

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
Angela King- Co-Chairperson
Greg Kadlec
Monica Mathena
Dan Cook
Steve Capaldo - absent
Yohna Chambers - absent
Brian Murphy
Savita Sharma
Other Attendees: Barry Schmitt (CAPTRUST)
Meeting Topic: Plan Investment and Administrative Review
Date: December 17, 2015
Time: 2:00 PM (EST) – 3:30 PM (EST)
Location: North End Center, Suite 2300
Documentation Referenced: 9/30/2015 Plan Investment Report, Flash Report, and Non-approved asset report.

OLD BUSINESS

The committee approved the minutes of the August 5, 2015 meeting of the Committee.

ECONOMIC/MARKET UPDATE

Mr. Schmitt 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. Major themes are central bank policies, commodity price volatility, and China issues.

INDUSTRY UPDATE/OVERVIEW

Barry delivered a review of recent industry trends and topical spotlights on current retirement issues in the marketplace. Key items discussed were:

- Understanding Fees
 - Who is the plan/plan sponsor paying?
 - How much is the plan/plan sponsor paying?
 - What services are being provided?
 - Are the fees reasonable in the marketplace?
 - Are fees equitably distributed to plan participants?
 - What are the various methods to pay plan expenses?
- Investments
 - Do we have an Investment Policy Statement and are we following it?
 - Do we consider share classes?
 - Did we follow a prudent process in the selection of the default fund?

- Operational
 - Are committee members familiar with the plan document?
 - Do we document our meetings using meeting minutes?
- Plan Design and the effect on participation and deferral rates
 - Automatic enrollment
 - Automatic escalation

CAPTRUST's industry update can be found in the quarterly investment review.

INVESTMENT REVIEW

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

Assets as of September 30, 2015 totaled \$533.5mm broken down as follows:

- VT ORP Plan- Fidelity- \$107.2mm (including non-approved assets of \$12.2mm)
- VT Cash Match Plan- Fidelity- \$11.9mm (including non-approved assets of \$1.4mm)
- VT ORP Plan- TIAA-CREF- \$396.1mm (including non-approved assets of \$7.2mm)
- VT Cash Match Plan- TIAA-CREF- \$18.3mm (including non-approved assets of \$263k)

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 are two funds considered for termination:

Artisan Mid Cap Value (Score of 66) – 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 both 2012 and 2014 in the bottom quartile of its peer group and has shown no signs of improvement through the first nine months of 2015. CAPTRUST recommended consideration on switching to a manager with a more consistent track record. This fund is passing the Virginia Tech overlay, so no action is required at this time. **CAPTRUST will continue to monitor the fund closely.**

PIMCO Total Return (Score of 69)- Bill Gross was replaced on the PIMCO Total Return Strategy by Scott Mather, Mark Kiesel, and Mihir Worah in September 2014. On 7/6/15, an amended complaint to a 1/28/15 filing alleges that the Total Return fund invested in emerging markets in excess of the guidelines described in the prospectus. Given the change in portfolio management and firm wide disruptions, CAPTRUST recommends the Committee consider alternatives. The fund is passing the Virginia Tech overlay, so no action is required at this time. **CAPTRUST will continue to monitor the fund closely.**

Money Market Funds- Fidelity

In response to new requirements on money market funds previously discussed, Fidelity is migrating the Fidelity Retirement Money Market Fund into the Fidelity Retirement Government Money Market Fund

TIAA-CREF Review

Out of the 27 funds in the plans (Target date counted as one) there is one fund Considered for Termination and three funds marked for Review:

Considered for Termination

Artisan Mid Cap Value (Score of 66) – see above comments.

PIMCO Total Return (Score of 69)- see above comments.

Money Market Funds- TIAA-CREF

In response to new requirements on money market funds previously discussed, TIAA-CREF, over the course of the next 18 months, will transition the CREF Money Market Fund to a Government money market fund. Since these are individual contracts, more details will follow over the coming months.

Vanguard Admiral Treasury Money Market Fund- CAPTRUST will find out if this fund is frozen to new investments and will report back to the Committee.

Other items discussed

Investment Policy Statement

Discussed the recently revised Investment Policy Statement

Update on State's Brokerage Window on ORP and Cash Match

The Committee continued its discussion on the offering of a brokerage window. Recently the State has made some decisions that will, ultimately, delay the implementation of a brokerage window. This will continue to be monitored and will be brought up again once the state has made the final decision on a brokerage window and has communicated this to the other public higher educational institutions that are part of the State ORP.

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.