

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees – In-House Meeting

February 11, 2016 – 9:00 a.m.

VSERS Members present:

Roger Dumas, Chairperson, VRSEA Representative (term expiring September 1, 2016)
Thomas Hango, Vice-Chairperson, VSEA Representative (term expiring September 1, 2016)
Judy Rosenstreich, VSEA Representative (term expiring September 1, 2017)
Jeff Briggs, VSEA Representative (term expiring September 1, 2016)
Jay Wisner, Governor's Delegate position
Michael Clasen, VT Deputy Treasurer – representing Beth Pearce

Members absent:

Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2016)
Jean-Paul Isabelle – VSEA Alternate Representative (term expiring September 1, 2017)
Maribeth Spellman, Commissioner of Human Resources (ex-officio)
Andy Pallito, Commissioner of Finance & Management (ex-officio)
Beth Pearce, VT State Treasurer

Also attending:

Laurie Lanphear, Director of Retirement Operations
Joshua McCormick, Assistant to Nancy Dimick
Chip Sanville, Empower Retirement
Nick Foss, Investment Analyst
Bill Thornton, Advised Assets Group
Wayne Dyer, Retired Vermont State Employee

The Chairperson, Roger Dumas, called the February 11, 2016, conference call meeting to order at 9:00 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

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

- **January 14, 2016**

On motion by Mr. Briggs, seconded by Mr. Hango, the Board voted unanimously to approve the minutes of January 14, 2016 as submitted.

ITEM 2: Empower Retirement Presentation

Mr. Sanville stated the new participant fee for deferred compensation will become effective on 3/1/16. Mr. Sanville presented to the Board the latest quarterly results for the VSERS Retirement plan (10/1/15 – 12/31/15). He went over the latest results of Total Assets, Asset Growth, and the Percentage of Assets by Asset Class. Total Assets are at 392 million. Participants since 12/31/14 have risen 1.6 percent to 6,596 total participants. Mr. Sanville then discussed findings for Average Participants by Age Group, Participants and Contributions of

Roth vs Regular, Contribution History, Percentage of Contributions by Asset Class, and Benefit Payment Distribution.

A discussion was had about automatic enrollment. Mr. Dumas will be sending Mr. McCormick some information to be sent to the members of the VSERS Board. The VSERS Board will attempt to get members from various bargaining units to come to the next VSERS In-House meeting to discuss the option of automatic enrollment in the deferred compensation plan.

Mr. Thornton from Advised Assets Groups went over the fund performance review with the Board. He gave an overview of the overall economic state, explained how the performance ratings were calculated, and answered any questions the Board had.

Mr. Thornton left the meeting at this time.

Mr. Sanville gave an overview of the latest SDIA quarterly report. Plan Assets have reduced by \$1.77 million this quarter and 8.1 percent in the last year. There are still 1,420 participants in the plan. There are no participants under the age of 49, and 1,087 of the participants are over the age of 65. The rate of return is at 2.35 percent.

Mr. Dyer joined the meeting at this time.
Agenda Item 5 was moved up to Item 3.

ITEM 3: Disability Income Verification

Mr. Dyer gave public comment to the board regarding his concerns about the Disability Income Verification process.

Mr. Dyer left the meeting at this time.

ITEM 4: Fund Line-up Review

Mr. Foss discussed with the Board the Fund Line-up for the deferred compensation plan. The investment staff is recommending that a passive fixed income fund be added, because it offers historically higher risk-adjusted returns, lower fees, and aligns with the plan's demographics. Additionally, he recommends the Board direct Empower Retirement to provide suggested index providers, so analysis can be completed to determine the highest quality provider and product offering. These findings and a recommendation would be presented at the next In-House meeting.

On motion by Mr. Briggs, seconded by Mr. Wisner, the Board voted unanimously to direct Empower Retirement to do research and provide suggested index providers to the VSERS Board.

Mr. Foss and Mr. Sanville left the meeting at this time.

ITEM 5: Legislative update/Miscellaneous Retirement Bill

For the state system, a 6.4 percent employee contribution rate will sunset on 6/30/16. The Treasurer's Office is working with affected parties to determine if the existing rates should remain.

The Board discussed taking a position to support that the employee contribution rate remain at 6.4 percent. After discussion, it was decided that the Board would rely on the Treasurer's Office to make that recommendation. To this date, no official proposal has been made for the contribution rate in the Miscellaneous Retirement Bill.

An adjustment to the language of the state employee's survivorship benefit will be addressed in the Miscellaneous Retirement Bill. Ms. Lanphear informed the Board that the Department of Human Resources is drafting a bill for the legislature to update language for health insurance benefits for survivors in the event that a state employee becomes deceased while on duty.

ITEM 6: Discuss/act on disability retirement recommendation for:

- Judith O'Connor
- Randall Tallman

On motion by Mr. Hango, seconded by Mr. Briggs, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Judith O'Connor with a one-year review.

On motion by Ms. Rosenstreich, seconded by Mr. Briggs, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Randall Tallman with a one-year review.

ITEM 7: NCPERS/NASRA Conferences

The Board discussed the 2016 NCPERS and NASRA conferences, including location, times, and estimated cost. Mr. Wisner and Mr. Hango both requested information about the NCPERS conference. Mr. McCormick will provide them with information. The Board discussed how much is allowed in the fiscal year budget to attend conferences.

On Motion by Mr. Hango, seconded by Mr. Wisner, the Board voted to allow Jeff Briggs to attend the NCPERS conference. Mr. Briggs abstained from the vote.

On Motion by Mr. Wisner, seconded by Mr. Briggs, the Board voted to allow Judy Rosenstreich to attend the NASRA conference. Ms. Rosenstreich abstained from the vote.

ITEM 8: Any other business to be brought before the Board

Mr. Dumas asked if a certificate of appreciation will be given to Board members who recently left the Board. The Board agreed something should be done.

ITEM 9: Adjournment

On motion by Mr. Briggs, seconded by Mr. Wisner, the Board voted unanimously to adjourn at 11:35 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is a Conference Call meeting, March 10, 2016, at 9:00 a.m.

Respectfully submitted,



Joshua McCormick
Assistant to Nancy Dimick