

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Conference Call Meeting of the Board of Trustees
June 11, 2009

VSEERS Members present:

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

Jeb Spaulding, Vice-Chairperson, VT State Treasurer

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

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

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

Susan Zeller representing James Reardon, Commissioner of Finance & Management (ex-officio) – arrived while meeting was in progress

Members absent:

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

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

Also attending:

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

David Minot, Finance and Investment Director

Monica Chiren, Assistant to Cynthia Webster

The Chairperson Warren Whitney, called the Thursday, June 11, 2009, conference call meeting to order at 9:05 a.m., which was held in the Treasurer's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of: May 14, 2009 and May 18, 2009 (Joint Meeting)**

On motion by Mr. Spaulding, seconded by Mr. Johannesen, the Board voted unanimously to approve the minutes of May 14, 2009 as submitted. Mr. Spaulding indicated even though he is making the motion he was not present for the May 14, 2009 meeting.

On motion by Mr. Spaulding, seconded by Mr. Schwartz, the Board voted unanimously to approve the minutes of May 18, 2009 as submitted.

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

Michael Charron New

On motion by Mr. Whitney, seconded by Mr. Johannesen, the Board voted unanimously to enter Executive Session at 9:12 a.m. pursuant to Title 1, § 313 for

the purpose of discussing the disability retirement recommendation for Michael Charron.

(Susan Zeller entered the meeting at this time.)

The Board exited Executive Session at 9:31 a.m.

On motion by Mr. Spaulding, seconded by Mr. Johannesen, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Michael Charron with a one-year review.

ITEM 3: Review/Act on appeal of denial for a disability application waiver for:

John Melvin

On motion by Mr. Whitney, seconded by Mr. Johannesen, the Board voted unanimously to enter Executive Session at 9:33 a.m. pursuant to Title 1, § 313 for the purpose of discussing the appeal of denial of a disability retirement application waiver for John Melvin.

The Board exited Executive Session at 9:48 a.m.

On motion by Mr. Gaffney, seconded by Mr. Johannesen, the Board voted unanimously to deny the subsequent appeal for a disability application waiver for John Melvin.

The Board directed Ms. Webster, as the Secretary to the Board, to send a letter to Mr. Melvin indicating the Board's decision with respect to the denial of the appeal for a disability retirement application waiver.

ITEM 4: Elect new Vice-Chair

Mr. Spaulding discussed with the Board his reasons for stepping down as Vice-Chair.

On motion by Mr. Spaulding, seconded by Mr. Johannesen, Kevin Gaffney was nominated for the position of Vice-Chair of the VSERS Board. After requesting nominees three times, and hearing no other nominees the Chairperson, Mr. Whitney indicated it was the Board's consensus to cast a single ballot for nomination and election of Mr. Kevin Gaffney as the Vice-Chairperson. The vote was unanimous.

(Mr. Johannesen left the meeting at this time.)

(David Minot entered the meeting.)

ITEM 5: Deferred Compensation (457) Plan Updates

Mr. Minot appeared before the Board and provided three works in progress that he proposed should be placed on the agenda for the August meeting. Mr. Minot indicated he would discuss these items with his successor.

The first item Mr. Minot discussed was the benchmark indices referenced in the 457 Investment Policy. Mr. Minot indicated out of the ten benchmarks referenced in the policy for performance assessment seven are currently provided in the Advised Asset Group section of the Great West Annual Report. Mr. Minot indicated the benchmarks referenced for performance assessment not currently included are the three-year GIC Index, a 60% S&P 40 % Barclay's Aggregate Index, and the Citigroup PMI EPAC. Mr. Minot indicated work is being done to add the three-year GIC Index for stable value and the 60/40 Index for balanced fund. Mr. Minot recommended replacing the Citigroup PMI EPAC Index in the policy with the MSCI EAFE Index already being provided.

The second item Mr. Minot discussed was the addition of a Treasury Inflation Protected (TIPs) Fund, such as the Vanguard TIPs Fund. Mr. Minot indicated that addition of this fund could be considered at the next Great West 457 quarterly review meeting. Mr. Minot indicated his recommendation to add the TIPs Fund subject to the Plan's ability to communicate to participants the nature of the fund and the risks involved.

(A recess was taken from 10:01 a.m. to 10:02 a.m. in order for the Board members to call a new conference call telephone number.)

The third item Mr. Minot proposed for the August agenda was evaluation of Large Cap Social Investment Funds. Mr. Minot indicated the current Fund is Vanguard FTSE Social Index and he recommended an evaluation of this fund as of the end of the June 2009 quarter.

Ms. Webster indicated she would add these as agenda items for the August meeting.

Ms. Webster indicated to the Board they are close to wrapping up the reality investment discussions with Great West and the attorneys.

(David Minot left the meeting at this time.)

ITEM 6: Any other business to be brought before the Board

Ms. Webster advised the Board there were three retroactive benefit letters that Michael Clasen provided to her to present to the Board for review and approval. The three members were Thomas Schroeder, Elinor Patch and Linda Taft. Ms. Webster gave a description of each letter. The Board discussed the letters.

On motion by Mr. Spaulding, seconded by Ms. Zeller, the Board unanimously voted to approve the recommendation to grant retroactive benefits for Thomas Schroeder, Elinor Patch and Linda Taft consistent with previous actions by the Board.

Ms. Webster indicated that even though the Board in February voted to support all legislation, there was no mention of eliminating the Instant Interest in statute. Ms. Webster refreshed the Board's memory of what Instant Interest is.

On motion by Mr. Spaulding, seconded by Ms. Zeller, the Board unanimously voted to eliminate the Instant Interest as of July 1, 2009.

ITEM 7: Adjournment

On motion by Mr. Spaulding, seconded by Ms. Zeller, the Board unanimously voted to adjourn at 10:11 a.m.

Next Meeting Date:

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

Respectfully submitted,

Cynthia L. Webster
Secretary to the Board