

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees
May 10, 2011

Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2011
JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2012
THOMAS MCCONNELL, Active Member Representative, term expiring July 1, 2013 - via telephone
THOMAS CANDON, representing Commissioner of BISHCA
VAUGHN ALTEMUS, representing Commissioner of Education
ELIZABETH PEARCE, VT State Treasurer

Members absent:

None

Also attending:

Linda Deliduka, VRTA Alternate representative, term expiring July 1, 2012
Steve Wisloski, Deputy VT State Treasurer – via telephone
Matthew Considine, Director of Investments
Karl Kroner, Great West Retirement Services
Chip Sanville, Great West Retirement Services
Jeff Fannon, VT-NEA
Gillian Staniforth
Laurie Lanphear, Deputy Director of Retirement Operations
Cynthia Webster, Director of Retirement Policy and Outreach & Executive Secretary to the Board
Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Jon Harris, called the Tuesday, May 10, 2011, meeting to order at 9:00 a.m., which was held in the Treasurer's Conference Room, 109 State Street, Montpelier, VT.

Mr. Wisloski introduced Mr. Considine to the Board members and provided them a brief background of his experience. The Board welcomed Mr. Considine.

Mr. Harris indicated Agenda Item # 7 would be moved up in the agenda to after the approval of the minutes.

ITEM 1: **Approve the minutes of:**

April 14, 2011

On motion by Mr. Candon, seconded by Mr. Mackey, the Board voted unanimously to approve the minutes of April 14, 2011, as submitted.

ITEM 2: **VPIC alternate trustee election**

Mr. Harris indicated that he was going to resign as the VPIC alternate and indicated that Mr. McConnell indicated that he would be interested in serving as the VPIC alternate. Mr. Harris indicated that Mr. Altemus and Mr. Mackey's representation on the VPIC board has been outstanding.

On motion by Mr. Harris, Thomas McConnell was nominated for the position of Alternate Trustee Representative of VSTRS to VPIC. Hearing no other nominees the Board voted unanimously to the appointment of Thomas McConnell to VPIC as the Alternate Trustee Representative of VSTRS.

(Ms. Pearce entered the meeting during this item.)

The Board thanked Mr. Harris for his service on VPIC.

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

ITEM 3: 403(b) quarterly update by Great West Retirement Services

Mr. Kroner indicated that socially responsible investments are now available. Mr. Sanville provided to the Board the *Socially Responsible Investing* flyer that will be included in enrollment packets and indicated there was a blurb about the SRI funds on the Q2 statement. Ms. Webster indicated this will also be mentioned in the July newsletter.

Mr. Kroner and Mr. Sanville appeared before the Board and provided the Quarterly Report for March 31, 2011 for the 403(b) Investment Program. Mr. Sanville provided the plan overview. There was a discussion about the percentage of participants who are enrolled in the plan out of all eligible members. Mr. Sanville indicated the things they are doing in an attempt to gain new enrollees. Mr. Altemus indicated he would be interested to know how many vendors the different districts have. There was a discussion about contributions and that contributing participants has increased.

There was a discussion about districts having both a 457 Plan and a 403(b) Plan. Mr. Harris indicated he would like to know what districts have both. Mr. Sanville provided information about the withdrawals for the quarter.

Mr. Sanville provided the Board members the field activity report. There was a discussion about managed accounts and self-brokerage accounts. Ms. Pearce requested the percentage of participants that are in managed accounts. There was a discussion about fund performance. There was a discussion about the ratings. Mr. Kroner explained how the rating system works. There was a discussion when the contract would terminate. Mr. Kroner indicated he believed it was 2014, but that he would research that further.

ITEM 4: SDIA quarterly report

Mr. Sanville appeared before the Board and provided the Quarterly Report for March 31, 2011 for the SDIA Plan. Mr. Sanville reviewed the plan results and the administrative overview for the SDIA Plan. There was a discussion about the future of the SDIA Plan. Ms. Pearce indicated she will provide Great West with demographic information that they have.

Mr. Wisloski reviewed with the Board the changes to SDIA for the last year, indicating as of June 1, 2011 the entire SDIA will be with ICMA-RC. Mr. Wisloski indicated the transfer is proceeding smoothly. Ms. Pearce thanked Mr. Wisloski for his diligent work over the past year up to and including the transition to ICMA-RC. The Board added their thanks, also. Ms. Webster provided background on the various administrators of the SDIA before Great West took over the administration of the account.

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

(A recess was taken from 10:03 a.m. to 10:10 a.m.)

(Mr. Fannon and Ms. Staniforth entered the meeting at this time.)

ITEM 5: Gillian Staniforth request

Mr. Fannon introduced Gillian Staniforth. Mr. Fannon indicated Ms. Staniforth's request to be placed in the VSTRS plan dating back to her first teaching assignment in the 2000-01 school year. Mr. Fannon reviewed the delay with the DOE's (Department of Education) peer review. Ms. Webster indicated one needs to be a licensed teacher in order to be enrolled in VSTRS. Ms. Webster indicated that Ms. Staniforth was enrolled in 2000 in error, but was withdrawn subsequently. There was a discussion about waiver and provisional licenses. Ms. Staniforth provided her understanding of the situation. There was a discussion about Ms. Staniforth's Municipal service. Ms. Webster indicated her Municipal service did not get transferred to the Teacher system until May of 2003.

