

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Conference Call Only
August 12, 2021 – 9:00 a.m.

DRAFT COPY – NOT YET APPROVED BY BOARD

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

Members present:

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2022)
ERIC DAVIS, VSEA Representative (term expiring September 30, 2021)
JOHN FEDERICO, VSEA Representative (term expiring September 30, 2022)
JEAN-PAUL ISABELLE, VSEA Representative (term expiring September 30, 2022)
BARBARA KESSLER, VSEA Alternate Representative (term expiring September 30, 2021)
ADAM GRESHIN, Commissioner of Finance and Management
BETH FASTIGGI, Commissioner of Human Resources
BETH PEARCE, VT State Treasurer
JAY WISNER, Governor's Delegate position

Members absent:

ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2022)

Also attending:

Tim Duggan, Assistant Attorney General
Erika Wolffing, Director Retirement Operations
Eric Henry, Chief Investments Officer
Lesley Campbell, Administrative Services Coordinator IV
Ashlynn Doyon, Executive Assistant to the Treasurer
Gabe D'Ulisse, Prudential Retirement
Joe Fein, Prudential Retirement
Chip Sanville, Prudential Retirement
Brian Ficek, Prudential Retirement
Rocco Attanasio, Prudential Retirement
Melissa Chiumento, Prudential Retirement
Ann Arch, Prudential Retirement

The Chair, Roger Dumas, called the Thursday, August 12, 2021 meeting to order at 9:02 a.m., which was held by conference call only.

ITEM 1: Agenda approval and announcements

On a motion made by Mr. Davis, seconded by Mr. Wisner, the Board voted unanimously to approve the agenda for August 12, 2021 as presented

ITEM 2: Approve the Minutes of:

- July 8, 2021

On a motion made by Mr. Davis, seconded by Mr. Wisner, the Board voted by roll call 6-0-2 to approve the minutes of July 8, 2021 as presented. Mr. Dumas, Mr. Federico, Mr. Davis, Mr. Wisner, Ms. Fastiggi and Mr. Greshin voted in favor of the motion. Mr. Isabelle and Ms. Pearce abstained.

ITEM 3: Prudential Retirement – 457(b) & SDIA 2nd Quarter Reports

Mr. D'Ulisse updated the Board on the potential upcoming acquisition of Prudential Retirement by Empower Retirement. The sale is expected to be finalized in the first quarter of 2022.

Mr. D'Ulisse presented the quarterly report for the 457(b) Deferred Comp Plan. As of the end of the quarter there 8,023 participants with total assets of \$661 million. Contributions and rollovers into the plan totaled \$14.6 million and distributions were \$14.8 million, with a negative cash flow of approximately \$200,000. The market value changed by \$145 million over the first six months of 2021. There were 2,125 participants utilizing GoalMaker representing \$89 million in assets, and \$23 million in Roth representing 1,738 participants. The plan experienced an increase in eDelivery of statements and plan information. There were 279 new enrollments in the plan. There was an increase in death distributions, and approximately \$350,000 in coronavirus related distributions which are no longer available to participants in the plan. Participation in Stable Value was 17.4% and the rate of return was 2.35%.

Mr. Attanasio and Mr. Sanville presented an update from the in-state counselors. The counselors continue to work remotely and primarily meet with participants virtually but have returned to a limited number on in-person group meetings like in-service days at the schools, and the state wellness fairs. The counselors conducted 841 individual meetings, 10 group presentations, 120 contribution rate increases and 25 rollovers totaling \$978,000.

Mr. D'Ulisse presented the quarterly report for the SDIA plan, as of the end of the quarter there were 865 participants with \$31 million in assets. The plan is closed and there were \$919,000 in distributions. The Stable Value funded performed at 2.35%.

Mr. Fein updated the Board on the investment performance of the 457(b) Deferred Compensation Plan. The S&P was up approximately 8% for the quarter. Larger cap stocks outperformed smaller cap stocks for the quarter. Mr. Fein explained that inflation continues to be a concern for future performance of the markets. All funds in the plan continue to meet the performance criteria with the exception of Lazard Emerging Markets.

Representatives from Prudential left the meeting at 10:03 a.m.

ITEM 4: Actuarial Services Request

Ms. Pearce discussed the potential for the Pension Task force to request use of actuarial services from Segal Consulting. Ms. Pearce asked that the Board authorize her office to act on behalf of the Board to act on any requests from the Task Force in order to avoid delays and to prioritize actuarial work required for the annual valuations. Ms. Pearce presented a potential motion for the

Board's consideration. The Board discussed Ms. Pearce's request and asked clarifying questions. The Board also discussed OPEB funding, and the pre-funding proposal put forward by the Treasurer last session.

On a motion made by Ms. Pearce, seconded by Mr. Wisner, the Board voted unanimously to recognize that the Pension Benefits, Design and Funding Task Force created by Act 75 of 2021 will require independent actuarial services and has requested to use the Board's independent actuary, the Segal Group, the Board authorizes the Treasurer's Office to act on its behalf to amend existing contracts as appropriate, however: 1) The Joint Fiscal Office will act as the sole vehicle for the Task Force to submit all requests for actuarial services; 2) That the timing and workflow for those services will be coordinated through the Treasurer's Office to assure that Board required services to meet existing, ongoing statutory responsibilities are not delayed or impaired; and 3) That all work requested by the Joint Fiscal Office on behalf of the Task Force shall be fully paid from funds appropriated for the Task Force and not from pension funds or appropriations of the Retirement Boards and Treasurer's Office.

ITEM 5: Disability recommendation(s) from the July 15, 2021 meeting of the Medical Review Board:

- Jeremy Lyon (New)
- Mark Potter (Review)

On a motion made by Mr. Federico, seconded by Ms. Pearce the Board voted unanimously to enter Executive Session at 10:51 a.m. pursuant 1 V.S.A. § 313 in order to discuss personal medical information.

The Board came out of Executive Session at 10:55 a.m.

On a motion made by Mr. Davis, seconded by Mr. Wisner, the Board voted unanimously to remand the disability retirement application from Jeremy Lyon back to the Medical Review Board for further consideration.

On a motion made by Mr. Wisner, seconded by Ms. Pearce, the Board voted unanimously to approve the disability retirement annual review for Mark Potter without further review required.

ITEM 5: Other Business and Public Comment

None.

ITEM 6: Adjournment

On a motion made by Mr. Isabelle, seconded by Mr. Wisner, the Board voted unanimously to adjourn at 10:59 a.m.

Next Meeting Date:

The next regularly scheduled VSERS Board meeting is on September 9, 2021 at 9:00 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Erika Wolfing".

Erika Wolfing
Director of Retirement Operations