

**JOINT MEETING OF THE VERMONT PENSION INVESTMENT COMMITTEE,  
VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM,  
VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM,  
VERMONT STATE TEACHERS' RETIREMENT SYSTEM**  
Joint Meeting of the Board of Trustees & VPIC – Conference Call Only  
**September 22, 2020 – 11:00 a.m.**

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

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**Members present from VPIC:**

TOM GOLONKA, CHAIR

BETH PEARCE, VICE-CHAIR, Vermont State Treasurer

JOHN-HENRY HUBERT, Governor's Delegate, term expiring June 30, 2022

MARY ALICE MCKENZIE, Governor's Delegate, term expiring June 30, 2022

KIMBERLY GLEASON, VMERS Representative, term expiring June 30, 2022

ROBERT HOOPER, VSERS Representative, term expiring June 30, 2024

JEFF BRIGGS, VSERS *Alternate*, term expiring June 30, 2024, voting member

PETER AMONS, VMERS *Alternate*, term expiring June 30, 2022

**VPIC Members Absent:**

JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2023

LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2023

RON PLANTE, Governor's Delegate *Alternate*, term expiring June 30, 2020

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**Members present from the Vermont State Employees' Retirement System:**

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2020)

ERIC DAVIS, VSEA Representative (term expiring September 30, 2021)

JOHN FEDERICO, VSEA Representative (term expiring September 30, 2020)

JEAN-PAUL ISABELLE, VSEA Representative (term expiring September 30, 2020)

ADAM GRESHIN, Commissioner of Finance and Management

BETH PEARCE, VT State Treasurer

BETH FASTIGGI, Commissioner of Human Resources, voting member

DAN POULIOT, Deputy Commissioner of Department of Human Resources

ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2020)

**VSERS Members absent:**

JAY WISNER, Governor's Delegate position

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

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**Members present from the Vermont Municipal Employees' Retirement System:**

MAURA CARROLL, Chairperson, Employer Representative (term expiring July 1, 2022)

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

BETH PEARCE, Vermont State Treasurer

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

CHRISTOPHER DUBE, Employee Representative (term expiring July 1, 2022)

**VMERS Members absent:**

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**Members present from the Vermont State Teachers' Retirement System:**

JUSTIN NORRIS, Vice-Chair, Active Member Representative, term expiring July 1, 2021  
ERIN CARTER, Active Member Representative, term expiring July 1, 2023  
EMILY SIMMONS, representing Secretary of Agency of Education  
DANIEL RADDOCK, Financial Regulation Representative  
BETH PEARCE, VT State Treasurer

**VSTRS Members absent:**

JON HARRIS, Chairperson, VRTA representative, term expiring July 1, 2024  
LINDA DELIDUKA, VRTA Alternate Representative, term expiring July 1, 2024  
Vacant, Active Member Alternate Representative, term expiring July 1, 2021

**Also attending:**

Michael Clasen, Deputy State Treasurer  
Eric Henry, Chief Investments Officer  
Katie Green, Deputy Chief Investments Officer  
Andy Cook, Investments Analyst  
Ashlynn Doyon, Executive Assistant  
Tim Duggan, Assistant Attorney General  
David Borsykowsky, Assistant Attorney General  
Erika Wolffing, Director Retirement Operations  
Lesley Campbell, Administrative Services Coordinator IV  
Will Kriewald, Chief Financial Officer  
Kathy Riley, Segal Consulting  
Matthew Strom, Segal Consulting  
Steve Klein, Joint Fiscal Office

**ITEM 1: Agenda approval and announcements**

The VPIC Chair, Tom Golonka, called the Tuesday, September 22, 2020 Joint meeting to order at 11:08 a.m., for VPIC which was held by conference call only. Mr. Golonka asked for a motion to approve the agenda and if there were any announcements.

**On a motion made by Ms. Pearce, seconded by Ms. Gleason, the Committee voted unanimously to approve the agenda as presented.**

There were no announcements from VPIC Members.

The VSERS Chair, Roger Dumas, called the Tuesday, September 22, 2020 Joint meeting to order at 11:09 a.m., for VSERS. Mr. Dumas asked for a motion to approve the agenda and if there were any announcements.

**On a motion made by Mr. Isabelle, seconded by Mr. Davis, the VSERS Board voted unanimously to approve the agenda as presented.**

There were no announcements from VSERS Members

The VMERS Chair, Maura Carroll, called the Tuesday, September 22, 2020 Joint meeting to order at 11:11 a.m., for VMERS. Ms. Carroll asked for a motion to approve the agenda and if there were any announcements.

**On a motion made by Ms. Gleason, seconded by Ms. Pearce, the VMERS Board voted unanimously to approve the agenda as presented.**

There were no announcements from VMERS Members

The VSTRS Vice-Chair, Justin Norris, called the Tuesday, September 22, 2020 Joint meeting to order at 11:12 a.m., for VSTRS. Mr. Norris asked for a motion to approve the agenda and if there were any announcements.

**On a motion made by Mr. Raddock, seconded by Ms. Pearce, the VSTRS Board voted unanimously to approve the agenda as presented.**

There were no announcements from VSTRS Members.

