

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees

August 6, 2003
Conference Call

Members present:

ROGER DUMAS, Chairperson, VSEA member (term expiring September, 2003)
GORDON MACARTHUR, Retired Vermont State Employees' Association
RICHARD JOHANNESSEN, Governor's appointee
CYNTHIA LAWARE, Commissioner of Personnel
ROBERT HOOPER, VSEA member (term expiring September 2004)

Member(s) absent:

WARREN WHITNEY, Vice-Chairperson, VSEA member (term expiring September, 2004)
JEB SPAULDING, Vermont State Treasurer
ROBERT HOFMANN, Commissioner of Finance & Management

Also attending:

David Minot, Director of Finance and Investments
Joan Stasulis, Retirement Operations Chief
Ellen Griggs, Tammy Brauchler, Kevin Kondry, NEPC,

The Chairperson, Roger Dumas, called the board meeting to order at 11:16 a.m. on Wednesday, August 6, 2003.

A call from NEPC to the board chair resulted in the necessity of an emergency meeting to discuss the status of HLM. On July 31, 2003, HLM decided to liquidate their small cap growth portion of their portfolio (also referred to as their public side of the business). Other clients of HLM allowed them to liquidate their stocks for cash. NEPC recommended that the board transfer the HLM portfolio into their Russell 2000 Growth Fund in the interim while NEPC conducts a search for a new fund. Once NEPC obtains the board's approval they will do a cost analysis with State Street. This will provide them with the holdings with particulars and will tell the board and NEPC how much it will cost. NEPC claims this is the most cost effective way to do this.

ITEM 1: Approval for NEPC to transfer the HLM portfolio to State Street into the Russell 2000 Growth Index Fund as an interim.

On a motion by Mr. Hooper seconded by Mr. MacArthur, it was unanimously voted to approve to authorize a letter to HLM freezing the account and the transfer of the account to State Street Bank, into an interim Russell 2000 Growth Index Fund pending further action by the board and the action to be reviewed at the October business meeting.

On a motion by Mr. Hooper seconded, by Mr. MacArthur, it was unanimously voted to approve NEPC to move forward with the search for a new small cap growth manager.

MEETING ADJOURNED AT 11:26 A.M.

Respectfully submitted,

Joan Stasulis
Retirement Operations Chief