

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

February 8, 2007

Members present:

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2008)
JEB SPAULDING, Vice-Chairperson, VT State Treasurer
LINDA McINTIRE, Commissioner of Human Resources
SUSAN ZELLER, Representing JAMES REARDON, Commissioner of Finance & Management
TOM GIFFIN, VSEA member (term expiring September 2007) – **later in the meeting via call**
ROBERT HOOPER, VSEA member (term expiring September 2008)
DICK JOHANNESSEN, Governor's Delegate
JOE HEALY, Retired Vermont State Employees' Association

Members absent:

None

Also attending:

Donna Holden, Board Coordinator
Cynthia Webster, Director of Retirement Policy and Outreach
Karl Kroner, Perry Christie, Brent Nice, Great-West Retirement Services
Daniel Sherman, Buck Consultants – **via conference call**
Craig Murray

At the request of the Chair, the Vice-Chairperson, Jeb Spaulding, called the Thursday, February 8, 2007, meeting to order at 8:20 a.m., which was held in the Treasurer's Conference Room, 109 State Street 4th Floor, Montpelier, VT.

ITEM 1: Approval of the minutes for the meeting of January 11, 2007

On a motion by Mr. Hooper seconded by Mr. Johannesen, the Board unanimously voted to approve the minutes of January 11, 2007, as submitted.

Mr. Giffin joined the meeting, via conference call, during the next item.

ITEM 2: Discuss/Act on Disability Retirements for:

- **Elizabeth F. Coleman**

On a motion by Mr. Hooper seconded by Mr. Healy, the Board unanimously voted to approve the disability retirement for Elizabeth F. Coleman, as recommended by the Medical Review Board.

ITEM 3: Discuss *Study of the Pension and Post-Retirement Medical benefits of VSTRS and VSERS*

Mr. Sherman joined the meeting via conference call and reviewed several sections of the report.

Upon discussion, it was agreed the Board would wait to see what action, if any, is taken on the report. Mr. Spaulding agreed to keep the Board informed of the Treasurer's official position and any subsequent action.

ITEM 4: Any Other Retirement Business to Come Before the Board

A. §457 Plan Emergency Withdrawal Request

At 9:36 a.m. on a motion by Mr. Hooper seconded by Mr. Whitney, the Board unanimously voted to enter into executive session, pursuant to Title 1 § 313 to discuss personnel matters.

At 9:46 a.m. the Board exited executive session.

On a motion by Ms. Zeller seconded by Mr. Johannesen, the Board voted to remand the Emergency Withdrawal Request to Great-West Retirement Services for further review, including information provided by the Retirement Office. Mr. Healy voted no.

Mr. Giffin left the meeting.

Mrs. McIntire left the meeting.

ITEM 5: Great-West Retirement Services

A. Q4/06 Report

Karl Kroner, Perry Christie, and Brent Nice appeared before the Board to provide the Q4/06 report. Mr. Kroner reported an asset balance of \$237.90 million with a total of 6,333 participants, of which 5,876 (4268 contributing) were State employees and 457 (351 contributing) were Municipal employees. The Plan's average per participant account balance was reported at \$37,566 with an average annual per member contributions of \$3,880.

Mr. Kroner also provided a brief SDIA report, which included information regarding the \$92.12 million closed fund and 2415 participants.

B. Possible Amendments to the Deferred Compensation Plan Document

No discussion or action was taken regarding this item. The Board agreed to discuss this matter at their next meeting on March 8, 2007.

Ms. Zeller left during the next item.

ITEM 6: Possible Amendments to §457 Plan Fund Line-Up

Mr. Spaulding reviewed the sub-committee's work to date and provided the Board with a copy of a report issued by the Advised Asset Group, a division of GWRS, who assisted in the evaluation. He said the recommendations that would be presented to the Board for action at the March meeting would consist of **replacing**:

- The *Templeton Foreign A* fund with either the Dodge & Cox International Stock Fund or the AllianceBernstein International Value A fund, both of which are from the international foreign large value category.
- The *Templeton Developing Markets A* fund with the Lazard Emerging Markets Open fund, from the international diversified emerging markets category.

- The *T Rowe Small Cap Stock* fund with the Wells Fargo Small Cap Value Z fund, from the small cap small blend category.
- The *Domini Social Equity* fund with the Vanguard FTSE Social Index fund, from the Large Growth Index Fund category.

In addition the recommendation may request **adding**:

- The Pax World Balanced fund and Calvert Social Investing Bond A fund from the Balanced Moderate Allocation and Intermediate-Term Bond categories, respectively.

Great West will provide additional materials and information on the items selected for consideration.

Mr. Murray shared his opinions and insight on the proposals. He volunteered to serve with the Board on formulating a formal recommendation, and suggested using the GWRS quarterly newsletter and Website to educate and explain the importance of diversification.

The subcommittee will meet to prepare the recommendations, and all Board members and guests will be invited to attend.

Mr. Hooper left the meeting.

ITEM 4: Any Other Retirement Business to Come Before the Board - CONTINUED

B. VT Superintendents Association Letter

The Board briefly discussed the January 4, 2007 letter to Mr. Spaulding from Jeffrey Francis, Executive Director of the VT Superintendents Association, regarding their formal approval to support making the §457 Plan available to school district administrators and teachers.

ITEM 7: Adjournment

Due to the lack of a quorum, Mr. Spaulding declared the meeting adjourned at 11:35 a.m.

Next Meeting Dates:

The next scheduled VPIC meeting is scheduled for February 14, 2007
The next scheduled monthly meeting of the Board is March 8, 2007

Respectfully submitted,

Donna Holden, Board Coordinator
for Cynthia Webster, Secretary to the Board