VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees – Conference Call, Treasurer's Conference

Room

February 9, 2023 – 9:00 a.m.

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

Members present:

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2024)

MICHAEL PIECIAK, VT State Treasurer

ERIC DAVIS, VSEA Representative (term expiring September 30, 2023)

THOMAS MOZZER, VSEA Representative (term expiring September 30, 2023)

BETH FASTIGGI, Commissioner of Human Resources

ADAM GRESHIN, Commissioner of Finance and Management

JAY WISNER, Governor's Delegate position

ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2024)

JOHN VORDER BRUEGGE, VSEA Alternate Representative (term expiring September 30, 2024)

Members absent:

JEAN-PAUL ISABELLE, VSEA Representative (term expiring September 30, 2024)

Also attending:

Gavin Boyles, Deputy State Treasurer

Tim Duggan, Director, Vermont Retirement Systems

Nicole Weidman, Director of Retirement Operations and Policy

Justin St. James, Staff Attorney, Office of the State Treasurer

Nicholas Marineau, Executive Assistant to the Treasurer

Tom Golonka, Chair, VPIC Board of Trustees

Eric Henry, Chief Investment Officer, VPIC

Stephen Barry, Financial Administrator, Retirement Division

Briana Howard, Retirement Specialist, Retirement Division

Alana Alger, Program Technician, Retirement Division

Gabe D'Ulisse, Empower Retirement

Ronald Sanville, Empower Retirement

Melissa Chiumento, Empower Retirement

Joseph Fein, Empower Retirement

Rocco Attanasio, Empower Retirement

Gilles Owen, Empower Retirement

Harold Schwartz, Director of Operations, Department of Human Resources

The Chair, Roger Dumas, called the Thursday, February 9, 2023 meeting to order at 9:01 a.m., which was held by conference call and in-person at the Treasurer's Conference Room, Pavilion Building, 4th Floor, 109 State Street, Montpelier, VT.

ITEM 1: Agenda approval and announcements

The Board moved the discussion of S.42 to follow the Treasurer and Deputy Treasurer introductions.

On a motion made by Mr. Vorder Bruegge, seconded by Mr. Wisner, the Board voted unanimously to approve the amended agenda.

ITEM 2: Approve the Minutes of:

December 8, 2022

Mr. Vorder Bruegge noticed a typo to be corrected.

On a motion made by Mr. Vorder Bruegge, seconded by Mr. Wisner, the Board voted unanimously to approve the amended minutes.

ITEM 3: New Treasurer and Deputy Treasurer Introduction

Mr. Pieciak introduced himself and Nick Marineau, his executive assistant. Mr. Boyles also introduced himself to the Board. The Chair welcomed them to the Board.

ITEM 4: Legislative Update

Mr. Golonka and Mr. Henry presented on S.42. They discussed the impacts of divestment and the proposed statutory language on VPIC. They expressed concerns about the impact to the rate of return actuarial assumption and the challenges they would face in divesting from indexed positions.

The Empower Team entered the meeting at 9:18 a.m.

Mr. Pieciak left the meeting at 9:25 a.m.

The Board discussed language in the bill, the status of the bill in the Legislature, and the timing of the Board weighing in on the issue.

On a motion made by Mr. Davis, seconded by Mr. Vorder Bruegge, the Board voted unanimously to not support S.42 as introduced due to the conflict with the Board's fiduciary responsibilities.

Mr. Golonka and Mr. Henry left the meeting at 9:39 a.m.

ITEM 5: Empower Quarterly Presentation – 457(b) & SDIA 4th Quarter Report

Mr. D'Ulisse, Mr. Fein, and the team from Empower provided an update to the Board regarding the transition to Empower, macroeconomic trends, and the Quarterly Presentation for the 457(b) and the SDIA for the 4th quarter of 2022.

Discussion was focused on the SECURE 2.0 Act, migration to the Empower platform and current market trends.

The PIMCO Total Return ESG Fund, Vanguard U.S Growth Fund, and Lazard Emerging Markets Portfolio did not meet performance criteria.

Link: 457(b) Plan Review for October 1-December 31, 2022

Mr. Marineau left the meeting at 10:18 a.m.

Mr. Schwartz entered the meeting at 10:30 a.m.

Ms. Fastiggi left the meeting at 10:43 a.m.

The team from Empower left the meeting at 10:52.

ITEM 6: Legislative Update

Mr. Duggan provided an update on the ADEC and its inclusion in the Governor's recommended budget. He also spoke to miscellaneous technical corrections related to the new Group G and language on an OPEB study to determine the best governance structure after prefunding has occurred.

Mr. Mozzer left the meeting at 10:52 a.m.

Mr. Greshin left the meeting at 10:59 a.m.

ITEM 7: Group G Update

Mr. Duggan presented the Group G slideshow and website. He also informed the Board on the outreach campaign to reach all eligible employees being undertaken by Retirement staff.

Mr. Duggan thanked Ms. Weidman and Ms. Neddo from the Retirement Division for all of the work that has been done to inform employees. He also thanked Mr. Schwartz and the Department of Human Resources for their help in rolling out this new Group.

ITEM 8: Medicare Retiree Health Insurance

Mr. Schwartz provided a high level overview of the current Medicare Advantage offering being considered for Medicare-eligible retirees and how it relates to current retiree health insurance. He recognized the concerns being raised by retirees and provided the update that currently the Administration has asked to bargain with the VSEA.

Ms. Alger and Ms. Howard joined the meeting at 11:08 a.m.

The Board discussed the plan design and the relation between the active and retired offerings as

well as the proposal from Cigna and whether different vendors were considered during the RFP process. Mr. Dumas stated his opposition to Medicare Advantage plans and raised past issues with Cigna as a concern.

<u>ITEM 9:</u> Disability Recommendation(s) from the January 19, 2023 meeting of the Medical Review Board:

- Anna Marie Cole
- Mark Manchester

On a motion made by Mr. Davis, seconded by Mr. Boyles, the Board voted unanimously to accept the recommendation of the Medical Review Board for the disability retirement for Anna Marie Cole.

On a motion made by Mr. Davis, seconded by Mr. Wisner, the Board voted unanimously to accept the recommendation of the Medical Review Board for the disability retirement for Mark Manchester.

ITEM 10: Adjournment

Mr. Dumas requested a presentation on the ADEC true up for the next scheduled meeting.

Mr. Davis asked staff to research Small Cap index funds to add to the Empower portfolio.

On a motion made by Mr. Boyles, seconded by Mr. Davis, the Board voted unanimously to adjourn at 11:27 a.m.

Next Meeting Date:

The next regularly scheduled VSERS Board meeting is on March 9, 2023 at 9:00 a.m. Respectfully submitted,

Stephen Barry

Financial Administrator I