

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees – In-House Meeting

August 11, 2016 – 9:00 a.m.

VSERS Members present:

Roger Dumas, Chairperson, VRSEA Representative (term expiring September, 2016)
Thomas Hango, Vice-Chairperson, VSEA Representative (term expiring September, 2016)
Allen Blake, VRSEA Alternate Representative (term expiring September, 2016)
Jeff Briggs, VSEA Representative (term expiring September, 2016)
Jay Wisner, Governor's Delegate position
Michael Clasen, VT Deputy Treasurer – representing Treasurer Beth Pearce
Brad Ferland, Deputy Commissioner, Finance & Management, representing Andy Pallito

Members absent:

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

Also attending:

Karl Kroner, Chip Sanville, Jonathan Smith, and Valerie Baker – Empower Retirement
Laurie Lanphear, Director of Retirement Operations
Matt Considine, Director of Investments, Treasurer's Office
Katie Green, Investments Department, Treasurer's Office
Lilly Schwarz, Investments Department, Treasurer's Office
Joshua McCormick, Administrative Coordinator IV, Retirement Division
John Berard, DHR-Labor Relations
Michelle Anderson, DHR-Labor Relations
Brendon Morrison, Nationwide Insurance

The Chairperson, Roger Dumas, called the August 11, 2016, conference call meeting to order at 9:04 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 5: Approve the Minutes of:

- **July 14, 2016**

On motion by Mr. Briggs, seconded by Mr. Wisner, the Board voted to approve the minutes of July 14, 2016 as submitted. Mr. Dumas abstained from the vote.

ITEM 2: Discussion with Human Resources – Work Accommodations

Mr. Berard and Ms. Anderson discussed with the Board and fielded questions about the procedure that Human Resources follow for the accommodation through reclassification process,

including possible disability accommodations as well as the medical RIF process. The Board thanked them for their time.

John Berard and Michelle Anderson left the meeting at this time.

ITEM 3: Empower Retirement Presentation

Mr. Kroner presented to the Board the latest quarterly results for the VSERS 457 Retirement plan (4/1/16 – 6/30/16). He went over the latest results of Total Assets, Asset Growth, and the Percentage of Assets by Asset Class. Total Assets are at 399.54 million. From April 1, 2016 through June 30, 2016, there were 7,034 total participants with an average account balance of \$56,802 per participant. Mr. Kroner 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. Mr. Sanville discussed field activity for the last quarter which included 7 group meetings, 558 appointments, 90 new enrollments, and \$638,130 in roll-ins.

Ms. Baker spoke to the Board about the fund performance for the last quarter. All funds are passing, with no Mstar Ratings as “below”. The Board discussed the stocks that had a neutral rating: Dodge and Cox International, T.Rowe Price Equity Income, Calvert Bond, and PIMCO total Return III.

On motion by Mr. Wisner, seconded by Mr. Briggs, the Board voted unanimously to authorize the Treasurer’s office to work with Advised Assets and report back to the Board on what a different set of criteria would be for the funds and how those funds would rank based on that criteria.

Mr. Sanville gave an overview of the latest SDIA quarterly report (4/1/16 – 6/30/16). Plan Assets have reduced by \$.31 million this quarter and 7.2 percent in the last year. There are still 1,394 participants in the plan. 1,092 of the participants are over the age of 65. The rate of return is at 2.35 percent.

ITEM 3: Retiring Times Newsletter Proposal

Mr. Clasen spoke about the Memo Ms. Pearce sent to the VSERS Board addressing the Retiring Times Newsletter. He stated that for all three systems, the cost per year is \$39K and the Treasurer’s office anticipates that number will rise over time. The Treasurer’s office would like to transition the newsletter to an electronic version by the fall of 2017, and have it be available online. Members who still want a paper copy would be able to request one. If approved, the winter version of the newsletter would be the first issue to notify members of the change. The Board discussed different ways to notify people when an updated version is put online and how to collect requests from members who would want paper copies.

On motion by Mr. Briggs, seconded by Mr. Wisner, the Board voted unanimously to approve the Treasurer's office proposal, to transition the Retiring Times Newsletter to an electronic version, and to make sure members who want paper copies will receive them.

ITEM 4: VPIC Sub Committee Update

Mr. Considine stated that immediately following the regular scheduled VPIC meeting on August 23rd, the sub-committee will meet. Three managers for VPIC will be talking about how they incorporate ESG considerations into their analytic framework.

ITEM 5: Any Other Business to be brought before the Board

Karl Kroner, Chip Sanville, Jonathan Smith, and Valerie Baker left the meeting at this time.

On motion by Mr. Briggs, seconded by Mr. Wisner, the board voted unanimously to enter Executive Session at 11:10 a.m. pursuant to Title 1, § 313 for the purpose of discussing contract issues.

The Board came out of executive session at 11:21 a.m.

On motion by Mr. Briggs, seconded by Mr. Wisner, the Board unanimously voted to approve the Office of State Treasurer staff to retain a consultant to assist in the evaluation and development of 3rd party administrator contracts for the retirement funds.

Mr. McCormick advised the Board that the Treasurer's Office has a preliminary date of 10/27/16 as the day to hold the actuary meetings for all three systems.

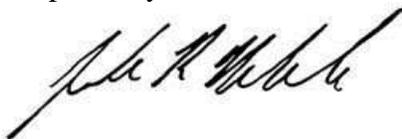
ITEM 6: Adjournment

On motion by Mr. Briggs, seconded by Mr. Wisner, the Board voted unanimously to adjourn at 11:23 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is a Conference Call meeting, September 8th, 2016, at 9:00 a.m.

Respectfully submitted,



Joshua McCormick
Administrative Coordinator IV