

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Conference Call Only
December 10, 2020 – 3:30 p.m.

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

Members present:

JON HARRIS, Chairperson, VRTA representative, term expiring July 1, 2024
JUSTIN NORRIS, Vice-Chair, Active Member Representative, term expiring July 1, 2021
ERIN CARTER, Active Member Representative, term expiring July 1, 2023
BETH PEARCE, VT State Treasurer
DANIEL RADDOCK, Financial Regulation Representative
MICHAEL CLASEN, Deputy State Treasurer representing Treasurer Pearce
LINDA DELIDUKA, VRTA Alternate Representative, term expiring July 1, 2024

Members absent:

EMILY SIMMONS, representing Secretary of Agency of Education
Vacant, Active Member Alternate Representative, term expiring July 1, 2021

Also attending:

Michael Clasen, Deputy State Treasurer
Tim Duggan, Assistant Attorney General
Eric Henry, Chief Investments Officer
Katie Green, Deputy Chief Investments Officer
Erika Wolffing, Director Retirement Operations
Lesley Campbell, Retirement Administrative Coordinator
Will Kriewald, Chief Financial Officer
John Booth, Director of Treasury Operations
Ashlynn Doyon, Executive Assistant to the Treasurer
Daniel Levin, Segal Consulting
Yori Rubinson, Segal Consulting
Jeff Fannon, VtNEA

The Chair, Jon Harris, called the Thursday, December 10, 2020 Board meeting to order at 3:31 p.m., which was held by conference call only.

ITEM 1: Agenda approval and announcements

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

ITEM 2: Approve the Minutes of:

- November 10, 2020

On a motion made by Mr. Norris, seconded by Mr. Raddock, the Board voted unanimously to approve the minutes of the November 10, 2020 as presented.

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

Mr. Levin presented the 2020 VSTRS other post-employment benefits report. As of the end of FY20 the net OPEB liability was \$1,268 million an increase of 21.8% over the prior year. Mr. Levin explained that the increase was largely due to the decrease in the discount rate from 3.50% to 2.21%. The actuarially determined contribution (ADC) for the period ending June 30, 2022 calculated using the 2.21% rate of return is \$102 million versus at 7.00% rate of return the ADC is \$52 million and actual benefit payments are approximately \$28 million. Ms. Pearce explained the benefits of pre-funding the plan. If the plan were pre-funded, the unfunded liability would have decreased. A prefunding plan would require an additional appropriation beyond the pay-go amount and a pre-funding policy in the statute. The Treasurer's Office proposed a prefunding plan last session that did not pass, however will be proposing another plan this year.

On a motion made by Mr. Norris, seconded by Ms. Carter, the Board voted unanimously to accept the 2020 VSTRS Other Post-Employment Benefits Valuation as presented by Segal.

Mr. Levin and Mr. Rubinson left the meeting at 3:52 p.m.

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

Ms. Pearce updated the Board on the status of work with the stake-holder groups on potential benefit changes. Ms. Pearce explained the presentation she has used with the VtNEA that outlines how the unfunded liability and the ADEC has increased significantly due to the Experience Study and corresponding economic and demographic assumption changes adopted by the VSTRS Board. Proposed benefit structure changes include raising employee contribution rates, removing COLAs in retirement for all active employees, and increasing the number of years used to calculate average final compensation.

Ms. Wolffing stated the Board will likely need to meet again early in the new year to further discuss the benefit change options that will be presented to the Administration and Legislature on January 15, 2021.

Ms. Pearce informed the Board of a letter received from the Administration notifying her that it intends to utilize Pew to do an analysis of pension and retiree health care budget pressures. Ms. Pearce stated she was concerned the involvement of Pew would negatively impact the conversations currently ongoing with the stake-holder groups. The Board discussed the letter and Ms. Pearce stated she intends to respond to the administration in the coming weeks.

ITEM 5: VSTRS FY22 Budget Overview

Mr. Kriewald presented the FY22 VSTRS Budget Overview. The overall budget increased 3.66% partially due to staff cost of living adjustments and step increases however there was a significant decrease in investment management fees.

On a motion made by Mr. Norris, seconded by Ms. Pearce, the Board voted unanimously to approve the FY22 VSTRS 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. Norris, seconded by Ms. Pearce, the Board voted unanimously to appoint Dr. Anthony Williams to the Medical Review Board.

ITEM 7: 2021 Board Calendar

Ms. Wolffing presented the proposed 2021 Board calendar, keeping the regular schedule of Quarterly In-House meetings on the second Tuesday of February, May, August and November at 9:00 a.m. and all other months the Second Thursday of the month at 3:30 p.m.

ITEM 8: Other Business

None.

ITEM 9: Adjournment

On a motion made by Mr. Norris, seconded by Ms. Pearce, the Board voted unanimously to adjourn at 5:23 p.m.

Next Meeting Date:

The next VSTRS Board meeting is on January 14, 2021 at 3:30 p.m.

Respectfully submitted,



Erika Wolffing
Director of Retirement Operations