The Chair, Jon Harris, called the Tuesday, August 10, 2021 Board meeting to order at 9:01 a.m., which was held by conference call only.

ITEM 1: Agenda approval and announcements

On a motion made by Ms. Carter, seconded by Mr. Clasen, the Board voted unanimously to approve the agenda of August 10, 2021 as presented.

ITEM 2: Approve the Minutes of:

- July 19, 2021
On a motion made by Mr. Clasen, seconded by Ms. Carter, the Board voted unanimously to approve the minutes of July 19, 2021 as presented.

ITEM 3: VBA Transition Update

Ms. Wolffing updated the Board on the announcement of the VBA transition for the Medicare eligible teacher retirees. The announcement letter was sent on August 4th a day before the call center went live and the website was launched. Next steps include the educational webinars and open enrollment starting September 27.

Mr. May explained a few outstanding Medicare issues and proposed solutions. There are a number of retirees who did not enroll in Medicare Part A. In order to be in the VBA plans, these retirees must enroll in Part A and staff is proposing that for the January – July 2022 period, these retirees will remain in the VEHI plans, and post July 2022 the retiree must enroll in Part A and VSTRS will pay the penalty and reduced VBA premium and the retiree will pay their portion of the reduced VBA premium. Mr. May explained that there are also retirees who dropped Part B and staff are proposing that these retirees remain in the VEHI Plans until July and post July 2022 be required to enroll in Part B and pay the penalty and enroll in a VBA plan. There are also a handful of families that are under a premium cap, VSTRS will continue to absorb the additional cost of the non-capped premiums for these families. Lastly, Mr. May explained that the group of retirees in the Comprehensive or JY Plan without Part D will be mapped to the VBA VSTRS 65 Plan and will have the option to enroll in any of the other VBA plans that include Part D.

Mr. May and Mr. Blixt left the meeting at 9:15 a.m.

ITEM 4: Prudential Retirement – 403(b) and SDIA 2nd Quarter Report

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 403(b) Plan. As of the end of the quarter there were 2,936 participants with $161 million in assets. The market value increased by $34 million. Assets in GoalMaker increased to $18 million representing 753 participants utilizing GoalMaker or 11.2% of assets. Total contributions and rollovers into the plan were $6.8 million and total distributions were $3.4 million, a positive cash flow into the plan of $3.4 million. eDelivery of statements and participant information is at 50.4%. There were 141 new enrollments into the plan which more than doubled during the same period in 2020. Participation in Roth increased to 13.4% or $5.9 million in assets. Mr. Sanville presented an update from the field representatives. During the quarter they conducted 196 individual meetings resulting in 67 new enrollments, 50 contribution rate increases, and 6 rollovers into the plan representing $226,000 in assets.

Ms. Harlos updated the Board on the investment performance of the 403b Plan. Inflation has continued to be a concern over the summer months but is assumed to be transitory. The S&P was up approximately 8% for the quarter. Larger cap stocks outperformed smaller cap stocks for the
quarter. All funds in the plan continue to meet the performance criteria. The Stable Value funded performed at 2.35%.

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.

Representatives from Prudential left the meeting at 10:14 a.m.

**ITEM 5: Election of the VSTRS Vice-Chair**

Mr. Harris explained that the Board needs to elect a new Vice-Chair. Mr. Clasen nominated Erin Carter to become VSTRS Board Vice-Chair.

**On a motion made by Mr. Clasen, seconded by Ms. Simmons, the Board voted unanimously to appoint Erin Carter as VSTRS Vice-Chair.**

**ITEM 6: Board Member Education**

Mr. Harris asked the Board members for input on potential trustee education that would be helpful since the Board has a number of new members. The Board discussed potential training and additional information around the actuarial valuations that might be helpful. Board members discussed the need to have a structural discussion on what the VSTRS Board is responsible for versus the VPIC, and the role of the legislature in the plan. Mr. Harris stated that he would continue to work with the Retirement Office to come up with future Trustee training for the VSTRS Board.

**ITEM 7: Other Business and Public Comment**

Ms. Farrington, a retiree from St. Albans, expressed her concern and objection to the recent announcement that Medicare eligible VSTRS retirees would be transitioned to Medicare Advantage plans. The Board listened to Ms. Farrington’s feedback.

**ITEM 8: Adjournment**

**On a motion made by Mr. Raddock, seconded by Mr. Clasen, the Board voted unanimously to adjourn at 10:51 a.m.**

**Next Meeting Date:**

The next VSTRS Board meeting is on September 9, 2021 at 9:00 a.m.
Respectfully submitted,

[Signature]

Erika Wolffing
Director of Retirement Operations