

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees
May 6, 2014

Members present:

JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2016
JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2017
THOMAS CANDON, representing Commissioner of Department of Financial Regulation
LINDA DELIDUKA, VRTA Alternate representative, term expiring July 1, 2016 – via telephone
VAUGHN ALTEMUS, representing Secretary of Agency of Education
ELIZABETH PEARCE, VT State Treasurer

Members absent:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2015
Active Member Alternate Representative – vacant

Also attending:

Steve Wisloski, Deputy VT State Treasurer
Matt Considine, Director of Investments
Katie Green, Investments Manager
Nick Foss, Investments Analyst
Mark DiStefano, Attorney General's Office
Michael Dewese, Paul Gillies, Deb Robbins
Laurie Lanphear, Director of Retirement Operations
Monica Chiren, Assistant to Kathie Kretzer

The Vice-Chairperson, Joseph Mackey, called the Tuesday, May 6, 2014, meeting to order at 9:00 a.m., which was held in the Treasurer's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

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

- **March 13, 2014 – regular meeting**

On motion by Mr. Altemus, seconded by Mr. Norris, the Board voted unanimously to approve the minutes of March 13, 2014, as submitted.

ITEM 2: **Discussion/Act on member's AFC Calculation issue**

Mr. Altemus indicated he would need to recuse himself from this agenda item since he has worked with Mr. Dewese for many years. The Board discussed when it would be proper to enter Executive Session to discuss this item.

Mr. Dewese presented the Board members with a slide presentation and reviewed the presentation with the Board members. Mr. Dewese answered the questions posed by the Board members. Ms. Robbins and Mr. Gillies responded to the questions posed by the Board members. The Board indicated they were going to discuss this issue in Executive Session and indicated Mr. Dewese would be called back into the meeting once a decision was arrived at.

(Mr. Dewese, Ms. Robbins and Mr. Gillies left the meeting at this time.)

On motion by Ms. Pearce, seconded by Mr. Candon, the Board voted unanimously to enter Executive Session at 9:50 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

(The Board exited Executive Session at 10:20 a.m.)

(Mr. Dewese entered the meeting at this time.)

On motion by Ms. Pearce, seconded by Mr. Mackey, the Board voted to uphold the decision of the Retirement Staff with respect to the calculation of the AFC for Mr. Dewese and further to direct staff to work with Chittenden Central Supervisory Union to identify all contributions made contrary to statute and to refund those to Mr. Dewese with interest consistent with statute. Mr. Altemus abstained from the vote. The motion carried.

(Mr. Dewese and Mr. DiStefano left the meeting at this time.)

Pursuant to a request by Ms. Pearce the Board moved Agenda Items 6, 7 and 8 up on the agenda.

ITEM 3: Review/discuss/act on Teacher Health Care Proposal

Ms. Pearce handed out the news release to the Board members concerning the Teacher Health Care Proposal. Ms. Pearce reviewed the handout with the Board members and answered the questions posed by the Board members. Ms. Pearce indicated what steps the Board needed to take in reference to this item.

On motion by Mr. Norris, seconded by Mr. Altemus, the Board voted unanimously to reduce the ARC to \$72,857,863 instead of the \$73,859,870 based on the analysis provided by the actuary in Mr. Driscoll's email of April 1, 2014.

ITEM 4: Discuss/act on actuarial services contract extension

Ms. Pearce indicated to the Board members the implementation of GASB 67 and 68 was the reason behind their requesting an extension of the Buck Consultants actuarial contract up to June 30, 2015. Ms. Pearce answered the questions posed by the Board members.

On motion by Mr. Norris, seconded by Mr. Altemus, the Board voted unanimously to extend the actuarial contract with Buck Consultations up to June 30, 2015 contingent upon successful negotiations.

ITEM 5: Update on the following:

● **2014 Legislative activity**

Ms. Pearce indicated the miscellaneous retirement bill has passed, but that it had no impact on the Teachers' system. Ms. Pearce indicated the divestment bill did not pass, but that a committee was formed to further explore this issue.

(A recess was taken from 10:58 a.m. to 11:07 a.m.)

(Ms. Pearce and Ms. Deliduka left the meeting at this time.)

(Mr. Wisloski, Mr. Considine, Ms. Green and Mr. Foss entered the meeting at this time.)

ITEM 6: Discuss/act on member's appeal of 90-day filing requirement

Ms. Lanphear reviewed this appeal with the Board members. Ms. Lanphear responded to the questions posed by the Board members.

On motion by Mr. Norris, seconded by Mr. Candon, the Board voted unanimously to grant the member's appeal of the 90-day filing requirement and to allow the member's retirement date to go back to July 1, 2013.

ITEM 7: Discuss/act on Thetford Academy Education Association issue

Ms. Lanphear reviewed this issue with the Board members. Ms. Lanphear answered the questions posed by the Board members. Ms. Lanphear indicated she had contacted the Attorney General's Office, but that they had recommended she bring this item before the Board first. The Board discussed this issue. The consensus of the Board was to table this item until they obtained more information from the Attorney General's Office.

ITEM 8: 403 (b) update

- **Discuss JPAM & Putnam mergers**
- **Discuss T. Rowe Price Retirement 2060 Fund**

Ms. Green reviewed with the Board members the recent mergers of Great West with JPAM and Putnam. Ms. Green indicated it should not impact Great West's services to VSTRS.

Mr. Considine and Ms. Green discussed the T. Rowe Price Retirement 2060 Fund with the Board members. It was the consensus of the Board members that they were not ready to add the 2060 Fund to their line-up of funds.

ITEM 9: Update on the following: (cont'd)

- **Alternate member vacancy**

It was indicated there was still no interest in the alternate member position, but that Board members were still endeavoring to find someone who would be willing to serve in that capacity.

ITEM 10: Any other business to come before the Board

Mr. Considine indicated that VSERS recently added a fossil-free fund to their 457 Deferred Comp line-up, in addition to the Municipal DC plan and State DC plan adding the fund. Mr. Considine provided a little more information about the fund. The Board indicated they would like to see additional information about this fund and have a further discussion about it before making a decision. Mr. Considine indicated he will provide the Board members the same information that he provided to the other Boards.

ITEM 11: Adjournment

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

Next Meeting Date:

The next scheduled VSTRS meeting is a conference call meeting on Thursday, June 19, 2014 at 3:30 p.m., if needed.

Respectfully submitted,

Kathie Kretzer
Executive Secretary to the Board