ITEM 5: Approve the Minutes of:

- January 26, 2017
- January 12, 2017

On motion by Ms. Pearce, seconded by Mr. Hango, the Board voted unanimously to approve the minutes of January 26, 2017 as submitted.

On motion by Mr. Wisner, seconded by Mr. Hango, the Board voted unanimously to approve the minutes of January 12, 2017 as submitted.

Andy Pallito arrived at this time.
ITEM 2:  Empower Retirement Presentation

Mr. Kroner presented to the Board the latest quarterly results for the VSERS 457 Retirement plan (10/1/16 – 12/31/16). He went over the latest results of Total Assets, Asset Growth, and the Percentage of Assets by Asset Class. Total Assets are at 424.23 million. From October 1, 2016 through December 31, 2016, there were 7,092 total participants with an average account balance of $59,818 per participant, which is an increase of 6 percent from 12/31/2015. 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. Kroner also presented to the Board, the internet statistics for the last Quarter. Mr. Sanville discussed field activity for the last quarter which included 15 group meetings, 458 appointments, 75 new enrollments, and $661,670 in roll-ins.

Jeff Briggs arrived at this time.

Mr. Sanville gave an overview of the latest SDIA quarterly report (10/1/16 – 12/31/16). Plan Assets are at 49.04 million, which is a decrease of $1.99 million, or 3.9% in the last quarter. There are still 1,355 participants in the plan. 1,071 of the participants are over the age of 65. Ms. Pearce asked Empower Retirement to have a demographic report constructed to breakdown the ages of the 1,071 participants over the age of 65. Empower will construct this information.

Ms. Baker spoke to the Board about the fund performance for the last quarter. Ms. Pearce believed the specialty funds would be separated. Mr. Considine and Ms. Baker stated that those funds were separated for the Empower report but it cannot be changed for the Morning Star Report as that report is distributed to additional entities. Mr. Considine and Mr. Wisner discussed tracking error statistics. Ms. Baker stated that she can get tracking error statistics data to share with the Board, but cannot add this information to the Morning Star Report. Ms. Baker stated that all funds are doing well. In quarter 3 of 2016, 5 funds received a neutral rating. Last quarter, only 2 funds have a neutral rating, T. Rowe Price Equity Income and PAX Balanced Individual Investor. The PAX Balanced fund is a socially responsible fund. Although the T. Rowe Price Equity Income fund has a neutral rating, it finished strong in 2016. Effective March 1, 2017, two index funds have been added to the lineup, Vanguard Developed Markets Index and the Vanguard Value Index fund. Ms. Baker stated the manager for the T. Rowe Price Small Cap stock has retired. The Board advised Ms. Baker to continue to watch this fund during this transition.

Valerie Baker left the meeting at this time.

ITEM 3:  VSERS Fiscal Year 2018 Budget Overview

Mr. Booth discussed with the Board the VSERS FY’ 18 Budget overview and breakdown of categories: Investments, Agency Support, Third Party Support, Benefits, and Office and Administrative Support. The total VSERS budget for FY’ 18 is $43,865,400. Mr. Booth
discussed the cost allocation method with the Board. Since FY 05’, the Treasurer’s office uses variables of the number of members for each retirement system, the assets under management, and the time entry that staff dedicate to each system. Those variables are then used to produce a cost associated to each system.

Ms. Pearce advised the Board of the new GASB 74 accounting requirements for OPEB liability, which will result in increases to actuary fees. This GASB process will be implemented in FY 18’.

Mr. Dumas asked Mr. Pallito if the TRU-UP report could be presented at the next In-House meeting. Mr. Pallito accepted that request.

John Booth left the meeting at this time.

**ITEM 4:  NCPERS Conference**

Mr. Briggs and Ms. Rosenstreich are both requesting to attend the NCPERS Conference in May and cost estimates. The Board discussed the budget for travel and conferences. There are 3 conferences that the VSERS Board are members of; NCPERS, NASRA, and NAGDCA. Mr. McCormick provided dates of the NASRA and NAGDCA conferences along with the registration and hotel fees. Board members recommended not sending two trustees to the same conference as there is only so much in the budget allocated for conferences. The Board deferred this topic to the March Conference Call meeting. Mr. McCormick will get additional materials for NASRA and NAGDCA for the Board.

Karl Kroner, Chip Sanville, Perry Christie, Matt Considine, Katie Green, Andy Cook, Brendan Morrison and Hazel Durand left the meeting at this time.

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

- Foster Sherman
- Marc Thomas

On motion by Ms. Pearce, seconded by Mr. Hango, the Board voted unanimously to enter Executive Session at 10:53 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

The Board came out of executive session at 11:12 a.m.

On motion by Mr. Briggs, seconded by Mr. Hango, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Foster Sherman with a one year medical review.

On motion by Ms. Rosenstreich, seconded by Mr. Wisner, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Marc Thomas with a one year medical review.
**ITEM 6: Any Other Business to be brought before the Board**

Ms. Pearce thanked the Board for their meeting with the VSTRS and VMERS Board regarding the Actuarial RFP.

Ms. Pearce stated that the Divestment Study Report has been completed and has been posted to the Treasurer’s website.

Ms. Pearce stated that the Vermont Able Savings Program will launch soon. The Vermont Achieving a Better Life Experience (ABLE) Savings Program is intended to ease financial strains faced by individuals with disabilities by making federal tax-free savings accounts available to cover qualified expenses such as education, housing, and transportation.

Ms. Pearce gave an update on the Public Retirement Study Committee. The Committee is recommending implementation of a voluntary open multiple employer plan supplemented by an open retirement marketplace for employees not covered by other existing retirement options. There have been various employers’ that have sponsored this plan.

Mr. Dumas thanked Mr. Wisner for all his work with the Actuarial RFP.

**ITEM 7: Adjournment**

On motion by Mr. Briggs, seconded by Ms. Pearce, the Board voted unanimously to adjourn at 11:22 a.m.

**Next Meeting Date:**
The next scheduled VSERS meeting is a Conference Call meeting, March 9th, 2017, at 9:00 a.m.

Respectfully submitted,

Joshua McCormick
Administrative Coordinator IV