, the Board voted unanimously to accept the 2021 VMERS Actuarial Valuation as presented by Segal Consulting.

ITEM 4: Other Business

The Board discussed the need to schedule a meeting for negotiations between the employers, Chairman of the Board and the Treasurer concerning the incremental contribution rate increase for both employers and employees. Mr. Dube agreed to work with staff to schedule this meeting.

ITEM 5: Adjournment

On a motion made by Ms. Ramsey, seconded by Mr. Gleason, the Board voted unanimously to adjourn at 12:14 p.m.

Next Meeting Date:

The next scheduled VMERS meeting is Tuesday, November 16, 2021 at 11:00 a.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Lesley Campbell". The signature is written in a cursive, flowing style.

Lesley Campbell
Administrative Services Coordinator IV