

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Conference Call Only
May 12, 2020 – 9:00 a.m.

Members present:

JON HARRIS, Chairperson, Active Member Representative, term expiring July 1, 2023 – via telephone

JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2021 – via telephone

PERRY LESSING, Active Member Alternate Representative, term expiring July 1, 2021 – via telephone

JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2020 – via telephone

BETH PEARCE, VT State Treasurer – via telephone

DANIEL RADDOCK, Financial Regulation Representative – via telephone

Members absent:

EMILY SIMMONS, representing Secretary of Agency of Education

LINDA DELIDUKA, VRTA Alternate Representative, term expiring July 1, 2020

Also attending:

Tim Duggan, Assistant Attorney General – via telephone

Erika Wolffing, Director Retirement Operations – via telephone

Lesley Campbell, Administrative Services Coordinator IV – via telephone

Eric Henry, Chief Investments Officer – via telephone

Andy Cook, Investments Analyst – via telephone

Maribeth Spellman, Hickok and Boardman – via telephone

Steve May, Hickok and Boardman – via telephone

Barry Blixt, Hickok and Boardman – via telephone

Gabe D'Ulisse, Prudential Retirement – via telephone

Joe Fein, Prudential Retirement – via telephone

Rocco Attanasio, Prudential Retirement – via telephone

Chip Sanville, Prudential Retirement – via telephone

Bill Brennan, Prudential Retirement – via telephone

Melissa Chiumento, Prudential Retirement – via telephone

The Chair, Jon Harris, called the Tuesday, May 12, 2020 Board meeting to order at 9:02 a.m., which was held by conference call only.

ITEM 1: **Agenda approval and announcements**

Mr. Mackey announced he is retiring from the Board, and Mr. Harris will take his seat as the Vermont Retired Teachers' Association appointee when he retires July 1. Mr. Lessing also announced he is retiring. Mr. Harris requested an update in other business on how the Retirement Office is running during the COVID-19 pandemic.

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

ITEM 2: Approve the Minutes of:

- March 12, 2020

On a motion made by Mr. Mackey, seconded by Mr. Norris, the Board voted unanimously to approve the minutes of March 12, 2020 as presented.

ITEM 3: VSTRS Health Insurance Plan Update – Hickok and Boardman

Mr. Blixt presented the claims data from Blue Cross Blue Shield for the first 9 months of FY2020. The VSTRS Plan still has a surplus of \$770,000 which is down from \$3 million. Mr. May stated that claims were slightly higher in March, but that the impacts of the COVID-19 pandemic will be reflected in the remainder of the year. Mr. May stated that reserves should be equal to about 2 months of claims.

Mr. Duggan updated the Board on an error that was discovered by Blue Cross Blue Shield. Since 2009, BCBS was charging a higher fee for Blueprint, resulting in a \$500,000 refund to VSTRS. The overpayment was deposited into the Retired Teachers Health and Medical Benefits Fund.

ITEM 4: VEHI Contract Amendment Approval – FY21

Mr. Duggan presented the 1-year contract extension with VEHI. This is the last contract extension and staff will present a plan for issuing a RFP in the summer.

On a motion made by Mr. Mackey, seconded by Ms. Pearce, the Board voted unanimously to accept the contract amendment as presented.

Representatives from Hickok and Boardman left the meeting at 9:29 a.m.

ITEM 7: Disability recommendation(s) from the April 16, 2020 meeting of the Medical Review Board:

- Lisa Elder (New)
- Leroy Martelle (New)

On a motion made by Mr. Norris, seconded by Mr. Mackey, the Board voted unanimously to approve disability retirement for Lisa Elder without review.

On a motion made by Mr. Norris, seconded by Mr. Mackey, the Board voted unanimously to approve disability retirement for Leroy Martelle without review.

Mr. Raddock stated he was accidentally muted during the vote on the VEHI contract and intended to recuse himself. Mr. Raddock requested another vote be taken.

On a motion made by Ms. Pearce, seconded by Mr. Mackey, the Board voted by roll call to accept the contract amendment with VEHI as presented, with Mr. Harris, Mr. Mackey, Mr. Norris, and Ms. Pearce voting in the affirmative. Mr. Raddock abstained.

Representatives from Prudential joined the meeting at 9:37 a.m.

ITEM 5: Prudential Quarterly Update – 403(b) & SDIA Plan

Mr. D'Ulisse presented a short investment update for the 403b Plan. The plan is up approximately 9% since the end of the quarter but is experiencing volatility due to the COVID-19 pandemic. All funds are meeting performance criteria and GoalMaker utilization has increased however the plan is not experiencing a rush to Stable Value as happened in the 2008/2009 financial crisis.

Mr. D'Ulisse presented the quarterly plan update for the 403b Plan As of the end of the quarter, the plan had \$106 million in assets with employee contributions of \$2.5 million. There were 49 new enrollments for the quarter, 4 new loans, and an average contribution of \$200. The plan experienced a positive cash flow for the quarter, there were \$2.2 million in distributions for an average distribution of \$72,000. As of the end of the quarter, there were 542 participants utilizing GoalMaker.

Mr. D'Ulisse presented the quarterly report for the SDIA Plan. As of the end of the quarter there were 925 participants with total assets of \$33 million, and \$1.1 million in distributions. The Plan is a wasting trust and assets are expected to continue to decrease.

ITEM 6: CARES Act Provisions – 403(b) Plan

Mr. Duggan explained the provisions in the CARES Act that impacted supplemental retirement plans like the 403(b) Plan. There are a few provisions that require the Board's consideration and action.

Mr. D'Ulisse further explained the three provisions in the CARES Act that impact the 403(b) Plan. First, required minimum distributions (RMDs) are waived for the year, this is automatic and applies to all plans. Second, the Act authorizes special Coronavirus Related Distributions (CRDs) up to \$100,000 for anyone afflicted with COVID-19 or with a family member afflicted. CRDs are authorized until December 31, 2020 and allow members to spread the tax burden over a 3-year period. The CRDs require action from the Board and a plan amendment. The third and final provision allows for loan repayments to be suspended for 1 year and would also require action from the Board and a plan amendment.

On a motion made by Mr. Mackey, seconded by Ms. Pearce, the Board voted unanimously to authorize Prudential to do the following with respect to the 403(b) Plans: (1) to implement the coronavirus-related distributions up to \$100,000 as allowed under the CARES Act, and (2) to implement the loan relief available under the CARES Act

(including the increased loan limit provisions and the delayed payment for outstanding loans provisions).

The Board further moved to direct the Retirement Director to complete the Prudential Retirement Directive Authorization to reflect this authorization on behalf of VSTRS.

Representatives from Prudential left the meeting at 10:23 a.m.

ITEM 8: Other Business

Ms. Pearce provided an update on the Legislative session including budget discussions. Mr. Lessing and Mr. Mackey announced their retirements from the Board and the Board discussed plans to vote for a new active member and active alternate member at the next meeting. Ms. Wolffing gave an update on how the Retirement Office is operating during the COVID-19 pandemic.

On a motion made by Ms. Pearce, seconded by Mr. Norris, the Board voted unanimously on a resolution to thank Mr. Mackey for his many years of service on the Board of Trustees.

ITEM 9: Adjournment

On a motion made by Mr. Mackey, seconded by Mr. Norris, the Board voted unanimously to adjourn at 10:38 a.m.

Next Meeting Date:

The next VSTRS Board meeting is a Conference Call on June 11, 2020 at 3:30 p.m.

Respectfully submitted,



Erika Wolffing
Director of Retirement Operations