

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

February 13, 2014

VSERS Members present:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2015)
Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 1, 2014)
Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2014)
Jeff Briggs, VSEA Representative (term expiring September 1, 2014)
Paul White, Jr., VSEA Representative (term expiring September 1, 2014)
Thomas Hango, VSEA Alternate (term expiring September 1, 2015)
Richard Johannesen, Governor's Delegate (ex-officio)
James Reardon, Commissioner of Finance & Management (ex-officio)
Kate Duffy, Commissioner of Human Resources (ex-officio)
Elizabeth Pearce, VT State Treasurer

Members absent:

None

Also attending:

Dr. Russell Davignon, Chairman of the Medical Review Board – via telephone
Steve Wisloski, Deputy VT State Treasurer
Matt Considine, Director of Investments
Katie Green, Investments Manager
Karl Kroner and Chip Sanville, Great West Retirement Services
Laurie Lanphear, Director of Retirement Operations
Nancy Dimick, Secretary to the Board
Monica Chiren, Assistant to Nancy Dimick

The Chairperson, Kevin Gaffney, called the Thursday, February 13, 2014, meeting to order at 9:03 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: Approve the Minutes of:

- **January 9, 2014 regular meeting**

On motion by Mr. Briggs, seconded by Mr. Dumas, the Board voted unanimously to approve the minutes of January 9, 2014, regular meeting, as submitted.

ITEM 2: Discuss with Dr. Russell Davignon, Chairman of the MRB/Act on disability retirement recommendation for:

- **Lorena L. Thompson New – Deferred from January 9, 2014**

Ms. Lanphear indicated she was going to recuse herself from this agenda item.

(Ms. Lanphear left the meeting at this time.)

On motion by Ms. Pearce, seconded by Mr. White, the Board voted unanimously to enter Executive Session at 9:05 a.m. pursuant to Title 1, § 313 for the purpose of discussing the disability retirement application.

(Mr. Considine and Ms. Green left the meeting at this time.)

(Mr. Johannesen and Ms. Duffy entered the meeting during executive session.)

(Dr. Davignon left the meeting.)

(The Board exited Executive Session at 9:50 a.m.)

On motion by Ms. Duffy, seconded by Mr. Briggs, the Board voted unanimously to remand the disability retirement for Lorena L. Thompson back to the Medical Review Board in order to request an IME.

The Chair, Kevin Gaffney, indicated several agenda items would be taken out of sequence in order to accommodate Ms. Pearce's schedule today.

(Ms. Dimick left the meeting at this time.)

ITEM 3: Discuss disability income verification

Ms. Pearce indicated the VSTRS Board was going to develop a policy relative to this item and indicated the VSERS Board might want to consider doing the same.

On motion by Mr. Reardon, seconded by Mr. Briggs, the Board voted unanimously to enter Executive Session at 9:55 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

(Ms. Lanphear entered the meeting during executive session.)

(The Board exited Executive Session at 10:18 a.m.)

ITEM 4: Update on the following:

- State retirees and EGWP
- 2014 Legislative activity
- VPAS Update
- Actuary RFP

Ms. Duffy provided the Board members an update on EGWP (Employer Group Waiver Program) and State retirees. Ms. Pearce indicated the Administration was pursuing this and not the Treasurer's Office, but she indicated she would be happy to appear at meetings that were attended by all interested parties to provide what information she could relative to the VSTRS Board's implementation of EGWP. Board members indicated what would be helpful at future

meetings concerning EGWP. There was a discussion concerning the OPEB liabilities. There was a discussion where savings come from with the EGWP program.

(Ms. Duffy left the meeting at this time.)

Ms. Pearce provided the Board members a brief overview of the items during this legislative session. Ms. Pearce indicated there was a miscellaneous retirement bill and advised the Board what items were included in that bill. Ms. Pearce explained to the Board members the bill relative to dispatchers. Ms. Lanphear answered the questions posed by the Board members relative to this item. Ms. Pearce indicated she will keep the Board updated on the progress of the bills.

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

Ms. Pearce indicated all components of VPAS have gone live. Ms. Pearce indicated the project came in under budget.

Ms. Pearce indicated there was a need to extend the contract with Buck Consultants to June 30, 2014 in order to conduct an actuarial RFP. Ms. Pearce indicated they already received a waiver from Administration for that extension.

