

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Conference Call Only
January 7, 2021 – 3:00 p.m.

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

Members present:

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2022)
ERIC DAVIS, VSEA Representative (term expiring September 30, 2021)
JOHN FEDERICO, VSEA Representative (term expiring September 30, 2022)
JEAN-PAUL ISABELLE, VSEA Representative (term expiring September 30, 2022)
BETH FASTIGGI, Commissioner of Human Resources
ADAM GRESHIN, Commissioner of Finance and Management
BETH PEARCE, VT State Treasurer
JAY WISNER, Governor's Delegate position
DAN POULIOT, Deputy Commissioner of Department of Human Resources, voting member
BARBARA KESSLER, VSEA Alternate Representative (term expiring September 30, 2021)
ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2022)

Also attending:

Michael Clasen, Deputy State Treasurer
Eric Henry, Chief Investments Officer
Katie Green, Deputy Chief Investments Officer
Andy Cook, Investments Analyst
Erika Wolffing, Director Retirement Operations
Lesley Campbell, Administrative Services Coordinator IV
Ashlynn Doyon, Executive Assistant to the Treasurer
Will Kriewald, Chief Financial Officer
Aimee Towne, VSEA
Steve Howard, VSEA
Julie Scribner
Chris Rupe
Jeremy Hill
Thomas Mozzer

The Chair, Roger Dumas, called the Thursday, January 7, 2021 meeting to order at 3:03 p.m., which was held by conference call only.

ITEM 1: Agenda approval and announcements

On a motion made by Mr. Davis, seconded by Mr. Federico, the Board voted unanimously to approve the agenda for January 7, 2021.

ITEM 2: Approve the Minutes of:

- December 10, 2020

On a motion made by Mr. Davis, seconded by Mr. Isabelle, the Board voted unanimously to approve the minutes of the December 10, 2020 as presented.

ITEM 3: Update from the Treasurer on Work with Stake-Holder Groups

Ms. Pearce explained a presentation outlining how the recent demographic and economic assumption changes adopted after the Experience Study has led to a significant increase in the unfunded actuarially accrued liability (UAAL) and the actuarially determined employer contribution (ADEC). The unfunded liability increased by \$225 million over the 2019 valuation and the ADEC increased by \$36 million over the prior valuation. The VSERS Board authorized the Treasurer to work with stakeholder groups to try and come up with benefit changes that would lower the unfunded liability and the ADEC to the previous FY21 projections.

Ms. Pearce explained the various options that were reviewed with the Vermont State Employees' Association (VSEA) and the Vermont Troopers' Association (VTA) and outlined 4 options that would meet or come close to meeting the \$225 million and \$36 million targets. Ms. Pearce stated that the 4th option in her presentation had the most consensus at this point but noted that the VSEA and VTA are still in conversations with their memberships and had not agreed to any proposal yet. The 4th option in the Treasurer's presentation included a COLA threshold of \$24,000 for all actives upon retirement, adds 2 years to the AFC calculation, moves all Group F members to a rule of 90 and increases the employee rate by 0.35%. This proposal would save \$219.9 million on the unfunded liability and \$33.2 million on the ADEC.

The Board discussed the various proposals and scenarios provided by the actuaries and provided feedback on the various scenarios. Some members expressed concern on the impact option 4 would have on those closest to retirement. Ms. Pearce stated she would finalize the draft report to the Legislature and Administration on potential plan changes in the next few days and would provide further update at the next meeting.

Ms. Pearce stated she had not responded to the Pew letter from the administration yet, but asked for Board input on a response. Members of the Board asked to see the letter for consideration at the next meeting on January 14th.

ITEM 4: Other Business and Public Comment

None.

ITEM 5: Adjournment

On a motion made by Ms. Pearce, seconded by Mr. Isabelle the Board voted unanimously to adjourn at 4:33 p.m.

Next Meeting Date:

The next regularly scheduled VSERS Board meeting is on January 14, 2021 at 9:00 a.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Erika Wolffing". The signature is written in a cursive style with a large, stylized 'E' and 'W'.

Erika Wolffing
Director of Retirement Operations