

**VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

Meeting of the Board of Trustees

**December 14, 2009**

**VMERS Members present:**

STEVEN JEFFREY, Chairperson Employee Representative (term expiring July 1, 2010)

PETER AMONS, Employee Representative (term expiring July 1, 2011)

AMY DOUGLAS, Employer Representative (term expiring July 1, 2012)

STEPHEN RAUH, Governor's Appointee

JEB SPAULDING, Vermont State Treasurer

**Board members absent:**

None

**Also attending:**

Cynthia Webster, Director of Retirement Policy and Outreach & Secretary to the Board

John Claussen, CFA, VP, Investment Consultant, Fidelity Investments

Suzanne Porter, VP, Managing Director, Fidelity Investments – via telephone

Stephen Wisloski, Director of Investment & Debt Management

Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Steven Jeffrey, called the Monday, December 14, 2009 meeting to order at 10:00 a.m., which was held in the Treasurer's Conference Room, 109 State Street, Montpelier, VT.

**ITEM 1:      Approve the minutes of:  
                  October 26, 2009  
                  November 6, 2009**

**On motion by Ms. Douglas, seconded by Mr. Amons, the Board voted unanimously to approve the minutes of October 26, 2009 and November 6, 2009 as submitted.**

**ITEM 2:      Elect Chair and Vice Chair**

**On motion by Mr. Spaulding, seconded by Mr. Rauh, Peter Amons was nominated for the position of Vice-Chair of the VMERS Board. After asking for nominees three times and hearing no other nominees the Chairperson, Mr. Jeffrey indicated it was the Board's consensus to cast a single ballot for nomination and election of Mr. Peter Amons as the Vice-Chairperson. The vote was unanimous.**

**On motion by Mr. Rauh, seconded by Mr. Spaulding, Steven Jeffrey was nominated for the position of Chairperson of the VMERS Board. After asking for nominees three times and hearing no other nominees the Vice-Chairperson, Mr. Amons indicated it was the Board's consensus to cast a single ballot for nomination and election of Mr. Steven Jeffrey as the Chairperson. The vote was unanimous.**

**ITEM 3: Fidelity review of Defined Contribution investment options**

(Ms. Porter was present for this item via the telephone.)

Mr. Claussen lead the Board members in a discussion of Index Funds. The Board discussed Defined Contribution and Deferred Compensation plans. The Board discussed Freedom Funds. It was discussed Life Cycle Funds are the most popular. Mr. Claussen reviewed the Financial Markets. Mr. Claussen reviewed the Asset Allocation. There was a discussion about bonds. Mr. Claussen reviewed the Fund Analysis. There was a discussion about benchmarks. Ms. Porter indicated she will research if there is a better rate from Vanguard for using the same fund as the State. There was a discussion concerning international funds. The consensus of the Board was to go with Vanguard Total. There was a discussion about SRI funds. There was a discussion about the Fidelity Equity Income being on the watch list. There was a discussion about the mix of funds that are available to members. There was a discussion about information available to the members.

**On motion by Mr. Spaulding, seconded by Mr. Amons, the Board voted unanimously to eliminate the Fidelity Fund and migrate the people to the Fidelity Dividend Growth Fund.**

**On motion by Mr. Spaulding, seconded by Ms. Douglas, the Board voted unanimously to eliminate the Fidelity Growth Strategies Fund and migrate the people 50% to the Fidelity Blue Chip Growth Fund and 50% to the Morgan Stanley Mid Cap Growth Fund.**

**On motion by Mr. Spaulding, seconded by Mr. Amons, the Board voted unanimously to add the Lord Abbett Small Cap Fund.**

**On motion by Mr. Spaulding, seconded by Mr. Jeffrey, the Board voted unanimously to add the Vanguard Total Bond, the Spartan Extended Market Index Fund and the Vanguard Total International Fund as options for participants.**

The Board discussed foreign small to mid cap funds. The Board discussed their fiduciary obligations to the members.

**On motion by Mr. Spaulding, seconded by Ms. Douglas, the Board voted unanimously to add the Columbia Midcap Fund in the small to mid international asset class.**

The consensus of the Board was to have these new funds implemented as expeditiously as staff and Fidelity can accomplish it. Ms. Porter indicated there will be a project manager who will project a time-line. Ms. Porter advised the Board she will check with finance concerning the contract. Mr. Claussen advised the Board he will get additional information concerning SRI Funds. Mr. Claussen advised the Board he will supply Ms. Webster with quarterly market updates and meet with the Board in person once a year. Mr. Jeffrey requested that Mr. Spaulding keep the Board updated on what the other Boards are doing with TIPS Funds. There was a discussion about government bonds.

(Ms. Porter, Mr. Claussen and Mr. Wisloski left the meeting at this time.)

**ITEM 4:      Discuss employee contribution rates for group plans**

The Board discussed the contribution rates and what transpired at the last meeting. It was the consensus of the Board to amend the motion from October 26, 2009 by adding the statement 'extend for one year'.

**ITEM 5:      Discuss monthly stipend**

The Board discussed the monthly stipend and how it is not a guaranteed amount for the retired members. Mr. Jeffrey indicated he would like to explore adding the stipend to the Health Savings Plan.

**On motion by Mr. Amons, seconded by Mr. Rauh, the Board voted to set the health stipend at \$25.00 for FY 2011. Mr. Amons, Mr. Rauh, Ms. Douglas and Mr. Jeffrey voted aye. Mr. Spaulding voted nay. The motion passed.**

Mr. Rauh requested that future agendas contain times.

**ITEM 6:      Adjournment**

**On motion by Ms. Douglas, seconded by Mr. Rauh, the Board unanimously voted to adjourn at 1:26 p.m.**

**Next Meeting Date:**

The next scheduled VMERS meeting is to be determined.

Respectfully submitted,

Cynthia L. Webster, Secretary to the Board