

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

August 12, 2004

Members present:

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2004)

ROBERT HOOPER, VSEA member (term expiring September 2004)

CATHERINE SIMPSON, VSEA Alternate member (term expiring September, 2005) – **joined
later in the meeting**

JEB SPAULDING, VT State Treasurer

DICK JOHANNESSEN, Governor's Delegate

CINDY LAWARE, Commissioner of Personnel

ROB HOFMANN, Commissioner of Finance & Management – **joined later in the meeting**

GORDON MACARTHUR, Retired Vermont State Employees' Association

Members absent:

WILLIAM HARKNESS, VSEA member (term expiring September 2005)

Also attending:

Donna Holden, Administrative Assistant

Michael McShane, Assistant Attorney General

The Chairperson, Warren Whitney, called the **conference call** meeting to order at 8:04 a.m. on Thursday, August 12, 2004 in the Treasurer's Office at 133 State Street, Montpelier, VT.

ITEM 1: Approval of minutes for July 7, 2004

On a motion by Mr. Hooper seconded by Mr. Johannesen, the Board voted to approve the minutes of July 7, 2004, as submitted. Mr. MacArthur abstained.

Mr. Hofmann joined the conference call meeting.

ITEM 2: Discuss/Act on the Disability Retirement for:

Dianne B. Gadapee

On a motion by Mr. MacArthur seconded by Mr. Johannesen, the Board unanimously voted to approve the Medical Review Board's recommendation for a disability retirement for Dianne B. Gadapee.

Edward E. Shatney

On a motion by Mr. Hooper seconded by Mr. MacArthur, the Board unanimously voted to approve the Medical Review Board's recommendations for a disability retirement for Edward E. Shatney, with a one-year review.

Ms. Simpson joined the conference call meeting.

ITEM 3: Disability retirement 90-day waiver request

The Board reviewed and discussed the waiver request submitted by Richard M. Spaulding.

On a motion by Mr. Hooper seconded by Mr. Johannesen, the Board unanimously voted to deny the request to waive the 90-day timeframe for a disability retirement application based on the lack of extenuating evidence of just cause.

ITEM 4: Emergency Withdrawal Request: Ronald G. Barclay

On a motion by Mr. MacArthur, seconded by Mr. Hooper, the Board voted to approve the emergency withdrawal request, pending verification by Great-West that there are no QDRO issues. Mr. Johannesen abstained.

Great-West will be requested to provide additional information to the Board with future recommendations. The information should include a list of qualifying and non-qualifying events pursuant to the IRS standards, and if applicable what the Plan's policy is, and the member's total contributions at the time of application.

Ms. LaWare left the meeting.

ITEM 5: Discuss/Approve 457 Investment Policy Revisions

The Board agreed to postpone discussion/action on this item to the August 19, 2004 meeting.

ITEM 6: Discuss/Adopt 457 Expense Revisions

At 8:47 a.m. on a motion by Mr. MacArthur seconded by Mr. Hofmann, the Board unanimously voted to enter into executive session pursuant to Title 1 § 313 to discuss contractual negotiations.

At 9:17 a.m. the Board moved out of executive session.

On a motion by Mr. Hooper seconded by Mr. Spaulding, the Board unanimously voted to authorize the Treasurer's Office, with assistance from the Attorney General's Office, to apply for a waiver of bidding from Administrative Bulletin 3.5 that would permit entering into a new two-year contract with two one-year extensions, with Great-West, based on the changes in the plan's funds and Plan's revised expenses.

Mr. Minot explained the current payment for manager fees for the Stable Value fund option comes directly from the 25 basis point fees charged to every member of the plan. For all the other funds offered in the plan, the manager fees are derived from the separate fund.

As a matter of equity to all participants, and to ensure complete transparency for the plan, Mr. Minot recommended the method of paying the Stable Fund manager be identical to all of the other funds and be assigned to the particular fund.

On a motion by Mr. Hooper seconded by Mr. Hofmann, the Board unanimously voted to authorize the Treasurer's Office to amend the current manager fee payment structure of the Stable Value fund by assigning payment of the fund manager's fee directly to the actual fund and that it not be taken from the fees collected from entire plan's membership.

The Board agreed that improved fund options, stable, long-term third-party administration, transparency of fees, movement to institutional class funds with "no-load" fees, and low per participant fees were all an obvious commitment to enhance the Plan and encourage wider participation in the 457 Deferred Compensation Plan.

ITEM 7: Any other Retirement Business to Come Before the Board

Mr. Hooper asked the Board to consider a future agenda item to review the Ethic's Policy.

Mr. Whitney strongly encouraged all members to plan on attending a Joint meeting of the Boards scheduled for August 17, 2004 at 1:00 p.m. in Room 10 of the State House. He said the Large Cap investing topic of discussion would be of particular interest.

On a motion by Mr. Johannesen seconded by Mr. Hofmann, the Board unanimously voted to adjourn at 9:26 a.m.

Respectfully submitted,

Donna Holden
Board Coordinator

GOALS

The Board established the following list of goals to be addressed in the future:

- Form a *Policy Development* sub-committee

TO DO's

<u>Who</u>	<u>What</u>	<u>When</u>	<u>Done</u>
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** = for possible legislative changes

All	Revisit option to add a Small Cap SRI manager to 457 plan. (see #3 7/7/04)	7/2005	
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All	Discuss/Review Ethics Policy (see 8/12 item 7)	TBD	
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