ITEM 1: Agenda approval and announcements

The Board agreed to discuss action item 4 as the first order of business and approved the agenda.

ITEM 4: VSTRS FY20 Budget Overview

Mr. Kriewald presented the FY20 budget request for the Teacher Retirement System. The overall budget request is $45,133,557 representing a 1.3% increase over the previous year. There is a reduction in the investment management fees and a 4% increase in health insurance costs.
On a motion made by Mr. Norris, seconded by Ms. Deliduka the Board voted unanimously to approve the FY20 Budget as presented.

Ms. Pearce updated the Board on funding to the VSTRS pension in the budget adjustment act. The current version of the bill includes the additional $3.3 million in funding to the actuarially determined employer contribution (ADEC). Ms. Pearce explained that the bill also includes language that pays back the loan to the retired teachers health and benefits fund in FY19 and creates approximately $2.4 million in pre-funding.

On a motion made by Mr. Norris, seconded by Ms. Deliduka, the Board voted unanimously to support the Budget Adjustment Act as passed by the House Committee on Appropriations.

Ms. Pearce and Mr. Booth left the meeting at 9:16 a.m.

ITEM 2: Approve the Minutes of:
• January 29, 2019

On a motion made by Ms. Deliduka, seconded by Mr. Norris, the Board voted unanimously to approve the minutes of January 29, 2019 as submitted.

ITEM 3: Prudential Quarterly Presentation – 403(b) & SDIA 4th Quarter Report

Ms. Whipple presented campaign and website analytics and communication ideas for the 403(b) Plan. As of the end of the quarter there were 2,623 participants in the plan with an average deferral rate of 11.02% with 10.2% using GoalMaker. The web registration rate was 48% and of the total participants 272 had no beneficiary designated and there were 130 retirees in the plan. Ms. Whipple explained a number of email campaigns that were sent throughout 2018 and the launch of the financial wellness portal. The custom website received 45,678 total visits in 2018. Ms. Whipple further explained the financial wellness portal and the analytics the new portal allows Prudential to utilize in targeting participants with information relevant to their interests.

Mr. Sanville updated the Board on activity in the field. In 2018 the in-state counselors gave 11 group presentations, held 504 individual meetings, enrolled 116 new participants, and 170 participants enrolled in GoalMaker. Mr. Sanville explained that there was a large increase in meetings in the 4th quarter due to the Chair’s involvement in the plan in his school district. The counselors are planning to record their presentations to reach more teachers and are training to use Webex for meetings they cannot attend in person.

Mr. D’Ulisse presented the 4th Quarter report for the combined exclusive and non-exclusive 403(b) Plan. There were 2,623 participants at the end of the quarter with total contributions of $2,991,061, total distributions of $1,717,026, and total assets of $98,505,442. Assets were down around 8% due to market volatility. The plan experienced a positive cash flow of $1,277,034, with an average contribution rate of 10.5% compared to 7.4% across Prudential’s book of business. There were 73 new enrollments and 4 new loans. Assets in Roth were down around
6.5% but participants in Roth were up 20%. The Stable Value option is now the Guaranteed Long-Term Fund with a crediting rate of 2.98%. As of the end of the quarter 267 participants had enrolled in GoalMaker representing $5,018,186 in assets.

Ms. Harlos presented the investment review for the 403(b) Plan. Ms. Harlos explained that the plan experienced a market downturn in the last quarter. Equity performance in the 4th quarter was the worst since the financial crisis. Ms. Harlos explained that after the year end, there was significant bounce back in the market. The S&P 500 was down 14.52% for the quarter and down 4.38% for the year. Ms. Harlos presented the executive summary of the investment line-up. All the funds in the plan met performance criteria.

Mr. D’Ulisse presented the 4th quarter report for the Single Deposit Investment Account (SDIA). As of the end of the quarter there were 1,075 participants in the plan representing $39,089,658 in assets. Total distributions for the quarter were $2,613,664. The market-to-book value ratio was 98.94% and experienced a return of 2.5%.

Representatives from Prudential, Mr. Henry, Mr. Cook, Mr. Kriewald, and Ms. Green left the meeting at 10:41 a.m.

ITEM 5: Disability recommendation(s) from the January 17, 2019 Meeting of the Medical Review Board:
- Patricia Bartlett (New)
- Rosanne Fredriksen (New)

On a motion made by Ms. Deliduka, seconded by Mr. Norris, the Board voted unanimously to approve disability retirement for Patricia Bartlett with a one-year review.

On a motion made by Ms. Deliduka, seconded by Mr. Norris, the Board voted unanimously to approve disability retirement for Rosanne Fredriksen without review.

ITEM 6: Other Business

Ms. Deliduka asked that Retirement staff make sure they are communicating the earning limitation for retired teachers. Mr. Harris updated the Board on the ongoing risk assessment conversations with the administration and employee groups. Ms. Wolfing introduced Lesley Campbell to the Board. Ms. Campbell was recently promoted to supervise the front office staff and is helping administer the Prudential plans.

ITEM 7: Adjournment

On a motion made by Ms. Deliduka, seconded by Mr. Norris, the Board voted unanimously to adjourn at 10:50 a.m.

Next Meeting Date:
The next VSTRS Board meeting is a Conference Call Meeting on March 14, 2019 at 3:30 p.m.
Respectfully submitted,

Erika Wolffing
Retirement Office