

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

May 14, 2009

VSERS Members present:

Elizabeth Pearce, Deputy VT State Treasurer representing Jeb Spaulding, Vice-Chairperson, VT State Treasurer

Kevin Gaffney, VSEA Representative (term expiring September 1, 2009)

Robert Hooper, VSEA Representative (term expiring September 1, 2010) – via telephone

Donald Robisky, VSEA Alternate (term expiring September 1, 2009) – via telephone

Roger Dumas, VRSEA Representative (term expiring September 1, 2009)

Harold Schwartz representing David Herlihy, Commissioner of Human Resources (ex-officio)

Linda McIntire, representing James Reardon, Commissioner of Finance & Management (ex-officio)

Richard Johannesen, Governor's Delegate (ex-officio)

Members absent:

Warren Whitney, Chairperson VSEA Representative (term expiring September 1, 2010)

Also attending:

Cynthia Webster, Director of Retirement Policy and Outreach & Secretary to the Board

Michael Clasen, Director of Retirement Operations

Mark Patane, Assistant Attorney General

David Minot, Finance and Investment Director

Karl Kroner, Great West Retirement Services

Chip Sanville, Great West Retirement Services

Perry Christie, Great West Retirement Services

Monica Chiren, Assistant to Cynthia Webster

The Vice-Chairperson Elizabeth Pearce, called the Thursday, May 14, 2009, meeting to order at 9:07 a.m., which was held in the Treasurer's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of: April 9, 2009**

On motion by Mr. Dumas, seconded by Mr. Gaffney, the Board voted unanimously to approve the minutes of April 9, 2009 as submitted.

ITEM 2: **Discuss/Act on disability retirement recommendation for:**

Theodore A. Hoppe New

On motion by Mr. Dumas, seconded by Mr. Gaffney, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Theodore A. Hoppe.

(Richard Johannesen entered the meeting at this time.)

ITEM 3: Review/Act on emergency withdrawal requests for:

**Rebecca McChesney
Kenneth W. McNamara
Donna Trucksess**

Mr. Dumas made a motion that the Board approve the emergency withdrawal request for Rebecca McChesney as recommended by Great West. Mr. Gaffney seconded the motion.

(Linda McIntire entered the meeting at this time.)

On motion by Mr. Gaffney, seconded by Mr. Dumas, the Board voted unanimously to enter Executive Session at 9:11 a.m. pursuant to Title 1, § 313 for the purpose of discussing the emergency withdrawal request for Rebecca McChesney.

(Chip Sanville was invited to enter Executive Session with the Board.)

The Board exited Executive Session at 9:38 a.m.

After considerable discussion and a friendly amendment for the motion to include pending receipt of all documents noted in the document check list, the Board voted unanimously to approve the emergency withdrawal request for \$1,000.00 of Rebecca McChesney as recommended by Great West.

Mr. Johannesen made a motion that the Board approve the emergency withdrawal request for Kenneth W. McNamara as recommended by Great West. Mr. Dumas seconded the motion.

On motion by Mr. Gaffney, seconded by Mr. Dumas, the Board voted unanimously to enter Executive Session at 9:40 a.m. pursuant to Title 1, § 313 for the purpose of discussing the emergency withdrawal request for Kenneth W. McNamara.

The Board exited Executive Session at 9:42 a.m.

After discussion, the Board voted unanimously to approve the emergency withdrawal request for Kenneth W. McNamara as recommended by Great West.

Mr. Johannesen made a motion that the Board approve the emergency withdrawal request for Donna Trucksess as recommended by Great West. Mr. Dumas seconded the motion.

On motion by Ms. McIntire, seconded by Mr. Gaffney, the Board voted unanimously to enter Executive Session at 9:44 a.m. pursuant to Title 1, § 313 for the purpose of discussing the emergency withdrawal request for Donna Trucksess.

The Board exited Executive Session at 9:45 a.m.

After discussion, the Board voted unanimously to approve the emergency withdrawal request for Donna Trucksess as recommended by Great West.

(Karl Kroner, Perry Christie and David Minot entered the meeting.)

