

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

December 19, 2023, 11:00 A.M.

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

Members present:

CHRISTOPHER DUBE, Chairperson, Employer Representative (term expiring July 1, 2026)

KIMBERLY GLEASON, Vice-Chair, Employer Representative (term expiring July 1, 2024)

KATHLEEN RAMSAY, Employer Representative (term expiring July 1, 2026)

MORGAN DAYBELL, Employee Representative (term expiring July 1, 2024)

Members absent:

MICHAEL PIECIAK, Vermont State Treasurer

Also attending:

Gavin Boyles, Deputy Treasurer, (*designated voting member on behalf of Treasurer Pieciak)

Tim Duggan, Director of Retirement, Office of the State Treasurer

Nicole Weidman, Director of Retirement Operations and Policy, Retirement Division

Justin St. James, General Counsel, Office of the State Treasurer

Stephen Barry, Administrative Services Manager, Retirement Division

Matthew Strom, Segal Consulting

Austin Miller, Segal Consulting

Jeremiah Breer, Chief Financial Officer, Office of the State Treasurer

Tom Golonka, Chair, VPIC Board of Trustees'

Eric Henry, Chief Investment Officer, VPIC

Mr. Dube called the Thursday, November 9, 2023 Board Meeting to order at 11:03 a.m. which was held by conference call.

ITEM 1: Agenda approval and announcements

On a motion made by Ms. Gleason, seconded by Ms. Ramsay, the Board voted unanimously to approve the agenda.

ITEM 2: Approve the minutes of:

- **November 9, 2023**

On a motion made by Ms. Gleason, seconded by Mr. Daybell, the Board voted unanimously to approve the minutes of the November 9, 2023, as presented.

ITEM 3: VPIC Presentation

Mr. Golonka and Mr. Henry discussed the current issues VPIC has been working on. Mr. Golonka discussed staffing and compensation of VPIC, and the risk posed by not considering compensation levels that will aid in retaining employees. Mr. Henry discussed the divestment

study that VPIC undertook and emphasized VPIC's ability to invest in private equity to maximize returns for the pension funds.

Mr. Golonka and Mr. Henry left the meeting at 11:10 a.m.

ITEM 4: VMERS Contribution Rate Discussion

Mr. Strom and Mr. Miller presented a slide deck on the issue of VMERS contribution rates. The deck illustrated different methods of increasing the rates to achieve a 100% funded status. These methods explored the proportional share between employee and employer groups as well as the different levels of funding for the various groups.

Mr. Duggan emphasized that the presentation was meant to illustrate the issues unique to the VMERS rate structure within the framework of each Group and the fund, as a whole. He believes that the issues raised by the actuaries are important to consider in future conversations. The Board thanked the actuaries for their work and discussed the impacts on towns and the importance of beginning discussions with participating municipalities.

ITEM 5: Empower Contract

Mr. Duggan presented the final Empower contract to transition from Prudential and explained that it has received all necessary state approvals. He thanked Mr. St. James for his work on finalizing the contact with Empower.

On a motion made by Mr. Boyles, seconded by Mr. Daybell, the Board voted unanimously to approve the contract novation with Empower and to authorize the Chair to sign on behalf of the Board, recognizing that the contract requires approval by all three Retirement Boards.

ITEM 6: Optum Novation

Mr. Duggan presented the novation to transition the Municipal Health Savings account services from Prudential to Optum for the remainder of the contract term. He explained that staff will be taking this service to RFP in January.

On a motion made by Ms. Gleason, seconded by Ms. Ramsay, the Board voted unanimously to approve the contract novation with Optum Financial LLC and to authorize the Chair to sign on behalf of the Board.

ITEM 7: VMERS FY 2025 Budget Overview

Mr. Duggan presented the proposed VMERS FY 2025 budget. He explained that there was some reallocation away from the VMERS fund to focus more attention on the OPEB funds for the State and Teachers' Systems. He also noted that the Treasurer's Office was seeking a new Auditor and Risk Management position, a portion of which would be attributable to the VMERS

fund.

On a motion made by Ms. Gleason, seconded by Mr. Daybell, the Board voted unanimously to approve the proposed FY 2025 VMERS Budget, as presented.

ITEM 8: Medical Review Board Appointment – Dr. Lasek

Mr. Duggan informed the Board that a member of the Medical Review Board, Dr. Kalibat, recently passed. He presented Dr. Lasek as a replacement for Dr. Kalibat.

On a motion made by Ms. Gleason, seconded by Mr. Daybell, the Board voted unanimously to approve Dr. Lasek's appointment to the Medical Review Board for a two-year term, recognizing that the appointment requires approval by all three Retirement Boards.

ITEM 9: Director's Memo – Recent Developments

Mr. Duggan presented a year-end Director's memo. In it, he discussed the major events of the year, including the floods and temporary workspace, staffing, actuarial work, and retirements. He expressed his sincere appreciation for the flexibility and efforts of the Retirement staff, Treasurer's Office staff and all Board members during a challenging year.

ITEM 10: VMERS FY 2023 GASB 67

Mr. Duggan presented the FY 2023 VMERS GASB 67 for informational purposes. He explained that because this is a report created by the actuaries, he believed it important to distribute to Board members.

ITEM 11: 2024 Board Calendar

Mr. Duggan and Mr. Barry presented the calendar for 2024 which followed the normal cadence during 2023. Mr. Duggan discussed more thoughtfully considering the calendar and methods of reducing the number of meetings while still providing updates and meeting the operational requirements of the Board's administration of the system.

ITEM 12: Any other business to come before the Board

On a motion made by Mr. Boyles, seconded by Ms. Ramsay, the Board voted unanimously to adjourn at 12:03 p.m.

Next Meeting Date:

The next scheduled VMERS meeting is January 16, 2024 at 11:00 a.m.

Respectfully submitted,

A handwritten signature in black ink, consisting of the letters 'S', 'B', and 'O' in a stylized, cursive font.

Stephen Barry
Secretary of the Board