

**VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM**

Meeting of the Board of Trustees

**August 13, 2009**

**VSERS Members present:**

Kevin Gaffney, Vice-Chairperson, 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)

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

Linda McIntire representing David Herlihy, Commissioner of Human Resources (ex-officio)

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

Jeb Spaulding, Vice-Chairperson, VT State Treasurer

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

**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

Stephen Wisloski, Director of Finance and Investments

Karl Kroner, Great West Retirement Services

Chip Sanville, Great West Retirement Services

Brent Neese, Great West Retirement Services

Monica Chiren, Assistant to Cynthia Webster

The Vice-Chairperson Kevin Gaffney, called the Thursday, August 13, 2009, 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: July 9, 2009****

**On motion by Mr. Spaulding, seconded by Mr. Reardon, the Board voted unanimously to approve the minutes of July 9, 2009 as submitted.**

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

**Daniel J. Fortier      New/1 year review**

**Etola H. Mosier      New/1 year review**

**On motion by Mr. Spaulding, seconded by Ms. McIntire, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Daniel J. Fortier with a one-year review.**

(Linda McIntire left the meeting at this point.)

The Board discussed the fact Etola H. Mosier was still working. Ms. Webster indicated there was a Worker's Comp claim. The Board discussed how to handle this situation.

**On motion by Mr. Spaulding, seconded by Mr. Healy, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Etola H. Mosier with a one-year review.**

**ITEM 3: Review/Act on emergency withdrawal request for:**

**Justine Ciccarelli**

**On motion by Mr. Reardon, seconded by Mr. Spaulding, the Board voted to approve the emergency withdrawal request for Justine Ciccarelli as recommended by Great West. Mr. Johannesen abstained from the vote. The motion passed.**

(Karl Kroner, Chip Sanville and Brent Neese entered the meeting.)

**ITEM 4: State of Vermont 457 Deferred Compensation Plan**

**Quarterly review for period ending June 30, 2009  
Consideration of adding a TIPS fund to 457 Lineup  
Evaluation of Large Cap Equity Social Investment Funds  
Update of 457 Investment Policy Benchmark Indices**

Mr. Kroner appeared before the Board and provided the Quarterly Report for June 30, 2009 for the 457 Plan. The Board discussed contributions and how they have changed with the recent market. Ms. Webster indicated she will prepare an article for the newsletter that informs members that when salaries increase contributions should also increase.

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

(Ms. McIntire rejoined the meeting at this time.)

There was a discussion what funds members were investing in. The Board decided Ms. Webster would also prepare an article about dollar cost averaging for the next newsletter.

(Mr. Spaulding rejoined the meeting at this time.)

Ms. Webster inquired about the breakdown of contributions between active members and retired members. Mr. Kroner indicated he will run a report with the termination dates.

(Mr. Wisloski entered the meeting at this time.)

There was a discussion about the liquidity of the 457 plan and 401K plans. Mr. Spaulding inquired if a Roth 457 was allowed. Mr. Reese indicated discussions have been held by the Federal Government, but nothing has been determined.

Mr. Sanville provided the Board with an update on field activity. Mr. Sanville indicated the different venues he was attending to present information about the 457 plan. There was a discussion about how hardship withdrawals are handled.

There was a discussion about Target Date Funds. Mr. Spaulding indicated an article about Target Date Funds should be included in the next newsletter informing members the Target Date Fund maybe in an equity position.

Mr. Spaulding inquired if the customer service for the 457 plan has decreased since the implementation of the 403(b) plan for the Teacher system. Mr. Neese indicated during the initial enrollment period there was a decrease in customer service, but that has been addressed. Mr. Neese indicated customer service will be monitored and if need be, additional resources will be added.

Mr. Spaulding introduced Stephen Wisloski to the Board members.

Mr. Kroner provided the Board with the investment side of the quarterly report. The Board decided it would like to invite the stable value vendor to present information on the product and how it works. Ms. Webster indicated she will invite them the next time there is an in-house meeting with Great West present.

There was a discussion about SRI Funds. Mr. Neese discussed the FTSE. The Board decided more information was needed before a change could be considered. The Board requested Great West work with Mr. Wisloski to find out more information about the Vanguard Fund and benchmarks and make a comparison to another SRI fund, the Parnassus Fund.

(Ms. McIntire left the meeting at this time.)

Ms. Webster provided the Board copies of the minutes, which addressed the TIPS fund. The Board had a discussion about the possibility of adding a TIPS fund to the 457 lineup. The Board decided more details would be provided concerning the Delaware and Vanguard Index funds. The Board decided adding this to the November agenda would be sufficient.

Ms. Webster provided the Board copies of the minutes, which addressed the update on 457 Investment Policy Benchmark Indices. Mr. Kroner indicated he would like this discussion to be moved to November in order to obtain more information from AAG.

(Mr. Hooper left the telephone conference.)

Ms. Webster indicated there was a letter received from the IRS indicating there would be an audit of the 457 Plan. Ms. Webster indicated they are working with Great West on this audit.

**ITEM 5:      Single Deposit Investment Account Quarterly Review**

Mr. Sanville provided the Board with the SDIA Quarterly Report for June 30, 2009. It was decided the rate of interest should be included in the quarterly report. There was a discussion about when this fund would mature. Ms. Webster indicated there are active members who are still a part of this fund.

Mr. Kroner indicated they renewed their lease for the 100 State Street location for the Great West's offices.

(Mr. Kroner, Mr. Sanville, Mr. Neese, and Mr. Wisloski left the meeting at this time.)

**ITEM 6:      Discussion of approval of travel for VPIC Board members**

It was the consensus of the Board to put this item on the next agenda. In the meantime Ms. Webster would locate the minutes that made reference to this item.

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

Ms. Webster provided the Board with an update on the number of members who have applied for the retirement incentive.

There was a discussion about the Retirement Study Committee. Mr. Spaulding provided the Board with an update of what the Committee has accomplished thus far.

There was a discussion about the returns on the three plans year-to-date. Mr. Spaulding indicated Mr. Rauh conducted his own evaluation, which he would email to the Board members.

**ITEM 8:      Adjournment**

**On motion by Mr. Reardon, seconded by Mr, Healy, the Board unanimously voted to adjourn at 11:35 a.m.**

**Next Meeting Date:**

The next scheduled VSERS meeting is a conference call meeting on September 10, 2009 at 9:00 a.m.

Respectfully submitted,

Cynthia L. Webster  
Secretary to the Board