ITEM 4: State of Vermont 457 Deferred Compensation Plan

Quarterly review for period ending March 31, 2009

Review of 457 Investment Policy

Discussion on adding inflation protected fund to 457 line-up

Mr. Kroner appeared before the Board and provided the Quarterly Report for March 31, 2009 for the 457 Plan. Ms. Pearce indicated a due diligence review will be conducted for Orchard Trust. David Minot indicated he will provide the disclosures he has available to the Board members at the next Board meeting.

Mr. Sanville provided the Board with an update on the 403(b) plan. The Board discussed hardships, and whether a pay cut would qualify as a hardship. The Board discussed it would like financial literacy information to be provided when a member signs up. Mr. Kroner indicated that would need to go through Compliance. The Board discussed the clarifications to the criteria for emergency withdrawals.

(Mr. Hooper left the conference call at this time.)

Ms. Pearce indicated to the Board she would have an update on the Reality Investing at the next Board meeting. Mr. Kroner provided the Board with a hand-out concerning the Investment Options. Ms. Pearce indicated any comments about the investment options should be provided to Cynthia who would summarize them and provide them to Great West Retirement Services.

Mr. Kroner provided the Board with the SDIA Quarterly Report for March 31, 2009.

Mr. Minot reviewed with the Board the email he sent concerning adding an inflation-protected fund to the 457 line-up. The Board decided to send any questions they had regarding the inflation protected fund to Mr. Minot before the next Board meeting. The Board discussed the 457 Investment Policy inclusive of evaluation of investment manager performance versus policy specified benchmarks. Mr. Minot indicated the policy may want to be adjusted after determining which benchmarks are available from

AAG. Mr. Minot indicated a report should be presented at the next meeting which would indicate how to come into compliance with the policy or to propose policy changes.

Mr. Minot indicated that most of the policy items are reviewed on a quarterly basis.

(Mr. Robisky left the conference call at this time.)

(Mr. Sanville, Mr. Kroner, Mr. Christie and Mr. Minot left the meeting.)

ITEM 5: Review/Act on appeal of denial for a disability application waiver for:

John Melvin

Ms. Webster provided the Board background on the John Melvin appeal.

On motion by Mr. Gaffney, seconded by Mr. Dumas, the Board voted unanimously to enter Executive Session at 11:42 a.m. pursuant to Title 1, § 313 for the purpose of discussing the appeal of denial for a disability application waiver for John Melvin.

The Board exited Executive Session at 12:42 p.m.

It was the consensus of the Board in reference to Item 5 to defer action on this Item until the next scheduled Board meeting in order for the Retirement Division to research Mr. Melvin's benefits and employment with relation to this Item and to confer with the Attorney General's Office concerning possible liability. The Board directed Human Resources to review their files for any documentation or letters germane to this issue.

ITEM 6: Discuss payment of retroactive benefits

Ms. Webster indicated to the Board if a deceased member is entitled to retroactive benefits there is no legal claim for their family members to request the retroactive benefits.

ITEM 7: Any other business to be brought before the Board

The Board decided to hold the Joint Board Meeting on Monday, May 18, 2009 in order to review the matrix for the six finalists for the actuary RFP.

ITEM 8: Discuss payment of retroactive benefits

(Mr. Clasen and Mr. Patane entered the room for this Item.)

On motion by Mr. Johannesen, seconded by Mr. Gaffney, the Board voted unanimously to enter Executive Session at 12:58 p.m. pursuant to Title 1, § 313 for the purpose of discussing the lawsuit concerning payment of retroactive benefits.

The Board exited Executive Session at 1:25 p.m.

On motion by Ms. McIntire, seconded by Mr. Dumas, the Board unanimously voted to treat the Category C people brought before the Board by Mr. Patane the same as the Category B people by sending them a letter to show cause why they should receive payment of retroactive benefits.

(Mr. Clasen and Mr. Patane left the room.)

ITEM 9: Discuss 2009 legislation

Ms. Webster indicated to the Board that Bill H. 431 has passed. The Board discussed the proposal for the retirement incentive. The Board discussed the retirement benefit study.

ITEM 10: Adjournment

On motion by Mr. Dumas, seconded by Ms. McIntire, the Board unanimously voted to adjourn at 2:16 p.m.

Next Meeting Date:

The next scheduled VSERS meeting is a conference call meeting on June 11, 2009 at 9:00 a.m.

The next scheduled Joint Board meeting is on June 9, 2009 at 12:30 p.m.

Respectfully submitted,

Cynthia L. Webster
Secretary to the Board