

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees – In House Meeting
February 14, 2017 – 9:00 a.m.

Members present:

JON HARRIS, Chairperson, term expiring– July 1, 2019
JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2020 – via telephone
JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2017
LINDA DELIDUKA, VRTA Alternate representative, term expiring July 1, 2020
DEBORA PRICE, Representing Secretary of Agency of Education
DANIEL RADDOCK, Financial Regulation Representative
MICHAEL CLASEN, Deputy Treasurer – representing Beth Pearce

Members absent:

PERRY LESSING, Active Member Alternate Representative, term expiring July 1, 2017
ELIZABETH PEARCE, VT State Treasurer

Also attending:

Karl Kroner, Jonathan Smith – Empower Retirement
Valerie Baker – Empower Retirement – via telephone
Mark DiStefano – Attorney General's Office
Laurie Lanphear, Director of Retirement Operations
Katie Green, Investments Department, Treasurer's Office
Andy Cook, Investments Analyst, Treasurer's Office
Joshua McCormick, Administrative Coordinator, Retirement Division
Dawn Neddo, Program Technician, Retirement Division

The Chairperson, Jon Harris called the Tuesday, February 14th, 2017, meeting to order at 9:04 a.m., which was held in the BGS-MTPL Fourth Floor Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of:**

- **January 12, 2017**
- **January 26, 2017**

On motion by Ms. Price, seconded by Mr. Norris, the Board voted unanimously to approve the minutes of January 12, 2017, as submitted.

On motion by Ms. Price, seconded by Mr. Norris, the Board voted unanimously to approve the minutes of January 26, 2017, as amended.

The Board agreed to move Items three and five ahead of Item two.

ITEM 3: Empower Retirement Presentation

Empower Retirement presented to the Board the latest quarterly results for the VSTRS 403(b) Retirement plan (10/1/16 – 12/31/16). Mr. Kroner went over the latest results of Total Assets, Asset Growth, and the percentage of Assets by Asset Class. Asset Growth is up \$2.68 million from the last quarter, which brings total assets to \$82.89 million. Participants since 12/31/15 have risen from 2,399 to 2,490, with an average account balance of \$33,287. Mr. Kroner then discussed the percentage of Contribution History, Contribution by Fund, Plan Participation and Benefit Payment Distribution for the last quarter. Mr. Kroner also discussed field activity for the last quarter which included 3 group meetings, 117 appointments, 37 new enrollments, and \$524,589 in roll-ins.

Ms. Baker spoke to the Board about the fund performance for the last quarter. Ms. Baker explained that there is no pass or fail rating for the target date funds due to the glide path of these funds. She stated that all other funds are passing and doing well. Only one fund had a below passing rating, one time, in the previous 12 quarters, the PAX Global Environmental Mrkts Instl. Ms. Baker stated that as of 3/1/17, new target dates will be added to the lineup, T. Rowe Price Retirement 2050 and T. Rowe Price Retirement 2060. As of 3/1/17, the Calvert Equity A Large-Cap fund will be removed from the lineup and replaced with the Calvert Equity I Large-Cap fund.

Valerie Baker left the meeting at this time.

Mr. Kroner gave an overview of the latest SDIA quarterly report (10/1/16 – 12/31/16). Plan Assets are at \$49.04 million, which is a decrease of \$1.99 million, or 3.9% in the last quarter. There are still 1,355 participants in the plan. 1,071 of the participants are over the age of 65.

Karl Kroner, Jonathan Smith, Katie Green, and Andy Cook left the meeting at this time.

ITEM 5: Retiring Times Newsletter Update

Mr. McCormick gave an update to the Board about the Retiring Times Newsletter transitioning to a predominantly electronic format. In the fall of 2016, the Retiring Times Newsletter provided written notice to VSTRS members that Retiring Times was transitioning to an electronic format. A form was enclosed for members who wished to request a paper copy by mail or email notification. As of January 30, 2017, the Treasurer's Office staff received 589 VSTRS member requests. Of these, 406 requested paper copies (49 active members and 357 retired members). 183 requested emailed notice when the electronic copy is posted to the website (51 active members and 132 retired members). Email notice containing the winter, 2017 edition of Retiring Times was provided to members on Thursday, February 2. The winter, 2017 edition of Retiring Times was published to the website on Monday, February 6. Mailed copies were processed by the State's postal center on Friday, February 10. The Treasurer's Office will continue to accept requests from VSTRS members who would like to have paper copies or email notification.

The Board discussed other methods of notifying/reminding members that the online version of the Retiring Times was available. Ms. Price stated she could add this topic on her weekly memo. Other ideas discussed were adding a section to the bulletin that VSTRS members receive when they request an estimate, and adding it to the next VT-NEA letter.

Mr. Mackey suggested adding a link in the retiring times newsletter directing them to the report from the divestment carbon study.

ITEM 2: Judith Palmeri – Prior Service

Mr. Mackey left the meeting at this time and turned over his voting responsibilities to the VRTA alternate representative, Linda Deliduka. Mr. Mackey did not participate or vote in this matter.

On motion by Ms. Deliduka, seconded by Mr. Norris, the Board unanimously voted to enter Executive Session at 9:52 a.m. pursuant to Title 1, § 313 for the purpose of obtaining advice from legal counsel.

ITEM 4: Health Care RFP Update

Mr. Clasen gave an update on the Health Care RFP process.

The Board came out of executive session at 11:05 a.m.

On motion by Ms. Price, seconded by Mr. Norris, the Board voted to deny Ms. Palmeri's request to restore service credit and to issue a written decision that has been drafted by the Board's legal counsel as the grounds for the Board's decision.

ITEM 6: Any other business to be brought before the board

Mr. Mackey returned to the meeting at this time.

Mr. McCormick distributed to the Board, a letter from Ms. Pearce stating how the New Entrant Health Care Assessment was calculated. The Board members will review and let Mr. McCormick know if they have any follow up questions.

Ms. Lanphear gave a sample for creating a policy guideline and the Board gave suggestions for items to be included. The Retirement office will be working on a policy guideline for the VSTRS Board based on this.

ITEM 8: Adjournment

On motion by Mr. Norris, seconded by Ms. Price, the Board voted unanimously to adjourn at 11:25 a.m.

Next Meeting Date:

The next scheduled VSTRS meeting is a conference call meeting, March 9th, at 3:30 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joshua McCormick". The signature is written in a cursive style with a long, sweeping underline.

Joshua McCormick
Administrative Coordinator IV