

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Treasurer's Conference Room
June 13, 2019 – 9:00 a.m.

Members present:

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2020)
JEAN-PAUL ISABELLE, VSEA Representative (term expiring September 30, 2020) – via telephone
ERIC DAVIS, VSEA Representative (term expiring September 30, 2019)
JAY WISNER, Governor's Delegate position – via telephone
BETH PEARCE, VT State Treasurer
DAN POULIOT, Deputy Commissioner of Department of Human Resources
ADAM GRESHIN, Commissioner of Finance and Management
JOHN FEDERICO, VSEA Alternate Representative (term expiring September 30, 2019) – via telephone, voting for Thomas Hango
ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2020) – via telephone

Members absent:

THOMAS HANGO, Vice-Chair, VSEA Representative (term expiring September 30, 2020)
BETH FASTIGGI, Commissioner of Department of Human Resources

Also attending:

Katie Green, Deputy Chief Investment Officer
Erika Wolffing, Director Retirement Operations
Lesley Campbell, Retirement Office
John Booth, Director of Treasury Operations

The Chair, Roger Dumas, called the Thursday, June 13, 2019 meeting to order at 9:00 a.m., which was held in the Treasurer's Conference Room, Pavilion Building, 4th Floor, 109 State Street, Montpelier, VT.

ITEM 1: Agenda approval and announcements

On a motion made by Mr. Pouliot, seconded by Mr. Isabelle, the Board voted unanimously to approve the agenda for June 13, 2019.

ITEM 2: Approve the Minutes of:

- May 9, 2019

On a motion made by Mr. Wisner, seconded by Mr. Isabelle, the Board voted by unanimously to approve the minutes of May 9, 2019 as submitted.

ITEM 3: SDIA Plan Reconciliation and Fee Discussion

Mr. Booth explained to the Board that that participants in the SDIA plan were not charged an investment fee during 2018 or for the 1st quarter of 2019. The fee was charged by JP Morgan and paid directly by Prudential. After the transition period, staff were notified by Prudential that there was a remaining balance of \$60,344.77 in excess funds in the investments and cash accounts at ICMA-RC/JP Morgan. Prudential became the custodian for the SDIA plan on April 1 thereby removing JP Morgan from the process. During this move, an additional \$3,017.95 in excess funds was identified bringing the total amount to \$63,664.21. Mr. Booth explained that staff is recommending the Board act to use the excess funds to offset the 2018 and 1st quarter 2019 fees. This action would leave \$7,490.34 in 1st quarter fees that would need to be charged to participants accounts. Mr. Booth provided two methods to charge this remaining fee either on a per participant basis equaling \$7.17, or on a pro rata basis equivalent to 2 basis points.

On a motion made by Ms. Pearce, seconded by Mr. Davis, the Board voted unanimously that of the total SDIA custodian transition settlement differences and dividend true-up of \$63,664.21, \$58,197.80 shall be used to pay the quarterly investment manager fees applicable to SDIA for the four calendar quarters of 2018. The remaining amount of \$5,466.41 shall be used to offset a portion of the \$12,956.75 investment manager fee for the first quarter of calendar 2019. The \$7,490.34 remainder of the investment manager fee shall be deducted from participant accounts based on a pro rata share of each participant's account balance to the total participants balances as of March 31, 2019.

Ms. Pearce stated that the Board's action would be communicated to participants and that the charge would be explained on the quarterly statement.

Mr. Booth left the meeting at 9:17 a.m.

ITEM 4: Legislative Update

Ms. Pearce updated the Board on the end of the session and bills that passed impacting the VSERS pension fund. The FY20 budget bill included language to fully fund the actuarially determined employer contribution (ADEC). The budget adjustment act included a provision stating that 50% of any surplus at year end after funding reserves would go toward funding the state other post employment benefits. The miscellaneous retirement bill passed and included a law enforcement study of VSERS Group C and the clarification that additional contributions to the State Defined Contribution Plan are on an after-tax basis only. Ms. Pearce informed the Board that divestment language and a 1% tax on retiree income did not pass this year.

ITEM 5: 2020 Legislative Session VSERS Statute Review

Mr. Duggan informed the Board that staff intends to conduct a review of the VSERS statute over the summer and fall for potential legislative changes in 2020. One specific area that staff intends to review is the disability language where a member is found to be able to perform other suitable work. Staff will bring any proposed changes before the Board in advance of submitting any bill requests.

Ms. Green left the meeting at 9:47 a.m.

ITEM 6: Disability recommendation(s) from the May 16, 2019 Meeting of the Medical Review Board:

- Tracy Downing (New)

On a motion made by Ms. Pearce, seconded by Mr. Pouliot, the Board voted unanimously to enter Executive Session at 9:47 a.m. pursuant to 1 V.S.A. § 313 for the purpose of discussing personnel issues.

The Board came out of Executive Session at 9:53 a.m.

On a motion made by Ms. Pearce, seconded by Mr. Wisner, the Board voted unanimously to approve disability retirement for Tracy Downing with a one-year review.

ITEM 7: Other Business

Mr. Davis asked DHR to include language to encourage 457 participants to complete the Retirement Income Calculator as part of the Wellness campaign. Mr. Davis stated he would provide the Board with a report on the NCPERS conference in advance of the next meeting.

ITEM 8: Adjournment

On a motion made by Mr. Isabelle, seconded by Ms. Pearce, the Board voted unanimously to adjourn at 9:56 a.m.

Next Meeting Date:

The next VSERS Board meeting is a Conference Call Meeting on July 11, 2019 at 9:00 a.m.

Respectfully submitted,



Erika Wolfing
Retirement Office