

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

May 17, 2007

Members present:

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2008)
JEB SPAULDING, Vice-Chairperson, VT State Treasurer
ROBERT HOOPER, VSEA member (term expiring September 2008) - **arrived later in the meeting**
MICHELLE BLACK, VSEA Alternate (term expiring September 2007)
DAVID HERLIHY Representing LINDA McINTIRE, Commissioner of Human Resources
JAMES REARDON, Commissioner of Finance & Management
DICK JOHANNESSEN, Governor's Delegate

Members absent:

TOM GIFFIN, VSEA member (term expiring September 2007)
JOE HEALY, Retired Vermont State Employees' Association

Also attending:

Donna Holden, Board Coordinator
Cynthia Webster, Director of Retirement Policy and Outreach
David Minot, Director of Finance and Investments
William Rice, Law and Policy Director
William Griffin, Chief Assistant Attorney General
Michael McShane, Assistant Attorney General
Marilyn Collister, Karl Kroner, Jonathan Smith, Chip Sanville, Kay Kuzmik, Great-West Retirement Services

The Chairperson, Warren Whitney, called the Thursday, May 17, 2007, meeting to order at 8:36 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 April 12, 2007

On a motion by Mr. Reardon seconded by Mr. Spaulding, the Board unanimously voted to approve the minutes of April 12, 2007, as submitted.

Mr. Hooper arrived at the meeting.

ITEM 2: Discuss/Act on Disability Retirements for:

- **Laura M. Hill**
- **Angela O. Knapp**

On a motion by Mr. Johannesen seconded by Mr. Hooper, the Board unanimously voted to approve the disability retirements for Laura M. Hill and Angela O. Knapp, as recommended by the Medical Review Board.

ITEM 3: Any Other Retirement Business to Come Before the Board

- A. **Executive Session re: Legal Matters**

At 8:43 a.m. on a motion by Mr. Whitney seconded by Mr. Johannesen, the Board unanimously voted to enter into executive session pursuant to Title 1§ 313 to discuss pending litigation.

Mr. Rice, Mr. McShane, Mr. Griffin, Mrs. Webster, Mr. Minot and Mrs. Holden were invited into the executive session.

At 8:55 a.m. the Board exited executive session.

On a motion by Mr. Hooper seconded by Mr. Johannesen, the Board unanimously voted to authorize the Retirement Office to send a letter to Mr. Penn, via his attorney, to request appropriate tax information and offer payment of his retroactive retirement benefits to age 62, consistent with other members with similar circumstances who applied for and received retroactive benefits.

ITEM 4: Revisit §457 Plan Fund line-up and fee changes

At 8:57 a.m. on a motion by Mr. Whitney seconded by Ms. Black, the Board unanimously voted to enter into executive session pursuant to Title 1§ 313 to discuss contractual matters.

Mr. Rice, Mr. Griffin, Mrs. Webster, Mr. Minot and Mrs. Holden were invited into the executive session.

At 9:40 a.m. the Board exited executive session.

On a motion by Mr. Hooper seconded by Ms. Black, the Board unanimously voted to move forward with pursuing options to achieve the lowest possible fees for the §457 Plan participants.

*Mr. Whitney left the meeting during the next item.
Mr. Spaulding assumed the role of acting Chair.*

ITEM 5: Great-West 1/07 Quarterly Report

Karl Kroner appeared before the Board to provide the Q1/07 report. Mr. Kroner reported an asset balance of \$242.22 million with a total of 6,260 participants, of which 5,808 (4063 contributing) were State employees and 452 (331 contributing) were Municipal employees. The Plan's average per participant account balance was reported at \$38,693 with an average annual per member contributions of \$1,133.

Mr. Kroner also provided a brief SDIA report, which included information regarding the \$91.44 million closed fund and 2376 participants.

The field representatives and local office manager responded to questions from the Board. The said the most common member remarks received were with regard to participants preferring to have an option to dedicate a percent of their payroll to the Plan vs. having a dedicated dollar contribution, a desire for investment guidance, and an increased interest in "green fund" availability.

Ms. Collister visited with the Board and provided her considerable insight on recently enacted changes to deferred compensation plans vs. other such saving plans in general, i.e., 401K, 403(b), etc.. She also spoke of potential changes that would be considered by Congress in the near future.

ITEM 6: §457 Plan Managed Account Option Proposal

Mr. Spaulding advised the Board the opinion regarding this matter requested from the AG's Office was not yet available, and in the absence of Mr. Whitney, the Board agreed to take this matter up at a later meeting.

ITEM 3: CONTINUED - Any Other Retirement Business to Come Before the Board

B. Actuarial Request from VSEA

By consensus, the Board authorized the actuarial cost request from the VSEA Retirement Committee regarding alternative COLA proposals.

C. Meeting to Discuss Legislative Issues

The Board agreed to hold a meeting on May 31, 2007 at 1:00 p.m., following the scheduled VPIC meeting.

ITEM 7: Adjournment

At 11:11 a.m., after hearing no objection, Mr. Spaulding declared the meeting adjourned.

Next Meeting Dates:

The next scheduled VPIC meeting is scheduled for May 31, 2007

The next scheduled business meeting is scheduled for May 31, 2007, at 1:00 p.m.

The next scheduled monthly meeting of the Board is scheduled for June 14, 2007 – conference call meeting at 8:00 a.m.

Respectfully submitted,

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