

## MEETING MINUTES

Plan Sponsor:	Virginia Tech
Plan Name(s):	VT Optional Retirement and VT Cash Match Plans
Committee Members:	Dwight Shelton- Trustee- absent John Cusimano- Co-Chairperson Lisa Wilkes Co-Chairperson Greg Kadlec Art Keown Dan Cook- absent Steve Capaldo Brian Murphy- absent Savita Sharma
Other Attendees:	Barry Schmitt (CAPTRUST) – via conference call
Meeting Topic:	Plan Investment and Administrative Review
Date:	January 12, 2017
Time:	9:00 AM (EST) – 10:00 AM (EST)
Location:	North End Center, Suite 2300
Documentation Referenced:	3930/2016 Plan Investment Report, Flash Report, Non-approved asset report, and Mid Cap Value comparison

## OLD BUSINESS

The committee approved the minutes of the May 23, 2016 meeting of the Committee.

Lisa updated the Committee on the Director of Benefits Search.

## ECONOMIC/MARKET UPDATE

CAPTRUST delivered a review of the economy and market along with CAPTRUST's outlook. CAPTRUST's economic and market commentary can be found in the quarterly investment review document including key themes on the recalibration of growth expectations, continued record low interest rates, and various central bank activities.

Major indices performed as follows for the 3<sup>rd</sup> quarter:

- U.S. Stocks- 3.9%
- U.S. Bonds- 0.5%
- International Stocks- 6.5%
- Emerging Markets- 9.2%
- Real Estate- (1.2%)
- Commodities- (3.9%)

Other items highlighted:

- Actual and estimated S&P500 earnings
- Central bank balance sheet growth

## INDUSTRY UPDATE/OVERVIEW

Barry delivered a review of recent industry trends. CAPTRUST's industry update can be found in the quarterly investment review document.

CAPTRUST discussed several topical items including:

- Tiering of the fund menu
- The new fiduciary rule and the impact to participants and the plan.
- The increased usage of annuities in plans
- Recent law suits

## **INVESTMENT REVIEW**

### **Plan level Review (does not include 403b plan or various other supplemental plans)**

Assets as of September 30, 2016 totaled \$592.4mm broken down as follows:

- VT ORP Plan- Fidelity- \$126mm (including non-approved assets of \$14.6mm)
- VT Cash Match Plan- Fidelity- \$13.6mm (including non-approved assets of \$1.5mm)
- VT ORP Plan- TIAA-CREF- \$432.5mm (including non-approved assets of \$7.2mm)
- VT Cash Match Plan- TIAA-CREF- \$20.3mm (including non-approved assets of \$265k)

### **Performance Review (CAPTRUST)**

The committee and its advisor reviewed the investments in a manner consistent with the standards and approach defined in the Investment Policy Statement.

### **Fidelity Review**

Out of the 26 funds in the plan (Target date funds counted as one) there is one fund Marked for Review:

**Artisan Mid Cap Value (Score of 54)** – Despite the tenured management team of James Kieffer and Scott Satterwhite, both at the helm of this strategy since its inception in 2001, relative outperformance has been hard to come by in the last several years. The strategy finished 2012, 2014, and 2015 in the bottom quartile of its peer group while also lagging the benchmark. Performance has improved year-to-date through the end of the third quarter, although we would need to see several more quarters of consistent outperformance before we would be comfortable recommending this strategy. As such, we believe it merits further consideration. The Committee discussed several alternatives and the pros/cons of each. The Committee decided that, given the data being used was from September 30, 2016, the Committee decided to defer a decision until the next meeting that is scheduled in February 2017. This will have more updated performance information through 12/31/2016.

### **TIAA-CREF Review**

Out of the 27 funds in the plans (Target date counted as one) there is one fund Marked for Review:

**Artisan Mid Cap Value (Score of 54)** – see above comments.

### Other items discussed

- Updated Committee members- Lisa will put together an updated listing of all Committee members.
- TIAA-CREF Lifecycle 2060 Fund will be added soon
- Lisa will work with TIAA to send out a notification to holders of the CREF Money Market Fund about pending changes to this fund. At this point, no mapping will occur.
- Confirm both the Dreyfus General Treasury & Agency Money Market Fund and the Vanguard Treasury Money Market Fund are open to accept contributions.  
**The Vanguard Treasury money Market Fund is closed to new investments.**
- Work with Fidelity and TIAA to begin the process of expanding the availability of the brokerage window to all Virginia Tech Retirement Plans. This is “pending approval” but the Committee would like the documentation flow to begin. As part of this process, Virginia Tech HR staff would like both Fidelity and TIAA to provide some educational pieces and sessions on how to use the brokerage window.
- ETF’s- are ETF’s viable for the Retirement Plans as a longer term discussion item?
- Excess revenue- Lisa will provide the committee with an updated amount of excess revenue accounts at both Fidelity and TIAA. This would only be for the ORP and Cash Match plans.

### Closing and mapping of funds

Depending on the outcome of the brokerage window the Committee will explore closing and mapping in a future meeting along with how the plans ought to be aligned and the pros/cons of a more integrated and aligned structure.

Having no other discussion items, the Committee meeting was adjourned.