

## VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees  
November 17, 2020 – 11:00 a.m.

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

### **VMERS Members present:**

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)

### **Also attending:**

Erika Wolffing, Director of Retirement Operations  
Tim Duggan, Assistant Attorney General  
Lesley Campbell, Administrative Services Coordinator IV  
Eric Henry, Chief Investments Officer  
Will Kriewald, Chief Financial Officer  
Matthew Strom, Segal Consulting

Ms. Carroll called the Tuesday, November 17, 2020 Board Meeting to order at 11:03 a.m. which was held by conference call.

### **ITEM 1:      Agenda approval and announcements**

**On a motion made by Mr. Daybell, seconded by Mr. Dube, the Board voted unanimously to approve the agenda with moving action Item 5 to action Item 3.**

There were no announcements.

### **ITEM 2:      Approve the minutes of:**

- October 28, 2020

**On a motion made by Mr. Daybell, seconded by Mr. Dube, the Board voted unanimously to approve the minutes of October 28, 2020 as presented.**

### **ITEM 5:      Discussion of Future Employer Contribution Rates**

Mr. Strom discussed the deficiency in the actuarially determined contribution rate as discussed at the actuarial meeting in October. The current statutory contribution amounts resulted in an approximate 4.0% shortfall or deficiency. Mr. Strom explained that the Board would need to set a funding policy for the next few years to avoid a significant increase in the unfunded liability and to avoid a cross over event where the asset value is lower than zero.

Ms. Pearce explained that over the past few years the Board and Legislature increased the employee and employer contribution rates. The most recent 4-year plan to increase the rates will enter the fourth and final year in FY22. The Board sets employer rates and Ms. Pearce recommended to set a rate now for the next 4-5 years to avoid a steep increase in the unfunded liability. The Legislature sets the employee rates. Any increase to the employer rates would be offset by employee rates if they are increased by the Legislature.

Mr. Kriewald explained the increases that would need to take place to avoid the cross over event, under a 4 year plan the rates would have to increase 0.43% each year and for a 5 year plan the rates would have to increase 0.35% each year. Ms. Pearce explained that the Treasurer's office would work with the employee groups to support an increase to employee rates which would help offset the increase on employers.

The Board discussed next steps and the plan for discussing rate increases with the employee groups. Ms. Pearce gave historical background on how rates were increased in the past working with interested parties.

**On a motion made by Ms. Gleason, seconded by Mr. Daybell, the Board voted unanimously to authorize employer contribution rate increases of 0.5% each year for a period of four years beginning 7/1/2022, to be offset by any increases in the employee contribution rate negotiated with employee groups and approved by the Legislature.**

Mr. Strom left the meeting at 12:09 p.m.

**ITEM 3: MHRSP Cares Act**

Mr. Duggan explained the amendment to the MHRSP adoption agreement as a result of the CARES Act broadening the definition of the allowable health care expenses.

**On a motion made by Mr. Dube, seconded by Mr. Daybell, the Board voted unanimously to accept the amendment to the MHRSP adoption agreement as presented.**

**ITEM 4: Memorandum UVM Police Participation in VMERS**

Mr. Duggan explained the memorandum from Locke Lord regarding UVM police joining VMERS. UVM requested a legal opinion to determine if UVM could qualify for VMERS as a governmental entity. The memorandum was provided to the Board as informational at this time and will be sent to UVM for further consideration. Mr. Duggan explained that legislative action would be needed for UVM police to join VMERS.

**ITEM 6: VMERS Defined Contribution Administrative Fee**

Ms. Pearce explained that the administrative fee charged to employers in the VMERS DC plan is insufficient to cover staff costs. There is a \$140,000 deficiency from the two prior fiscal years, and the office has determined that the rate is too low to support administrative costs moving

forward. The deficiency was partially due to a decrease in forfeiture dollars, a decrease in overall active participants in the plan, a decrease in total payroll, and a reduction in revenue share from the investment line-up. Treasurer Office's staff is continuing to look at solutions to pay for the past deficiency and put forward a plan to increase the administrative fee moving forward to cover staff costs.

**ITEM 7: Disability recommendation(s) from the October 15, 2020 meeting of the Medical Review Board:**

- Diane Vince (New)

**On a motion made by Mr. Dube, seconded by Ms. Pearce, the Board voted unanimously to approve disability retirement for Diane Vince without review.**

**ITEM 8: Other Business**

None.

**ITEM 9: Adjournment**

**On a motion made by Ms. Gleason, seconded by Mr. Dube, the Board voted unanimously to adjourn at 12:40 p.m.**

**Next Meeting Date:**

The next scheduled VMERS meeting is Tuesday, December 15, 2020 at 11:00 a.m.

Respectfully submitted,



Erika Wolffing  
Director Retirement Operations