On motion by Mr. Reardon, seconded by Mr. Dumas, the Board voted unanimously to extend the current actuarial contract with Buck Consultants until June 30, 2014.

Ms. Pearce indicated Mr. Wisloski and Mr. Considine would discuss the fossil-free mutual fund and that there was a discussion to create a separate category for the SRI funds.

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

(Mr. Kroner, Mr. Sanville, Mr. Considine and Ms. Green entered the meeting at this time.)

ITEM 5: State of Vermont 457 Deferred Compensation Plan

- **Quarterly review for period ending December 31, 2013**
- **Discussion with Advised Asset Group (AAG) – via telephone**
- **Discuss Addition of Fossil-Free Mutual Fund**

Mr. Kroner indicated Ms. Baker was not able to attend the meeting because of the late start. It was indicated he will attempt to see if she is available for the March 13, 2014 conference call.

Mr. Kroner appeared before the Board and provided the Quarterly Report for December 31, 2013 for the 457 Deferred Compensation Plan. Mr. Kroner provided the plan overview. Mr. Kroner indicated there was an increase in the total assets of 6.4% from October 1, 2013 to December 31, 2013. There was a discussion about the number of participants. Mr. Johannesen inquired concerning the rate of participation at the different levels of employment with the State. It was indicated Mr. Sanville would work with Ms. Duffy's office to try to obtain that information.

There was a discussion concerning the average account value, contributions and the breakdown of assets by asset class. There was a discussion concerning transactions and distributions. There was a discussion concerning the managed accounts.

Mr. Sanville reviewed with the Board members the field activity for the quarter. Mr. Sanville briefly reviewed with the Board members the 403(b) information. Mr. Kroner briefly reviewed with the Board members the ratings for Great West and the AAG (Advised Assets Group) fund performance for the quarter.

Mr. Kroner provided the Board members with the Great West information sheet and thanked Mr. Gaffney for supplying his picture and statement for the flyer.

Mr. Kroner provided the Board members the awards that were presented to the VSERS Board from MarCom for excellence in marketing and communications. Mr. Kroner congratulated the VSERS Board on their accomplishments and indicated it was an indication of their successful partnership with Great West.

Mr. Considine reviewed the process for finding the fossil-free mutual fund. Mr. Considine responded to the questions as posed by the Board members.

(Ms. Pearce returned to the meeting at this time.)

On motion by Mr. Briggs, seconded by Ms. Pearce, the Board voted unanimously to add the Pax World Global Environmental Markets Fund to the 457 Plan.

It was indicated there would be a separate category for the SRI funds.

(Mr. Kroner and Mr. Sanville left the meeting at this time.)

(A luncheon recess was taken from 12:10 p.m. to 12:35 p.m.)

(Ms. Pearce was not present for the afternoon session.)

ITEM 6: Budget Presentation by James Reardon

Mr. Reardon reviewed with the Board members the document he handed out, *VSERS Employer Contribution*. Mr. Reardon answered the questions posed by the Board members. Mr. Gaffney thanked Mr. Reardon for his presentation and indicated it was very helpful.

ITEM 7: Update on the following:

- **IRS Determination Letter**

Mr. Wisloski reviewed with the Board members the IRS determination letter process and indicated they were up-to-date with their filing of it.

ITEM 8: Any other business to come before the Board

Mr. Briggs indicated he would like to attend the NCPERS conference again this year.

On motion by Mr. White, seconded by Mr. Johannesen, the Board voted unanimously to allow Mr. Briggs to attend the NCPERS conference.

The Chair, Mr. Gaffney, reviewed with the Board members items that were discussed in the recent Pep meeting with the Chair from VSTRS and Great West. He indicated auto enrollment was discussed at the meeting. There was a discussion concerning a seminar in conjunction with HR for new employees. There was a discussion about having health insurance paid pre-tax and how that information is not disseminated to new employees.

There was a brief discussion about VPIC and the rate of return and the single rate under the Select and Ultimate methodology.

ITEM 9: Adjournment

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board unanimously voted to adjourn at 1:20 p.m.

Next Meeting Date:

The next scheduled VSERS meeting is a conference call meeting on Thursday, March 13, 2014 at 9:00 a.m.

Respectfully submitted,

Nancy Dimick
Secretary to the Board