(Ms. Webster left the meeting and returned shortly after obtaining additional information.)

Ms. Staniforth explained why she cashed a refund check, which she received. The Board reviewed a timeline of events. There was a discussion about the annual booklet statements and the one-page statements. There was a discussion about the difference of purchasing the time in question or returning the contributions.

(Ms. Lanphear left the meeting and returned shortly after obtaining additional information.)

On motion by Mr. Altemus, seconded by Mr. Candon, the Board voted unanimously to enter Executive Session at 10:47 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

(The Board exited Executive Session at 11:30 a.m.)

Mr. Harris indicated the consensus of the Board was to continue the request of Gillian Staniforth until her file could be obtained from Public Records and information could be obtained from the school district. Mr. Harris indicated any information Ms. Webster receives would be shared with Mr. Fannon. It was indicated this item would be postponed until the August meeting, unless it was decided to meet prior to that concerning this item.

(Mr. Fannon and Ms. Staniforth left the meeting at this time.)

(A recess was taken from 11:30 a.m. to 11:45 a.m.)

ITEM 6: Clarification of eligibility for teachers for independent schools

Ms. Webster advised the Board why this item was on the agenda. Ms. Webster reviewed the discussion and motion which was made at the June 16, 2009 Board meeting. Ms. Webster indicated there was a teacher who was moving from one independent school to another, and this was a teacher who was not licensed, and had been grandfathered into the VSTRS system. The Board discussed their understanding of the motion.

Mr. Harris indicated the consensus of the Board was that the grandfathered teachers would carry membership into the VSTRS system within the independent schools.

ITEM 7: Act on recommendation for new Medical Review Board member

On motion by Mr. Candon, seconded by Mr. Mackey, the Board voted unanimously to accept the recommendation of Dr. Davignon to have Dr. Frank Kailbat be appointed as the replacement psychiatrist on the Medical Review Board.

Ms. Webster indicated this item will also be discussed by the State Board on Thursday, May 12th and the Municipal Board on Tuesday, May 31st. Ms. Webster indicated that all three Boards do not need to agree on the same replacement, but hopefully they will. The Board thanked Dr. Davignon for his help in obtaining this replacement.

ITEM 8: Updates on the following items:

**Trustee election
2011 legislation
Treasurer's staff
VPAS
NCTR trustee workshop**

Ms. Webster advised the Board there was one other petition received in addition to Mr. Harris' petition, but that the other petition was subsequently withdrawn. Ms. Webster indicated there was one petition received for the Alternate Board Trustee. It was reviewed that if no other petitions were received the Board can appoint. Ms. Webster indicated she will provide the Board an update on the election at the Joint meeting with VPIC on Tuesday, May 24, 2011 at 8:30 a.m.

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

The Board discussed the reason for the joint meeting with VPIC on the 24th. Ms. Webster indicated it should be a short meeting, and will be a conference call meeting.

Ms. Webster indicated it was a quiet legislative session with the only change for the Teacher System being the CPI-NE taking effect for 2012 COLA.

Ms. Pearce provided the Board with an update on some changes to the Treasurer's Staff, including the addition of Matt Considine as the Director of Investments, Donna Holden taking a new position with the DOT, and Monica Chiren's role now to include VPIC duties and Medical Review Board duties, along with her move from the front desk. Ms. Pearce indicated they are in the process of obtaining a replacement for her position. Ms. Pearce indicated they are still looking into how to handle the remaining vacant positions.

Ms. Pearce indicated they are still moving forward with the VPAS project. Ms. Pearce indicated there will be a black-out period in July and the summer relative to the testing since there will be limited time available. There was a discussion about estimates being available on the web in the future.

(Mr. Fannon and Ms. Deliduka left the meeting at this time.)

Ms. Webster indicated the updates to the policies and regulations will be performed after the system has been finished.

Ms. Webster indicated there is a NCTR trustee workshop in Boston. Mr. Candon indicated he would be interested in attending that conference if he is able to. The Board discussed the advantages of attending this conference. Mr. Harris indicated he might also be interested in attending that workshop.

On motion by Mr. Altemus, seconded by Mr. Mackey, the Board voted unanimously to allow travel to the NCTR trustee workshop in July to be held in Boston.

Ms. Webster indicated she will email the link to the NCTR trustee workshop to the Board members, and will include an update of the Treasurer's staff with names and titles.

ITEM 9: Any other business to come before the Board

The Board reviewed the Select and Ultimate methodology, along with the single rate of 7.9%. Ms. Pearce indicated there is a difference in rates between the three systems because of cash flow.

Mr. Harris indicated there will be a conference call on June 9th since there are disabilities to approve.

(Ms. Deliduka entered the meeting at this time.)

There was a brief discussion about health care funding.

ITEM 10: Adjournment

On motion by Mr. Candon, seconded by Ms. Pearce, the Board unanimously voted to adjourn at 12:30 p.m.

Next Meeting Date:

The next scheduled VSTRS meeting is a joint conference call meeting on Tuesday, May 24, 2011 at 8:30 a.m.

Respectfully submitted,

Cynthia L. Webster
Executive Secretary to the Board