

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Conference Call Only
April 13, 2021 – 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 PEARCE, VT State Treasurer
BETH FASTIGGI, Commissioner of Human Resources
DAN POULIOT, Deputy Commissioner of Department of Human Resources
ADAM GRESHIN, Commissioner of Finance and Management
JAY WISNER, Governor's Delegate position
ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2022)

Members absent:

BARBARA KESSLER, VSEA Alternate Representative (term expiring September 30, 2021)

Also attending:

Michael Clasen, Deputy State Treasurer
Tim Duggan, Assistant Attorney General
Eric Henry, Chief Investments Officer
Will Kriewald, Chief Financial Officer
Erika Wolffing, Director Retirement Operations
Lesley Campbell, Administrative Services Coordinator IV
Ashlynn Doyon, Executive Assistant to the Treasurer

The Chair, Roger Dumas, called the Tuesday, April 13, 2021 meeting to order at 9:01 a.m., which was held by conference call only.

ITEM 1: Agenda approval and announcements

On a motion made by Mr. Davis, seconded by Mr. Isabelle, the Board voted unanimously to approve the agenda for April 13, 2021 as presented

ITEM 2: Approve the Minutes of:

- March 11, 2021

On a motion made by Mr. Wisner, seconded by Mr. Pouliot, Board voted unanimously to approve the minutes of the March 11, 2021 as presented.

ITEM 3: Pension Restructuring Deliverables from the Actuaries.

Ms. Pearce reminded the Board of the motion made at the January meeting requesting additional information from the actuaries. The information was delayed due to Legislative requests requiring work from the actuaries.

Mr. Kriewald presented the amortization schedules including extending the amortization period by 10 years and amortizing new sources of UAL over 28 years. If the amortization period were extended an additional 10 years to 2048, the total interest cost over the period would increase by \$716 million. If the new sources of UAL are amortized over 28 years, the interest cost would increase by \$163 million over the period. The Board discussed the tables and requested that the information be shared with the General Assembly.

Mr. Kriewald presented the individual member scenarios showing how the Treasurer's proposed changes would impact an average member by Group. The scenarios included Group C, Group D and Group F members (both hired before and after July 1, 2008). The Board discussed the individual scenarios and discussed potential cross subsidization between the groups.

The third deliverable requested by the Board was an analysis of how potential benefit changes would impact retirement projections utilized in the actuarial valuations. Ms. Pearce explained that this analysis was difficult to conduct and that as an example when the VSTRS changes were enacted in 2009, a large increase in retirements were predicted and did not materialize. The Board further discussed the third deliverable and deferred requesting additional analysis.

On a motion made by Mr. Wisner, seconded by Mr. Davis, the Board voted unanimously to refer the materials from the actuaries to the General Assembly for consideration and to complete a review of potential cross subsidization between the groups and defer action on examining the impact of increased retirements on the unfunded liability.

ITEM 4: Treasury/Legislative Update

Ms. Pearce provided a legislative update and presented information on some recommended governance changes to the Vermont Pension Investment Committee (VPIC). The VPIC voted to make recommendations for governance changes to the General Assembly, the changes include adding additional members, creating term limits, requiring public members to be financial experts, and making the committee independent from the Treasurer's office.

Ms. Pearce explained that the pension benefit changes are not passing this year, and instead the Legislature is recommending a summer study commission. Ms. Pearce stated she intends to continue to push for an OPEB pre-funding plan for the remainder of the legislative session.

The Board discussed by the VPIC changes, the study commission and OPEB prefunding and decided not to take any action or make recommendations at this time.

ITEM 5: Other Business and Public Comment

None.

ITEM 6: Adjournment

On a motion made by Mr. Isabelle, seconded by Ms. Pearce, the Board voted unanimously to adjourn at 11:51 a.m.

Next Meeting Date:

The next regularly scheduled VSERS Board meeting is on May 13, 2021 at 9:00 a.m.

Respectfully submitted,



Erika Wolfing
Director of Retirement Operations