

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – BGS-MTPL Conference Room
August 8, 2019 – 9:00 a.m.

Members present:

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2020)
THOMAS HANGO, Vice-Chair, VSEA Representative (term expiring September 30, 2020)
JEAN-PAUL ISABELLE, VSEA Representative (term expiring September 30, 2020)
ERIC DAVIS, VSEA Representative (term expiring September 30, 2019)
JAY WISNER, Governor's Delegate position
DAN POULIOT, Deputy Commissioner of Department of Human Resources
BRAD FERLAND, Deputy Secretary of Administration
BETH PEARCE, VT State Treasurer
JOHN FEDERICO, VSEA Alternate Representative (term expiring September 30, 2019) – via telephone
ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2020)

Members absent:

ADAM GRESHIN, Commissioner of Finance and Management
BETH FASTIGGI, Commissioner of Department of Human Resources

Also attending:

Eric Henry, Chief Investments Officer
Andy Cook, Investments Analyst
Omeed Fallahi, Investments Intern
Tim Duggan, Assistant Attorney General
Erika Wolffing, Director Retirement Operations
Lesley Campbell, Retirement Office
Deborah Bucknam, Esq.
Becky Baldauf
Gabe D'Ulisse, Prudential Retirement
Rocco Attanasio, Prudential Retirement
Joe Fein, Prudential Retirement
Ronald "Chip" Sanville, Prudential Retirement
Brian Ficek, Prudential Retirement
Tosha Whipple, Prudential Retirement – via telephone

The Chair, Roger Dumas, called the Thursday, August 8, 2019 meeting to order at 9:00 a.m., which was held in the BGS-MTPL Conference Room, Pavilion Building, 4th Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Agenda approval and announcements**

Mr. Dumas changed the order of action items on the agenda to take up item 4 after the approval of the minutes.

On a motion made by Ms. Pearce, seconded by Mr. Ferland, the Board voted unanimously to approve the agenda for August 8, 2019.

ITEM 2: Approve the Minutes of:

- July 11, 2019

On a motion made by Mr. Isabelle, seconded by Mr. Hango, the Board voted unanimously to approve the minutes of July 11, 2019 as submitted.

ITEM 4: Becky Baldauf Appeal

On a motion made by Ms. Pearce, seconded by Mr. Pouliot, the Board voted unanimously to go into Executive Session at 9:05 a.m. pursuant to 1 V.S.A. § 313 to discuss the personal records and information of Ron Baldauf. The Board further moved and voted to invite Ms. Baldauf and her attorney Ms. Bucknam into Executive Session along with Retirement Division staff and counsel.

The Board came out of Executive Session at 9:33 a.m.

Ms. Baldauf and Ms. Bucknam left the meeting at 9:34 a.m.

On a motion made by Ms. Pearce, seconded by Mr. Wisner, the Board determined that premature general public knowledge of attorney-client communications regarding this matter would place the Board at a substantial disadvantage, and based on the finding moved to go into Executive Session at 9:34 a.m. pursuant to 1 V.S.A. § 313 to receive legal advice on the matter from counsel. The Board further moved to invite Retirement Division staff and counsel into Executive Session.

The Board came out of Executive Session 10:01 a.m.

Ms. Baldauf and Ms. Bucknam rejoined the meeting at 10:02 a.m.

On a motion made by Mr. Wisner, seconded by Mr. Pouliot, the Board voted to take the matter under advisement until the next meeting, and direct staff to draft a proposal for decision that upholds Staff's initial determination, as reflected in the October 26, 2018 letter from Deputy Treasurer Clasen to Ms. Baldauf, and addresses the arguments made by Ms. Baldauf. The Board further directed Staff to provide that proposal for decision to Ms. Baldauf in advance of the next meeting. Mr. Isabelle abstained.

Ms. Bucknam, Ms. Baldauf, and Ms. Pearce left the meeting 10:05 a.m. Representatives from Prudential, Mr. Cook, Mr. Henry, and Mr. Fallahi joined the meeting at 10:07 a.m.

ITEM 3: Prudential Retirement Quarterly Presentation

- 457 Deferred Comp Plan & SDIA 2nd Quarter Update

Ms. Whipple updated the Board on the status of the "Go Green" challenge with Hawaii, the state of Vermont is currently winning by 0.75%. The Prudential counselors hosted two rallies in

Montpelier and Waterbury. The challenge ends on August 23rd and has resulted in over 300 participants registering their account online, 321 signing up for e-delivery, and 127 new enrollees into the plan.

Mr. D'Ulisse presented the 2nd quarter summary for the 457b Deferred Compensation Plan. As of the end of the quarter the plan had \$505,870,924 in total assets, there were 7,648 participants with total contributions of \$7,561,145 and distributions of \$9,210,861. Mr. D'Ulisse explained that 83% of assets were held by individuals over the age of 50, contributing to the net negative cash flow in the plan. The counselors are focusing on encouraging younger participants to join the plan.

Mr. D'Ulisse explained that the participation rate in the report is likely overstated since Prudential does not receive the full demographic file from the State and participating municipalities. The participation rate for the plan is likely closer to 68%. As of the end of the quarter 20% of assets were in Stable Value and 18.4% of participants were in GoalMaker.

Mr. Sanville updated the Board on work happening in the field from the Retirement counselors. There were 16 group presentations, 694 individual meetings, 119 new enrollments and \$1,990,726 in rollover dollars into the plan, doubling the amount from the last quarter.

Mr. D'Ulisse presented the quarterly report for the Single Deposit Investment Account Plan. As of the end of the quarter there were 1,021 total participants with \$36,945,157 in assets. Treasurer's Office staff worked with Prudential to verify participant status, and the next report will reflect that of the total participants, only 30 are active employees. There were \$764,201 in total distributions.

Mr. Fein presented the investment review for the 457b plan. As of August 7, 2019, the S&P was up 16.54% year to date. Mr. Fein explained that due to the trade tensions, short term interest rates continue to go down. All funds in the plan were meeting performance criteria with the exception of three funds.

ITEM 5: Disability recommendation(s) from the July 18, 2019 Meeting of the Medical Review Board:

- Lawrence Skinner (New)

On a motion made by Mr. Hango, seconded by Mr. Isabelle, the Board voted unanimously to approve disability retirement for Lawrence Skinner without review.

ITEM 6: Other Business

Mr. Davis sent his report on the 2019 NCPERS conference via email shortly before the meeting and would present or answer questions at the September meeting.

ITEM 7: Adjournment

On a motion made by Mr. Pouliot, seconded by Mr. Isabelle the Board voted unanimously to adjourn at 11:08 a.m.

Next Meeting Date:

The next VSERS Board meeting is a Conference Call Meeting on September 12, 2019 at 9:00 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Erika Wolffing".

Erika Wolffing
Retirement Office