

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

November 12, 2009

VSERS Members present:

Warren Whitney, Chairperson VSEA Representative (term expiring September 1, 2010)
Kevin Gaffney, Vice-Chairperson, VSEA Representative (term expiring September 1, 2011)
Robert Hooper, VSEA Representative (term expiring September 1, 2010) – via telephone
Paul White, Jr., VSEA Alternate (term expiring September 1, 2011)
Joseph Healy representing Roger Dumas, VRSEA Representative (term expiring September 1, 2010)
Caroline Earle, Commissioner of Human Resources (ex-officio)
Jeb Spaulding, Vice-Chairperson, VT State Treasurer
Richard Johannesen, Governor's Delegate (ex-officio)

Members absent:

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

Also attending:

Elizabeth Pearce, VT Deputy Treasurer
Cynthia Webster, Director of Retirement Policy and Outreach & Secretary to the Board
Stephen Wisloski, Director of Investment & Debt Management
Karl Kroner, Great West Retirement Services
Chip Sanville, Great West Retirement Services
Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Warren Whitney, called the Thursday, November 12, 2009, meeting to order at 9:09 a.m., which was held in the Treasurer's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of: October 26, 2009**

On motion by Mr. Johannesen, seconded by Mr. Gaffney, the Board unanimously voted to approve the minutes of October 26, 2009 as amended.

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

Mary C. Contaldi	New/1 year review
William F. Harkness	New/1 year review

On motion by Mr. Johannesen, seconded by Mr. Healy, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirements for Mary C. Contaldi and William F. Harkness with a one-year review.

The Board discussed disabilities and the actuarial factors for disabilities. The Board agreed the statute needed to be addressed and updated in the future.

ITEM 3: Discuss Medical Review Board fees

Ms. Webster stated the members of the MRB indicated they would like to receive an increase in fees. Ms. Webster advised they receive a fee of \$100.00 per review at the current time. It was suggested it has been a long time since the fees have been reviewed.

Ms. Webster stated there was a good mix on the MRB with a psychiatrist, internist and orthopedic doctor. Dr. Dale, the internist, recently inquired what the procedure would be if he did not want to continue to serve on the MRB in the future. The Board discussed the individual situations of each doctor. Ms. Webster indicated the same MRB is used for all three systems. The Board discussed whether the fees should be raised.

Mr. Spaulding requested the Board be provided with how many disabilities have been approved in the last three to five year period. Mr. Hooper inquired whether the State Disability Determination Agency would be able to provide the reviews. Ms. Webster indicated she will gather this additional information and provide it to the Board. Mr. Whitney suggested how long it takes the doctors to review a case and how many disabilities are not approved would also be helpful information.

ITEM 4: Discuss/Act on emergency withdrawal requests for:

**Neal Morrisette
David Myers
Polly Perrotta**

After considerable discussion and a friendly amendment for the motion to include tabling the emergency withdrawal request for Polly Perrotta, Mr. Healy made a motion that the Board approve the emergency withdrawal requests for Neal Morrisette and David Myers as recommended by Great West. Mr. Johannesen seconded the motion. The motion unanimously passed.

The consensus of the Board was to ask Great West questions about Ms. Perrotta's withdrawal request before proceeding further. Mr. Whitney, as Chair, tabled the emergency withdrawal request for Polly Perrotta until the end of the meeting with no objection from the Board members.

(Mr. Kroner and Mr. Sanville entered the meeting at this time.)

ITEM 5: State of Vermont 457 Deferred Compensation Plan

Quarterly review for period ending September 30, 2009

Mr. Kroner appeared before the Board and provided the Quarterly Report for September 30, 2009 for the 457 Plan. The Board discussed contributions and how they have changed with the recent market. Mr. Sanville indicated they are engaging in outreach to the individuals who have

a large number of investment diversifications. Mr. Sanville stated members are now able to contribute a set amount or percentage. Mr. Spaulding indicated it would be interesting to see what percentage is taking each option. Ms. Webster advised she will prepare an article for the newsletter that informs members that they can contribute a percentage of their salary or a set amount. Mr. Sanville indicated he will try to do the breakdown of VMERS versus VSTRS, possibly using payroll codes. Mr. Spaulding inquired if legislature was aware they could participate in the 457 Deferred Compensation Plan. Mr. Sanville indicated he will do a mailing, or email to inform them of their ability to participate.