**ITEM 2:      **Introductory Comments from Treasurer Pearce****

Ms. Pearce provided brief opening remarks and explained that the joint meeting is convened to discuss and act on the investment rate of return assumption. Ms. Pearce explained that by statute, if the Committee and Trustee Boards cannot agree on a change to the investment rate of return assumption, it would remain at the previously adopted rate of 7.5%. Ms. Pearce introduced Matthew Strom and Kathy Riley from Segal Consulting to present the report.

**ITEM 3:      **Rate of Return Assumption presentation from Segal Consulting****

Mr. Strom presented the investment rate of return assumption presentation starting with an overview of the experience study requirements. An experience study is conducted of each system every five years to evaluate and make changes to the various actuarial assumptions adopted by the plan. The economic assumptions were reviewed last in 2017 and are typically reconsidered more frequently than the full experience study review. Mr. Strom explained that Segal as the Boards' actuaries provide recommendations that may or may not be adopted. Mr. Strom explained that the economic assumptions include inflation, investment return, salary scale, payroll growth and COLA.

Mr. Strom explained how the economic assumption changes would impact each system and provided an analysis of a range of investment rate of return assumptions of 7.25%, 7.15% and 7.00% and the impact each rate would have on the actuarial accrued liability and the FY21 actuarially determined contribution based on the June 30, 2019 valuation. Segal Consulting recommended a reduction in the inflation assumption from 2.50% to 2.30% and a reduction in the rate of return assumption from 7.5% to 7.15%.

**ITEM 4:      **Discussion****

The Committee and Trustee Boards discussed the range of investment rate of return assumptions presented and the benefit of establishing a more conservative rate. The discussion focused on better understanding the range provided by Segal and various members expressed concern on moving forward with a rate lower than what was recommended. Other members expressed a desire to set an investment rate of return lower than the range provided by Segal Consulting.

**ITEM 5: Presentation of Joint Resolution on the Investment Rate or Return**

The statutory requirement for a joint decision on the investment return rate by the three trustees Boards and VPIC was further discussed.

**ITEM 6: Boards Vote on Joint Resolution**

Mr. Dumas inquired if the VSERS Board would entertain a motion on the investment rate of return assumption.

**On a motion made by Mr. Davis, seconded by Mr. Isabelle, the VSERS Board voted by roll call 4-3 to adopt in joint resolution with VPIC an investment rate of return of 7.00%. Mr. Dumas, Ms. Pearce, Mr. Isabelle, and Mr. Davis voted in favor of the motion; Mr. Federico, Ms. Fastiggi, and Mr. Greshin voted against the motion**

Ms. Carroll inquired if the VMERS Board would entertain a motion on the investment rate of return assumption.

**On a motion made by Ms. Gleason, seconded by Mr. Dube, the VMERS Board voted by roll call 3-2 to adopt an investment rate of return of 7.00%. Ms. Pearce, Mr. Dube, and Ms. Gleason voted in favor of the motion; Ms. Carroll and Mr. Daybell voted against the motion.**

Mr. Norris asked the VSTRS Board if it would entertain a motion on the investment rate of return. A motion was made and seconded to adopt 7.00% as the investment rate of return, however upon further discussion the VSTRS Board deferred voting on the motion pending a decision from VPIC on the investment rate of return.

Mr. Golonka inquired if the VPIC would entertain a motion on the investment rate of return assumption.

**On a motion made by Ms. Gleason, seconded by Ms. Pearce, the VPIC voted by roll call 4-1 to adopt an investment rate of return of 7.00%. Ms. Pearce, Ms. McKenzie, Ms. Gleason, and Mr. Hubert voted in favor of the motion; Mr. Briggs voted against the motion.**

Mr. Norris asked if the VSTRS Board was ready to consider its earlier motion.

**Ms. Pearce made a motion, which was seconded by Ms. Simmons, for VSTRS to adopt an investment rate of return assumption of 7.00%. The motion failed by roll call 3-2. Ms. Carter, Mr. Raddock and Ms. Simmons voted against the motion; Ms. Pearce and Mr. Norris voted in favor of the motion.**

The Committee members and Board members discussed the need for all 4 voting entities to be in agreement on the investment rate of return assumption. With the motion to adopt 7.00% failing on a vote of the VSTRS Board, the rate effectively remains at 7.5%. Members further discussed the actuaries' recommendation and the actuaries explained they are comfortable with any number within the range provided, and more comfortable the lower the number is within the range. Members also discussed recent changes by other systems in neighboring states. Members discussed holding an additional meeting to allow more time for members to consider the report presented. The group agreed to convene an additional joint meeting following the experience study meetings on Thursday, September 24, 2020 at 4:15 p.m.

**ITEM 7: Other Business**

None.

**ITEM 8: Adjournment**

**On a motion made by Ms. Pearce, seconded by Mr. Briggs the VPIC voted unanimously to adjourn at 1:50 p.m.**

**On a motion made by Mr. Isabelle, seconded by Ms. Pearce, the VSERS Board voted unanimously to adjourn at 1:50 p.m.**

**On a motion made by Mr. Dube, seconded by Ms. Pearce, the VMERS Board voted unanimously to adjourn at 1:51 p.m.**

**On a motion made by Ms. Carter, seconded by Ms. Simmons, the VSTRS Board voted unanimously to adjourn at 1:51 p.m.**

**Next Meeting Date:**

The next Joint VPIC, VSERS, VMERS & VSTRS meeting is on September 24, 2020 at 4:15 p.m.

Respectfully submitted,



Erika Wolff  
Director of Retirement Operations