

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Quarterly In-House Meeting
February 8, 2018 – 9:00 a.m.

VSERS Members present:

THOMAS HANGO, Vice-Chair, VSEA Representative (term expiring September 30, 2018)
JEFF BRIGGS, VSEA Representative (term expiring September 30, 2018)
ERIC DAVIS, VSEA Representative (term expiring September 30, 2019)
ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2018)
JEAN-PAUL ISABELLE, VSEA Alternate Representative (term expiring September 30, 2019)
JAY WISNER, Governor's Delegate position
BETH FASTIGGI, Commissioner of Department of Human Resources (ex-officio)
DAN POULIOT, Deputy Commissioner of Department of Human Resources
BRAD FERLAND, Deputy Secretary of Agency of Administration
BETH PEARCE, Vermont State Treasurer

Members absent:

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2018)
ADAM GRESHIN, Commissioner of Finance & Management (ex-officio)

Also attending:

Michael Clasen, Deputy State Treasurer
Matt Considine, Director of Investments
Andy Cook, Investment Analyst
Laurie Lanphear, Director of Retirement Operations
John Booth, Director of Treasury Operations
Tim Duggan, Assistant Attorney General
Erika Wolffing, Retirement Division
Evan Brasseur – via telephone

The Vice-Chair, Thomas Hango, called the Thursday, February 8, 2018, Quarterly In-House Board meeting to order at 9:01 a.m., which was held in the BGS-MTPL Conference Room, Pavilion Building, 4th Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of:**

- January 11, 2018

On a motion by Mr. Briggs, seconded by Mr. Wisner the Board voted unanimously to approve the minutes of January 11, 2018 as submitted.

ITEM 2: **Risk Assessment of the Pension Funds**

Ms. Pearce presented the January 16, 2018 memorandum to the Board Chairs on risk assessments or 'stress tests' of pension funds. Ms. Pearce explained that the Actuarial Standards Board recently released Actuarial Standard of Practice (ASOP) 51, requiring an assessment and

disclosure of the risks associated with pension obligations. This new standard is required for a measurement date on or after November 1, 2018 for the FY19 actuarial valuation. Ms. Pearce recommended with agreement from the Administration, that the Board of Trustees early implement ASOP 51 using the FY 17 actuarial valuation.

Ms. Pearce stressed her preference for the stochastic approach to ASOP 51 and committed to having the stress test complete prior to the FY20 budgeting process. Ms. Pearce noted that ASOP 51 will become part of the valuation report regularly completed on an annual basis.

On a motion by Ms. Pearce, seconded by Mr. Wisner, the Board voted unanimously to early adopt ASOP 51 using the FY 17 valuation, and to contract with Segal Consulting or another actuary approved by the Board of Trustees.

ITEM 3: 2018 NCPERS Conference

Mr. Briggs requested to attend the 2018 National Conference on Public Employee Retirement Systems (NCPERS) Conference in New York City in May. Mr. Briggs estimated the cost to attend would be approximately \$4,000 total, including \$1,600 for the conference registration.

On a motion by Mr. Davis, seconded by Mr. Pouliot, the Board voted unanimously to send Mr. Briggs to the 2018 NCPERS Conference.

ITEM 4: Legislative Update

Ms. Pearce updated the Board on the status of the miscellaneous retirement bill. Mr. Duggan explained that Retirement Office staff is expecting a draft committee bill shortly and would continue to update the Board with any language changes. Mr. Duggan informed the Board that there would be a hearing on the bill on Friday in the House Committee on Government Operations.

Ms. Pearce informed the Board of ongoing budget discussions with the Legislature surrounding funding the ARC.

Ms. Pearce explained that the Senate is currently working on a bill that would incorporate municipal law enforcement into one law enforcement group within the State system. Ms. Pearce explained that the Retirement Office would not support this bill because it would increase costs to the state system by making it a multiple employer plan.

Mr. Booth joined the meeting at this time.

