

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees – In-House Meeting

November 10, 2016 – 9:00 a.m.

VSERS Members present:

Roger Dumas, Chairperson, VRSEA Representative (term expiring October 31, 2018)
Thomas Hango, Vice-Chairperson, VSEA Representative (term expiring September 30, 2018)
Jeff Briggs, VSEA Representative (term expiring September 30, 2018)
Judy Rosenstreich, VSEA Representative (term expiring September, 2017)
Thomas Cheney, Commissioner of Human Resources (ex-officio) – via telephone
Jay Wisner, Governor's Delegate position
Michael Clasen, VT Deputy Treasurer – representing Treasurer Beth Pearce

Members absent:

Allen Blake, VRSEA Alternate Representative (term expiring October 31, 2018)
Jean-Paul Isabelle – VSEA Alternate Representative (term expiring September, 2017)
Andy Pallito, Commissioner of Finance & Management (ex-officio)
Beth Pearce, VT State Treasurer

Also attending:

Karl Kroner, Chip Sanville, Shelby Dobson – Empower Retirement
Laurie Lanphear, Director of Retirement Operations
Katie Green, Investments Department, Treasurer's Office
Joshua McCormick, Administrative Coordinator IV, Retirement Division
Brendon Morrison, Hazel Durand, Nationwide Insurance

The Chairperson, Roger Dumas, called the November 10, 2016, conference call meeting to order at 9:15 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 5: **Approve the Minutes of:**

- **October 27, 2016**

On motion by Mr. Wisner, seconded by Ms. Rosenstreich, the Board voted unanimously by roll call to approve the minutes of October 27, 2016 as submitted.

ITEM 2: **Empower Retirement Presentation**

Mr. Kroner presented to the Board the latest quarterly results for the VSERS 457 Retirement plan (7/1/16 – 9/30/16). He went over the latest results of Total Assets, Asset Growth, and the Percentage of Assets by Asset Class. Total Assets are at 416.31 million. From July 1, 2016 through September 30, 2016, there were 7,074 total participants with an average account balance of \$58,851 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 25 group meetings, 495 appointments, 95 new enrollments, and \$997,417 in roll-ins.

Ms. Dobson spoke about what Empower has been doing in regards to communication to the members. She handed out to the Board, a mailing card Empower sent to members encouraging them to add more contributions to their 457 accounts. The Board thanked Ms. Dobson for her and Empower's efforts.

Mr. Sanville gave an overview of the latest SDIA quarterly report (7/1/16 – 9/30/16). Plan Assets are at 51.03 million this quarter, which is a decrease of \$1.69 million. There are still 1,376 participants in the plan. 1,083 of the participants are over the age of 65. Mr. Kroner and the Board discussed the scheduled SDIA fee increase once assets drop below \$50 million. The Treasurer's office and Empower are working together at developing a letter to members.

Brendan Morrison and Hazel Durand left the meeting at this time.

ITEM 3: VPIC Attendance Report

The Board was presented the VPIC Meeting Attendance Report for Fiscal Year 2016.

ITEM 4: Director of Investments Report

Ms. Green presented the Director of Investments Report to the Board. The Report has 4 recommendation updates; Dodge & Cox International Search Recommendation, Large Cap Value Search Recommendation, T. Rowe Price Institutional Share Class Recommendation, and Fund Documents Recommendation Update. These recommendation updates were generated by the Board's request to find more efficient funds for the fund lineup.

For Section 1 of the report; Dodge & Cox International Search Recommendation, the Board requested a passive International Equity fund option be added. After review, the investment staff recommends the Vanguard Developed Markets Index Fund Institutional Share Class (VTMNX).

On motion by Ms. Rosenstreich, seconded by Mr. Wisner, the Board voted unanimously by roll call to add the Vanguard Developed Markets Index Fund.

Section 2 of the report; Large Cap Value Search Recommendation. Investments staff recommends the Board vote to add the passive Vanguard Large-Cap Value fund to reduce fees for the participants in a very efficient market.

On motion by Mr. Briggs, seconded by Ms. Rosenstreich, the Board voted unanimously by roll call to add the Vanguard Large-Cap Value fund.

For Section 3 of the report; the T. Rowe Price Institutional Share Class Recommendation, the investments staff requests the Board give them until the next in-house meeting before presenting a recommendation, as more research and modeling needs to be conducted. For Section 4 of the report; Fund Documents Recommendation Update, the investments staff requests the Board allow the consultant, hired by the Treasurer's office to evaluate the fund based on industry trends and best practices. The Board thanked Ms. Green and the investments staff for the Report.

Karl Kroner, Chip Sanville, and Shelby Dobson left the meeting at this time.

ITEM 5: Discuss/act on disability retirement recommendation for:

- Steve Ingalls
- Robert Moran
- Jacquelyn Paddock
- Fay Spaulding

On motion by Mr. Wisner, seconded by Mr. Briggs, the Board voted unanimously by roll call to enter Executive Session at 10:19 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

The Board came out of executive session at 10:27 a.m.

On motion by Mr. Wisner, seconded by Mr. Briggs, the Board voted unanimously by roll call to accept the recommendation of the MRB to allow the disability retirement for Steve Ingalls with no further review.

On motion by Mr. Briggs, seconded by Mr. Wisner, the Board voted unanimously by roll call to accept the recommendation of the MRB to allow the disability retirement for Robert Moran with no further review.

On motion by Ms. Rosenstreich, seconded by Mr. Briggs, the Board voted unanimously by roll call to accept the recommendation of the MRB to allow the disability retirement for Jacquelyn Paddock with no further review.

On motion by Mr. Wisner, seconded by Mr. Briggs, the Board voted unanimously by roll call to accept the recommendation of the MRB to allow the disability retirement for Fay Spaulding with no further review.

ITEM 6: 2017 Meeting Schedule

The Board reviewed and accepted the 2017 meeting schedule. Mr. McCormick informed the Board that once VPIC votes on their meeting dates, a new overview meeting calendar will be distributed. Ms. Rosenstreich suggested no public meetings be scheduled on Jewish holidays, the Board agreed.

ITEM 7: Any Other Business to be brought before the Board

On motion by Mr. Clasen, seconded by Mr. Wisner, the Board voted unanimously by roll call to enter Executive Session at 10:35 a.m. pursuant to Title 1, § 313 for the purpose of discussing a contract status.

The Board came out of executive session at 10:42 a.m.

On Motion by Ms. Rosenstreich, seconded by Mr. Briggs, the Board voted unanimously by roll call to direct the Treasurer's office, in concurrence with the other two retirement board systems to work on developing a contract with a bidder for retiree dental insurance to find the most cost advantage rates to the system.

Ms. Rosenstreich suggested to the Board to extend an invite Governor Elect Phil Scott to one of the upcoming VSERS Board meetings. The Board decided against it, as they would like to remain neutral in the political setting.

ITEM 8: Adjournment

On motion by Mr. Briggs, seconded by Mr. Clasen, the Board voted unanimously to adjourn at 10:44 a.m.

Next Meeting Date:

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

Respectfully submitted,



Joshua McCormick
Administrative Coordinator IV