

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Conference Call Meeting
June 11, 2015 – 9:00 a.m.

VSERS Members present:

Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 1, 2016) – via telephone
Jeff Briggs, VSEA Representative (term expiring September 1, 2016) – via telephone
Thomas Hango, VSEA Representative (term expiring September 1, 2016) – via telephone
Jay Wisner, Governor's Delegate position
Maribeth Spellman, Commissioner of Human Resources (ex-officio) – via telephone
Elizabeth Pearce, VT State Treasurer

Members absent:

Paul White, Jr., VSEA Alternate Representative (term expiring September 1, 2015)
Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2016)
James Reardon, Commissioner of Finance & Management (ex-officio)

Also attending:

Laurie Lanphear, Director of Retirement Operations
Joshua McCormick, Assistant to Nancy Dimick
Steve Wisloski, VT Deputy State Treasurer
Nick Foss, Investments Analyst
Mark DiStefano, Attorney General's Office

The Vice-Chairperson, Roger Dumas, called the June 11, 2015, conference call meeting to order at 9:10 a.m., which was held in the Small Treasurer's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

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

- **May 20, 2015**

Correction to the minutes: Mr. Wisner was present in person, not via telephone.

On motion by Mr. Briggs, seconded by Ms. Pearce, the Board voted by roll call to approve the minutes of May 20, 2015, as ammendend.

ITEM 2: **Discuss/act on disability retirement recommendation for:**

- **Cynthia Sartelle**
- **Stanley Wood**

On motion by Ms. Pearce, seconded by Mr. Wisner, the board voted unanimously by roll call to enter Executive Session at 9:13 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

The Board came out of executive session at 9:15 a.m.

On motion by Mr. Briggs, seconded by Ms. Pearce, the Board voted unanimously by roll call to accept the recommendation of the MRB to allow the disability retirement for Cynthia Sartelle, with no review.

No action needed on disability recommendation for Stanley Wood as Hearing officers decision is final.

ITEM 3: NCPERS Conference Summary

Mr. Briggs thanked the board for allowing him to attend. He stated the conference gave a lot of good information. If anyone has any questions about the report he handed out, feel free to get in touch with him.

ITEM 4: Actuarial Update

Ms. Pearce stated to the board that a meeting with the actuary will need to be set up in July and a joint meeting/call-in to the VPIC July meeting on July 28th. The July 9th VSERS conference call, will be rescheduled to coincide with the actuary meeting. Ms. Pearce asked the board to check their calendars and work with Mr. McCormick to come up with a meeting date.

Mr. Briggs left the meeting at this time

ITEM 5: Disability Update

Ms. Pearce spoke about the new amendments to Section 462 of Title 3 concerning disability retirement. These amendments will become effective July 1, 2015.

Mr. McCormick discussed with the board the next recommended steps for enacting these new changes. First, a meeting is scheduled for June 25th with himself, Mr. DiStefano, and Dr. Russell Davignon of the Medical review board to review with Dr. Davignon the new amendments. Mr. McCormick will also be in contact with Dr. Dale and Dr. Kalibat, the other members of the MRB, to see if they can call in to this meeting as well. Second, Mr. DiStefano and Mr. McCormick provided to the board newly constructed letters for disability applicants already in the process of applying for disability retirement, and new approval and acknowledgement letters explaining the new changes. Third, the retirement office will be doing the annual income verification in April, with an initial income verification for all members this fall.

Mr. McCormick will then be sending to the board members different types of income verification form examples that Mr. DiStefano was able to acquire from other states. Ms. Pearce asked the board to review these examples and give Mr. McCormick their feedback by the beginning of July on what they like, what they don't like, etc. The retirement office and Mr. DiStefano will then construct an income verification form to present to the board at July's meeting.

Ms. Pearce thanked Mr. DiStefano for all his hard work on this project.

ITEM 6: **Difference in Reported Returns – SDIA vs 457 Stable Value Investments plan**

This Agenda item came to the forefront at last month's in-house meeting. The question arose of why the SDIA plan had a higher rate of return compared to the 457 Stable Value plan.

Mr. Wisloski thanked Mr. Dumas for bringing this to the attention of the treasurer's office. Mr. Wisloski stated that the SDIA's crediting rate is higher because when the old portfolio was transferred to the ICMA product, it was done so at a market value gain. Each participant had more than 100 cents on the dollar at that time in their accounts. Instead of realizing a one time windfall, the decision was made to amortize that gain over a period of time that corresponded to the duration of the underlined fixed income portfolio. Over time, that manifested itself to a higher rate of return.

ITEM 7: **Any other business to be brought before the board**

Ms. Pearce stated the retirement office will be sending letters to members eligible for the retirement incentive after July 1st.

ITEM 8: **Adjournment**

On motion by Mr. Wisner, seconded by Ms. Pearce, the Board unanimously voted by roll call to adjourn at 9:52 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is a Conference Call meeting, and will be determined at a later date.

Respectfully submitted,

Nancy Dimick
Secretary to the Board