

**VERMONT STATE TEACHERS' RETIREMENT SYSTEM**  
Meeting of the Board of Trustees – BGS-MTPL Conference Room  
**February 11, 2020 – 9:00 a.m.**

**Members present:**

JON HARRIS, Chairperson, Active Member Representative, term expiring July 1, 2023  
JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2021  
JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2020  
MICHAEL CLASEN, Deputy State Treasurer  
DANIEL RADDOCK, Financial Regulation Representative  
EMILY SIMMONS, representing Secretary of Agency of Education  
LINDA DELIDUKA, VRTA Alternate Representative, term expiring July 1, 2020  
PERRY LESSING, Active Member Alternate Representative, term expiring July 1, 2021

**Members absent:**

BETH PEARCE, VT State Treasurer

**Also attending:**

Tim Duggan, Assistant Attorney General  
Erika Wolffing, Director Retirement Operations  
Lesley Campbell, Administrative Services Coordinator IV  
Scott Baker, Director of Financial Report  
Andy Cook, Investments Analyst  
Will Kriewald, Chief Financial Officer – via telephone  
Dan Levin, Segal Consulting – via telephone  
Yori Rubinstein, Segal Consulting – via telephone  
Gabe D'Ulisse, Prudential Retirement  
Chip Sanville, Prudential Retirement  
Brian Ficek, Prudential Retirement  
Mary Harlos, Prudential Retirement – via telephone

The Chair, Jon Harris, called the Tuesday, February 11, 2020 Board meeting to order at 9:00 a.m., which was held in the BGS-MTPL Conference Room at 109 State Street, 4<sup>th</sup> Floor, Montpelier, VT.

**ITEM 1:      Agenda approval and announcements**

**On a motion made by Mr. Mackey, seconded by Mr. Norris, the Board voted unanimously to approve the agenda as presented.**

**ITEM 2:      Approve the Minutes of:**

- December 12, 2019

**On a motion made by Mr. Clasen, seconded by Mr. Mackey, the Board voted unanimously to approve the minutes of December 12, 2019 as submitted.**

**ITEM 3: VSTRS Other Post-Employment Benefits (OPEB) Report – Segal Consulting**

Mr. Rubinstein presented the VSTRS OPEB report. The total OPEB liability increased to \$1,041,064,931 as of June 30, 2019. The actuarially determined contribution for FY19 was \$54,658,645, the actual contribution was \$56,594,299, and \$29,606,865 in benefit payments.

Mr. Rubinstein explained the changes to the OPEB liability, increase of \$20.7 million in service cost, increase of \$36 million in interest, decrease of \$21 million due to change of benefit terms, increase of \$82 million due to changes to assumptions, and a decrease of \$29.6 million due to benefit payments. This resulted in a total OPEB liability of \$1.041 billion as of the end of FY19.

Mr. Levin explained the OPEB liability will continue to grow each year unless there are plan changes or significant asset growth.

**On a motion made by Mr. Clasen, seconded by Mr. Norris, the Board voted unanimously to accept the report as presented by Segal Consulting and convey to the administration the importance of pre-funding the Retired Teachers Health and Medical Benefits Fund.**

Representatives from Segal Consulting and Mr. Kriewald left the meeting at 9:37 a.m.

Representatives from Prudential Retirement joined the meeting at 9:40 a.m.

**ITEM 4: Prudential Quarterly Presentation – 403(b) & SDIA 4<sup>th</sup> Quarter Reports**

Mr. D'Ulisse explained the impact of the SECURE act on the supplemental plans administered by Prudential. The individual districts may need to make changes to their plan documents to come into compliance with the new law.

Mr. D'Ulisse presented the 4<sup>th</sup> quarter report for the 403(b) Plan. As of the end of the quarter, there were 2,766 total participants with total participant balances of \$123,937,786. As of the end of 2019 there was 18% participation rate in GoalMaker representing \$9,040,111 in assets. Roth assets increased to \$3,873,891 or 14.4% participation rate. There were total distributions of \$7,785,278 and 14 loans totaling \$275,547.

Mr. Sanville updated the Board on activity in the field from the in-state counselors. As of the end of the quarter there were 4 group presentations, 157 individual participant meetings, 70 new enrollees, and total rollovers of \$82,287.

Mr. D'Ulisse presented the 4<sup>th</sup> quarter SDIA report. As of December 31, 2019, there were 953 participants with total balances of \$34,558,463.

Ms. Harlos presented the investment review for the 403(b). Ms. Harlos explained that it was a strong year for the economy and the investments in the plan performed very well. The S&P was up over 9% for the quarter and 31% for the year, bonds were up almost 9% for the year. In the 4<sup>th</sup>

quarter, small cap out performed large cap largely due to the bio tech industry. Ms. Harlos explained that there has been volatility in recent weeks due to the coronavirus. All funds in the plan were meeting performance expectations.

Mr. Cook and Mr. Baker left during the Prudential presentation. Representatives from Prudential left the meeting at 10:47 a.m.

The Board took a recess at 10:48 a.m., the Board reconvened at 11:01 a.m.

**ITEM 6:      Disability recommendation(s) from the January 16, 2020 meeting of the Medical Review Board:**

- Cynthia Gage (Review)
- Mark Van Blunk (New)

**On a motion made by Mr. Norris, seconded by Mr. Mackey, the Board voted unanimously to approve continue disability retirement for Cynthia Gage without further review.**

**On a motion made by Mr. Mackey, seconded by Mr. Norris, the Board voted unanimously to enter executive session at 11:03 a.m.**

The Board came out of Executive Session at 11:07 a.m.

**On a motion made by Mr. Norris, seconded by Mr. Mackey, the Board voted unanimously to approve disability retirement for Mark Van Blunk without review.**

**ITEM 5:      Legislative Update**

Ms. Wolffing updated the Board on provisions in the miscellaneous retirement bill that have an impact to VSTRS. The bill includes language requiring a time frame by which teachers must purchase a leave of absence. Mr. Clasen explained that the bill also includes language that authorizes the VPIC to invest any assets in the RTHMB.

**ITEM 7:      Other Business**

The Board discussed various ways to improve communication with the membership and potential updates to the website. The Board discussed changing to a new system for Board communications including purchasing a SurfaceGo for each member and no longer using iPads. Ms. Wolffing stated she would present the Board with a proposal with cost estimates at the next meeting.

**ITEM 8:      Adjournment**

**On a motion made by Mr. Norris, seconded by Mr. Mackey the Board voted unanimously to adjourn at 11:39 a.m.**

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**Next Meeting Date:**

The next VSTRS Board meeting is a Conference Call on March 12, 2020 at 3:30 p.m.

Respectfully submitted,

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

Erika Wolfing  
Director of Retirement Operations