

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

October 29, 2008

Members present:

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2010)
JEB SPAULDING, VT State Treasurer
ROBERT HOOPER, VSEA member (term expiring September 2010)
JAMES REARDON, Commissioner of Finance & Management
ROGER DUMAS, Vermont Retired State Employees' Assoc. (term expiring September, 2009)
BILL REYNOLDS, representing DAVID HERLIHY, Commissioner of Human Resources
DICK JOHANNESSEN, Governor's Delegate

Members absent:

KEVIN GAFFNEY, VSEA member (term expiring September 2009)

Also attending:

Cynthia Webster, Director of Retirement Policy and Outreach
David Minot, Director of Investment Services
Bill Rice, Law and Policy Director
David Driscoll and Dan Sherman, Buck Consultants
David Beatty, Finance and Management
Joe Mackey, Teachers' Retirement Board

Vice Chairperson Jeb Spaulding called the Wednesday, October 29, 2008, meeting to order at 8:07 a.m. in the Treasurer's Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: Approve the minutes of:

- **October 9, 2008 meeting**

On motion of Mr. Hooper seconded by Mr. Johannesen, it was unanimously voted to approve the minutes of October 9, 2008, as submitted.

The meeting recessed briefly and was called back to order by Chairperson Warren Whitney at 8:17 a.m.

ITEM 2: FY '08 Actuarial Valuation

David Driscoll presented the results of the actuarial valuation for the fiscal year ending June 30, 2008.

Mr. Dumas made a motion that was seconded by Mr. Hooper to accept the *FY '08 Actuarial Valuation* report as presented, and forward to the Governor the contribution recommendations of \$32,013,894 for FY '10 and \$33,489,122 for FY' 11, plus an amount to reimburse the system for operating expenses, which are yet to be determined. Mr. Reardon abstained, all others voted aye. Motion carried.

ITEM 3: OPEB Update

Dan Sherman provided a review of the *DRAFT* FY '08 OPEB report. No action was required by the Board.

ITEM 4: Discuss/Act Upon § 457 Emergency Withdrawal Request

Action was deferred until the next meeting due to lack of supporting documentation.

ITEM 5: Any other business to be brought before the Board

David Minot advised the Board that Fannie Mae and Freddie Mac preferred stock held by Dwight Asset Management in the Single Deposit Investment Account had recently slipped to below investment grade. Mr. Minot requested the Board's permission to continue to hold the preferred stock based upon Dwight's investment thesis of a recovery in value.

The insurance wrap provider, AEGON, has agreed to amortize the loss on these preferred shares over an eight month period rather than mandate a reduction to participant investment book values.

On motion of Mr. Hooper seconded by Mr. Spaulding, it was unanimously voted to recognize the change in the rating and grant retention of specified bonds subject to annual review.

On a motion by Mr. Dumas seconded by Mr. Johannesen, the Board unanimously voted to adjourn at 10:16 a.m.

Respectfully submitted,

Cynthia Webster, Secretary to the Board

Next Meeting Dates:

December 11, 2008 – *Conference Call*