ITEM 5: VSERS FY19 Budget Overview

Mr. Booth presented the VSERS FY19 budget overview. Mr. Booth explained the cost allocation method used to account for staff time attributed to the VSERS Budget. Costs are also allocated

between the other two systems, VSTRS and VMERS. Ms. Pearce explained that the VSERS Budget reflects approximately 37% of administrative support time. Mr. Booth explained that the investment management services line item increased as a result of more assets invested.

Mr. Booth stated the FY19 Budget Request for VSERS is \$44,577,242 or a 1.6% increase over the FY18 Budget primarily due to the increase in investment management services and retiree health insurance.

On a motion by Mr. Wisner, seconded by Mr. Briggs, the Board voted unanimously to accept the FY19 VSERS Budget as presented.

Mr. Booth, Mr. Considine, Ms. Green, and Mr. Cook left the meeting at this time.

ITEM 6: Disability Retirement Recommendations from the January 18, 2018 Medical Review Board Meeting for:

- Stephanie Jackson

On a motion by Mr. Briggs, seconded by Ms. Pearce, the Board voted unanimously to approve the recommendation of the MRB to allow disability retirement for Stephanie Jackson without review.

ITEM 7: Disability appeal waiver request from Evan Brasseur

On a motion by Mr. Wisner, seconded by Ms. Pearce, the Board voted unanimously to enter Executive Session at 10:05 a.m. pursuant to Title 1, §313 for the purpose of discussing personnel issues.

The Board came out of executive session at 10:12 a.m.

Mr. Brasseur joined the meeting at 10:16 a.m.

Mr. Brasseur explained to the Board that he was requesting a waiver to his appeal deadline that passed on January 15, 2018. He received the notice of his appeal rights, but thought he had more time to respond. He stated he was currently seeking additional treatment at the VA at the end of January and mistakenly missed the appeal deadline. Mr. Brasseur requested an opportunity to appeal his disability denial through an evidentiary hearing.

Mr. Wisner inquired as to why Mr. Brasseur was unable to file the necessary paperwork by the date specified in his denial letter. Mr. Brasseur stated he was under the assumption that the deadline was closer to the end of January.

Mr. Brasseur left the meeting at this time.

On a motion by Mr. Wisner, seconded by Ms. Pearce, the Board voted unanimously to enter Executive Session at 10:21 a.m. pursuant to Title 1, §313 for the purpose of discussing personnel issues.

The Board came out of executive session at 10:32 a.m.

Mr. Briggs stated that the disability process is evidence based and if additional information exists about his case, Mr. Brasseur should be given an opportunity to have an evidentiary hearing. Mr. Wisner stated the Medical Review Board (MRB) gave Mr. Brasseur an opportunity to be heard, and that Mr. Brasseur failed to file a request for an appeal and did not believe his reasons for missing the deadline were compelling to warrant a waiver.

On a motion by Mr. Briggs, seconded by Mr. Davis, the Board voted to grant the waiver for Evan Brasseur to have additional time to request an evidentiary hearing appeal. The motion failed by roll call with Mr. Hango, Ms. Pearce, Mr. Briggs, Mr. Davis, Mr. Wisner, Mr. Pouliot, and Mr. Blake voting against the motion.

ITEM 8: Other Business

Mr. Clasen gave an update on the transition of the supplemental retirement plans to Prudential. The plans are currently in the blackout period and Prudential is reconciling the participant accounts from the previous recordkeepers. Prudential is on track to go live to participants on Monday, February 12, 2018. A mailing will be sent to participants notifying them that the blackout period has ended, and they can sign up for an online account with Prudential to view their account balance and make any changes. Staff is prepared to test the member account functionality first thing Monday morning.

ITEM 9: Adjournment

On a motion by Mr. Briggs, seconded by Mr. Blake, the Board voted unanimously to adjourn at 10:48 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is a Conference Call on Tuesday, March 8, 2018 at 9:00 a.m.

Respectfully submitted,



Erika Wolffing
Director Retirement Outreach & Policy