

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Treasurer's Conference Room
June 13, 2019 – 3:30 p.m.

Members present:

JON HARRIS, Chairperson, Active Member Representative, term expiring July 1, 2019 – via telephone
JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2021 – via telephone
DANIEL RADDOCK, Financial Regulation Representative – via telephone
LINDA DELIDUKA, VRTA Alternate Representative, term expiring July 1, 2020 – via telephone
PERRY LESSING, Active Member Alternate Representative, term expiring July 1, 2021 – via telephone
BETH PEARCE, VT State Treasurer

Members absent:

EMILY SIMMONS, representing Secretary of Agency of Education
JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2020

Also attending:

Katie Green, Deputy Chief Investment Officer
Tim Duggan, Assistant Attorney General
Erika Wolffng, Director Retirement Operations
Lesley Campbell, Retirement Program Technician III
John Booth, Director of Treasury Operations
Will Kriewald, Chief Financial Officer

The Chair, Jon Harris, called the Thursday, June 13, 2019 meeting to order at 3:31 p.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**

There were no announcements or changes to the agenda.

ITEM 2: **Approve the Minutes of:**

- May 14, 2019

On a motion made by Ms. Deliduka, seconded by Mr. Norris, the Board voted unanimously to approve the minutes of May 14, 2019.

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 transferred in unallocated assets of \$60,344.77 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 was found in unallocated assets 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.

Mr. Harris inquired what the average account balance is for an SDIA participant. Mr. Booth stated that as of March 31, the average participant balance was \$35,908, the median participant balance was \$21,924, on a median basis the average participant is going to see a charge of around \$4.00.

On a motion made by Ms. Pearce, seconded by Mr. Norris, 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 participant balances as of March 31, 2019.

ITEM 4: VEHl Contract

Mr. Duggan presented the contract amendment extending the current contract with VEHI by one year from July 1, 2019 to June 30, 2020. It adds funds to the authorized amount under the contract to cover the additional year. In addition, there is a revised membership agreement outlining technical changes to reflect the change in composition to the Board.

On a motion made by Ms. Pearce, seconded by Mr. Norris, the Board voted by roll call to accept the contract amendment and membership agreement for VEHI for 2020 with Mr. Harris, Ms. Pearce, Mr. Norris, and Ms. Deliduka voting in the affirmative. Mr. Raddock abstained.

ITEM 5: VSTRS Active Member Representative Trustee Election

Ms. Wolffing updated the Board on the VSTRS active member election. The office received only one letter of interest and petition from Jon Harris, and therefore pursuant to the Election Procedures, the Board must vote to nominate and elect Jon Harris to the active representative seat with term beginning July 1, 2019.

On a motion made by Ms. Pearce, seconded by Mr. Norris, the Board voted to nominate Jon Harris to be elected as the active member trustees of the VSTRS Board for the term

beginning July 1, 2019 in accordance with the Election Rules previously adopted at the April Board meeting.

Ms. Pearce thanked Jon Harris for his continued service on the Board.

ITEM 6: Legislative Update

Ms. Pearce updated the Board on the end of the session and legislation that passed with an impact on the VSTRS pension fund. The Budget was sent to the Governor, it includes full funding of the actuarially determined employer contribution. An additional \$3 million in funding for VSTRS was included in the budget adjustment act and as a result of language included in last year's budget, an additional \$10 million in funding was put toward VSTRS from excess revenue. Ms. Pearce also informed the Board that the Treasurer's Office has paid down the Retired Teachers Health and Medical Benefits (RTHMB) loan in the amount of \$26 million in FY19, putting the office toward a plan for prefunding the RTHMB.

ITEM 7: Other Business

None.

ITEM 8: Adjournment

On a motion made by Ms. Deliduka, seconded by Ms. Pearce, the Board voted unanimously to adjourn at 4:01 p.m.

Next Meeting Date:

The next VSTRS Board meeting is a Conference Call Meeting on July 11, 2019 at 3:30 p.m.

Respectfully submitted,



Erika Wolffing
Retirement Office