

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Conference Call Only
December 10, 2020 – 9:00 a.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
Tim Duggan, Assistant Attorney General
Lesley Campbell, Administrative Services Coordinator IV
Ashlynn Doyon, Executive Assistant to the Treasurer
John Booth, Director of Treasury Operations
Will Kriewald, Chief Financial Officer
Daniel Levin, Segal Consulting
Yori Rubinson, Segal Consulting
Jeff Briggs, VPIC Member
Robert Hooper, VPIC Member
Steve Howard, VSEA

The Chair, Roger Dumas, called the Thursday, December 10, 2020 meeting to order at 9:05 a.m., which was held by conference call only.

ITEM 1: **Agenda approval and announcements**

On a motion made by Mr. Wisner, seconded by Mr. Pouliot, the Board voted unanimously to approve the agenda for December 10, 2020.

ITEM 2: **Approve the Minutes of:**

- November 12, 2020

On a motion made by Mr. Wisner, seconded by Mr. Davis, the Board voted unanimously to approve the minutes of the November 12, 2020 as presented.

ITEM 3: VSERS Other Post-Employment Benefits (OPEB) Report

Mr. Levin presented the VSERS Other Post-Employment Benefits Report for 2020. As of the end of FY20, the accrued liability was \$1,483 million an increase of 15.9% over the prior year. Mr. Levin explained that the increase was largely due to the discount rate decreasing from 3.50% to 2.23%. Ms. Pearce explained that by pre-funding the plan, the liability would decrease significantly. In order to pre-fund there would need to be an appropriation and policy in place for pre-funding in the statute.

On a motion made by Ms. Pearce, seconded by Mr. Wisner, the Board voted unanimously to adopt the Other Post-Employment Benefits Valuation as presented by Segal.

Members from Segal left the meeting at 9:35 a.m.

ITEM 4: Update from the Treasurer on Work with Stake-Holder Groups

Ms. Pearce updated the Board on her work with the Stake-holder groups on potential benefit structure changes. Ms. Pearce went through a detailed presentation she has used with the employee groups that outlines how the unfunded liability and ADEC increased significantly over the prior year due to the Experience Study. Proposed benefit structure changes include raising the employee contribution rates, removing COLAs in retirement for all active employees, moving to a rule of 90 normal retirement, and increasing the number of years used for AFC.

The Board discussed the presentation and potential changes and provided additional input. Some board members requested information on how these changes would differentially impact plan groups.

On a motion made by Mr. Davis, seconded by Mr. Isabelle, the Board voted unanimously to have the actuaries examine equitability across employee groups in terms of benefits received versus contributions and how any proposed options would differentially impact plan groups.

Ms. Pearce updated the Board on a letter she received from the Administration retaining Pew to examine pension and retiree healthcare costs in Vermont. The Board discussed this letter and provided differing opinions on the plan to involve Pew. Members expressed their concern with involving Pew. Mr. Greshin explained the administration's position on asking Pew to do some analysis. Ms. Pearce stated she intends to respond to the letter but wanted to inform the Board as fiduciaries of the fund.

The Board discussed the need for an additional meeting before January 15, 2021 to further consider the report from Treasurer Pearce on potential benefit structure changes. Ms. Wolffing stated she would be in touch with potential dates for an additional meeting in the new year.

ITEM 5: VSERS FY22 Budget Overview

Mr. Kriewald presented the FY22 VSERS Budget overview, overall the budget decreased by 1.55% over the prior year largely due to a decrease in investment management fees. There was an increase in staff costs due to cost-of-living adjustments and step increases. Ms. Wolffing provided a brief update on how the Retirement Office has operated since the work from home order in March.

On a motion made by Mr. Wisner, seconded by Mr. Davis, the Board voted unanimously to approve the FY22 VSERS budget as presented.

ITEM 6: Medical Review Board Appointment – Dr. Anthony Williams

Ms. Wolffing updated the Board on a pending retirement from the Medical Review Board. Dr. Dale is retiring and letting his medical license lapse. Dr. Williams was recommended by Dr. Dale and is board certified in internal medicine.

On a motion made by Mr. Wisner, seconded by Mr. Isabelle, the Board voted by roll call to appoint Dr. Anthony Williams to the Medical Review Board. Mr. Dumas, Ms. Pearce, Mr. Isabelle, Mr. Davis, Mr. Wisner, Mr. Pouliot, and Mr. Greshin voted in favor of the motion. Mr. Federico abstained.

ITEM 7: 2021 Board Calendar

The Board reviewed the proposed 2021 Board Calendar keeping the regular schedule with meetings on the second Thursday of the month at 9:00 AM.

On a motion made by Mr. Wisner, seconded by Mr. Isabelle, the Board voted unanimously to approve the 2021 Board Calendar as proposed.

ITEM 8: Other Business

None.

ITEM 9: Adjournment

On a motion made by Mr. Isabelle, seconded by Ms. Pearce the Board voted unanimously to adjourn at 11:59 a.m.

Next Meeting Date:

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

Respectfully submitted,

Vermont State Employees' Retirement System
Conference Call Meeting Board of Trustees
December 10, 2020

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A handwritten signature in black ink that reads "Erika Wolff". The signature is written in a cursive style with a prominent loop at the end of the last name.

Erika Wolff
Director of Retirement Operations