

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

June 21, 2022 at 11:00 a.m.

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

VMERS Members present:

CHRISTOPHER DUBE, Chairperson, Employer Representative (term expiring July 1, 2026)

KIMBERLY GLEASON, Vice-Chair, Employer Representative (term expiring July 1, 2023)

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

KATHLEEN RAMSAY, Employer Representative (term expiring July 1, 2026)

BETH PEARCE, Vermont State Treasurer

Also attending:

Tim Duggan, Director, Vermont Retirement System

Stephen Barry, Financial Administrator I Retirement Division

Scott Baker, Financial Reporting Director Treasurer's Office

Owen Doherty, Executive Assistant to the Treasurer

Eric Henry, VPIC Chief Investment Officer

Tom Golonka, VPIC Chair

Andy Cook, VPIC Investment Analyst

Mr. Dube called the Tuesday, June 21, 2022 Board Meeting to order at 11:05 a.m. which was held by conference call.

ITEM 1: **Agenda approval and announcements**

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

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

- **April 19, 2022**

On a motion made by Mr. Daybell, seconded by Ms. Pearce, the Board voted unanimously to approve the minutes of the April 19, 2022 as presented.

ITEM 3: **VPIC (Vermont Pension Investment Committee) Report**

Mr. Golonka updated the Board on the progress of the VPIC separation from the Treasurer's Office. He explained that the FY 2023 budget was passed with the notable removal of the study of divestment on the Funds.

Mr. Henry explained the organizational structure and roles of VPIC as well as the metrics of performance used when analyzing investment strategy. He discussed the historical relationship between evolving capital markets and expected risk and how that relationship affects decision-making in the short and long term. He explained that the downward trend on the capital markets'

expected rate of return is not the only metric for evaluating the discount rate but is the best tool for VPIC in evaluating long-term expectations. Ms. Pearce emphasized the difference between actuarial discount rate assumptions and investment return assumptions.

Mr. Henry also updated the Board on management fees as well as ESG factors that VPIC uses when evaluating investments. The Board thanked Ms. Pearce for her work on the ESG Committee and VPIC.

The VPIC staff left the meeting at 11:35 a.m.

ITEM 4: GASB 68 Follow-up

Mr. Baker presented the GASB 68 Governance letter to the Board. He stated that the auditors did not find any inaccuracies or misstatements.

ITEM 5: Board of Trustees' Employer and Employee Representative Elections

Mr. Duggan presented a memo regarding the status of the Board elections. He explained that because Mr. Dube was the only timely and complete nomination for the Employee Representative position there was no issue with his election. While Ms. Ramsey's nomination for the Employer Representative position was the only one received by the Retirement Division, it was 6 days past the adopted election procedures.

Mr. Duggan explained it was up to the Board to decide if they wanted to restart the process or declare Ms. Ramsey the only nomination received and proceed with her election.

On a motion made by Mr. Daybell, seconded by Ms. Gleason, the Board voted to declare Chris Dube, the only member to be duly nominated for the employee representative position beginning July 1, 2022, to be elected to that position.

On a motion made by Ms. Gleason, seconded by Ms. Pearce, the Board voted to amend the Procedures adopted in April 2022 for election of the Employer Representative to accept Kathleen Ramsay's nomination, filed May 26, 2022, as timely filed and to further declare Kathleen Ramsay, the only member to be duly nominated for the employer representative position beginning July 1, 2022, to be elected to that position.

ITEM 6: Appoint Secretary of the Board

Mr. Duggan recommended the Board to appoint Stephen Barry as Secretary of the Board.

On a motion made by Ms. Ramsey, seconded by Mr. Daybell, the Board voted unanimously to appoint Stephen Barry as Secretary of the Board.

ITEM 7: Retirement Division Staffing and Summer Update

Mr. Duggan provided an update on the operations of the Retirement Division. He expects the number of retirements this July to be on par with last year's numbers for both municipal employees and teachers.

Mr. Duggan also announced that the Retirement Division was able to bring Tina Forrend and Cynthia Webster back to assist with the high-volume season and that a new front office staff member has been hired. He explained that staffing continues to be an issue, however, the office is recruiting for a new Retirement Specialist and Program Tech position.

ITEM 8: Adjournment

There was no other business to come before the Board.

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

Next Meeting Date:

The next scheduled VMERS meeting is Tuesday, July 19, 2022 at 11:00 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S B G', written in a cursive style.

Stephen Barry
Secretary of the Board
Financial Administrator I