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

Mr. Kroner provided documents to the Board members concerning TIPS and SRI funds. There was a discussion about the TIPS and SRI funds. The consensus of the Board was the subcommittee would review the funds and then make recommendations to the Board.

The Board inquired of Mr. Sanville and Mr. Kroner whether a bankruptcy is a triggerable event when it comes to emergency withdrawals, or whether an event needs to trigger the bankruptcy. Mr. Sanville indicated he believed bankruptcy in itself was not a triggerable event, but imminent foreclosure was.

Mr. Sanville provided the Board with the SDIA Quarterly Report for September 30, 2009. Ms. Webster explained what SDIA was.

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

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

Hearing no objection, the Chair, Mr. Whitney returned to Item #4, the emergency withdrawal request for Polly Perrotta.

On motion by Mr. Whitney, the Board voted unanimously to enter Executive Session at 10:51 a.m. pursuant to Title 1, § 313 for the purpose of discussing the emergency withdrawal request for Polly Perrotta.

The Board exited Executive Session at 11:18 a.m.

On motion by Mr. Healy, seconded by Mr. Gaffney, the Board voted unanimously to table the emergency withdrawal request of Polly Perrotta until further information was received.

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

Ms. Webster indicated if the information was received shortly she would attempt to set up a conference call in order to deal with this request.

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

ITEM 6: Set meeting dates for calendar year 2010

On motion by Mr. Johannesen, seconded by Mr. Healy, the Board unanimously voted to approve the suggested meeting dates for calendar year 2010.

(A recess was taken from 11:25 a.m. until 11:38 a.m.)

(Ms. Earle left the meeting.)

(Mr. Spaulding and Mr. Hooper rejoined the meeting.)

(Ms. Pearce entered the meeting.)

ITEM 7: Discussion with actuary of employee contribution rates for individual group plans

Ms. Webster advised Mr. Driscoll was not available to discuss this item via a conference call since the Board was running late. Ms. Webster indicated the Board should forward any questions they have to her and she will forward them to David Driscoll. The consensus of the Board was to have more details concerning how the numbers were arrived at. The Board discussed it was always maintained there was no cross-subsidy of the plans, and now it looks like it is indicating cross-subsidy is possible. The Board discussed there was no actuarial based assumptions creating the rates to begin with. Ms. Pearce indicated she requested Mr. Driscoll to look at the rates as if they were an annuity. Ms. Pearce believed that might be helpful to have that analysis. Ms. Pearce indicated she will follow-up with Mr. Driscoll on this item. Mr. Hooper indicated he will contact Ms. Pearce when he returns to Vermont. Mr. Whitney requested Ms. Webster reconnect with the actuary and keep this on the agenda so it can be dealt with in a timely fashion.

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

ITEM 8: Update on activity of *Retirement Commission*

Mr. Spaulding indicated the next Retirement Commission meeting is scheduled for November 19th. Mr. Spaulding indicated the Commission would have a discussion with Ice Miller and hopefully David Driscoll at that time. The Commission was scheduled to go over the recommendations and go over alternatives. Mr. Spaulding indicated there would be a Public Hearing held December 3rd from 7:00 p.m. to 9:30 p.m. at every VIT site. Mr. Spaulding gave a brief overview of what was being considered and not considered. Mr. Spaulding briefly discussed his proposal for the General Fund and Education Fund.

ITEM 9: Acknowledgement of retiring Board member Warren Whitney

Mr. Whitney indicated he would be retiring and his reasons for not continuing as a Board member. The Board members shared their appreciation, thoughts and well wishes with Mr. Whitney. Ms. Webster outlined Mr. Whitney's long history with the Board and presented Mr.

Whitney with a Certificate and a granite clock. Mr. Whitney thanked the Board members for their kind comments.

ITEM 10: Any other business to be brought before the Board

Mr. Whitney acknowledged Mr. Spaulding's service as Vice-Chairperson for the Board for six or seven years with a handmade wooden pen box. Mr. Spaulding thanked the Board for their words and gift.

ITEM 11: Adjournment

On motion by Mr. Spaulding, seconded by Mr. Healy, the Board unanimously voted to adjourn at 12:52 p.m.

Next Meeting Date:

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

Respectfully submitted,

Cynthia L. Webster
Secretary to the Board