

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Conference Call Meeting of the Board of Trustees

March 20, 2017 – 3:00 p.m.

VMERS Members present:

PETER AMONS, Chairperson, Employee Representative (term expiring July 1, 2020)
MEL HAWLEY, Employer Representative (term expiring July 1, 2018) – via telephone
BETH PEARCE, Vermont State Treasurer

Board members absent:

DAVID ROWLEE, Employee Representative (term expiring July 1, 2018)
VACANT - Employer Representative (term expiring July 1, 2020)

Also attending:

Laurie Lanphear, Director of Retirement Operations
Joshua McCormick, Administrative Coordinator, Retirement Division
Matt Considine, Director of Investments, Treasurer's Office
Katie Green, Investments Manager, Treasurer's Office
Andy Cook, Investments Analyst
Jack Maxwell, Fidelity Investments
Ellen Savary, Fidelity Investments

The Chairperson, Peter Amons, called the Monday, March 20, 2017 conference call meeting to order at 9:30 a.m., which was held in the BGS-MTPL Conference Room, fourth floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the minutes of:
 ▪ **February 8, 2017****

On motion by Ms. Pearce, seconded by Mr. Hawley, the Board voted unanimously to approve the minutes of February 8, 2017 as submitted.

ITEM 2: **Defined Contribution Plan Review by Fidelity Investments**

Mr. Maxwell presented to the Board the 2016 Defined Contribution plan review. Mr. Maxwell discussed with the Board the Investment Performance, Plan Returns, Participant Outcomes, and Asset Allocation. Mr. Maxwell stated the average age of participants is 51. Mr. Maxwell discussed with the Board the Financial Market returns as of 12/31/16, which included discussions regarding foreign versus domestic markets, S&P 500 by sector, and the Investment Options Spectrum which showed how many participants are in each Fund.

Mr. Maxwell then discussed with the Board the Fund Performance results for 2016. He discussed the expense ratios and reviewed the Freedom Funds and Mutual Funds. Only 2 Mutual funds are in the 2nd quartile rank, but none are in the 3rd or 4th quartile rank. Mr. Maxwell stated that 4 funds are underperforming on the 3 and 5 year return; the T. Rowe Price Equity Income Fund, the Low Price Stock Fund, the Domini Fund socially responsible Fund, and the Columbia

Acorn Fund. After Discussion with the Investments staff, the VMERS Board agreed to have the investments staff watch these 4 funds but to not take any action on them at this time.

Ms. Savary then presented to the Board the VMERS strategic planning report. The report covered three topics; highlights of plan analytics, participation, and cyber security. Total assets are \$21,031,278 with 509 participants, which has been consistent over the last couple of years. Ms. Savary stated that participants are saving an average of \$3,624 per year in their defined contribution plan with 79% of the participants in Target Date or Target Date like funds. Ms. Savary also stated that 40% of the participants are using Fidelity's guidance either by phone or by internet. In 2017, Fidelity wants to have more of a presence in Vermont and is working with the Retirement office to come up with solutions. Ms. Savary then discussed with the Board the Plan and Administrative fees and Fidelity's Two-Factor Authentication (TFA) cyber security protocols for online transactions and changes.

The Board thanked Mr. Maxwell and Ms. Savary for their time.

ITEM 3: Any other business to come before the board

Ms. Pearce gave an update on the new actuary, Segal Consulting. In the coming months, Segal will perform a replication audit and then an assumption review focusing on mortality and the Assumed Rate of Return. Ms. Pearce stated the VMERS Board will need to have a discussion at a future meeting regarding the actuarial methodology of VMERS.

ITEM 4: Adjournment

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

Next Meeting Date:

None scheduled at this time.

Respectfully submitted,



Joshua McCormick
Administrative Coordinator