

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees
May 8, 2012

Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2015
JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2012
THOMAS MCCONNELL, Active Member Representative, term expiring July 1, 2013
THOMAS CANDON, representing Commissioner of Department of Financial Regulations
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
Stephen Wisloski, Deputy VT State Treasurer
Matthew Considine, Director of Investments
Katie George, Investments Manager
Suzanne Young, Attorney General's Office
Bernard D. Lambek, Zalinger, Cameron & Lambek
Amadee Denton, Fiscal Coordinator
John Everitt – via telephone
Mark Hage, VEHI, Director of Benefit Programs, Vermont-NEA
Joseph Zimmerman, VEHI, Trust Administrator, VSBIT
Laura Soares, VSBIT
John Eldridge
Karl Kroner, Great West Retirement Services
Chip Sanville, Great West Retirement Services
Kristin O'Grady, Great West Retirement Services – via telephone
Laurie Lanphear, Director of Retirement Operations
Kathie Kretzer, Retirement Specialist & Executive Secretary to the Board
Monica Chiren, Assistant to Kathie Kretzer

The Chairperson, Jon Harris, called the Tuesday, May 8, 2012, meeting to order at 9:05 a.m., which was held in the Governor's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

ITEM 1: Approve the Minutes of: April 12, 2012

On motion by Mr. McConnell, seconded by Mr. Mackey, the Board voted unanimously to approve the minutes of April 12, 2012, as submitted.

ITEM 2: John Everitt request

Ms. Lanphear provided the Board members a brief description and the background information for the John Everitt request. Ms. Lanphear indicated a refund was provided to the school. Ms. Denton indicated they never received the refund. Ms. Lanphear indicated she will research this item. When Mr. Everitt entered the meeting via the telephone Mr. Harris, the Chairperson, provided him an update of what had transpired thus far. Mr. Lambek indicated his interpretation of 16 V.S.A. § 1931 (4)(c), and what his understanding of the term "earnable compensation" was and what he believed "payments in lieu of benefits" included and did not include. Mr. Lambek indicated how Mr. Everitt and his situation related to his interpretation of the statute.

(Mr. Considine and Ms. George left the meeting during this agenda item.)

(Ms. Deliduka arrived during this agenda item.)

The Board reviewed the documentation that was provided relative to the John Everitt request. Ms. Pearce requested the School Board meeting minutes from 1991-1992 concerning an increase in salaries that the district enacted. Mr. Altemus indicated his working relationship with Ms. Denton, and offered to recuse himself, if need be. It was decided Mr. Altemus did not need to recuse himself. Mr. Lambek, Mr. Everitt and Ms. Denton answered the questions the Board members posed. There was a discussion about John Everitt's contract and the amendment that had been made to it. Mr. Lambek provided his closing remarks.

(Mr. Everitt, Mr. Lambek, and Ms. Denton left the meeting at this time.)

On motion by Mr. Altemus, seconded by Mr. Mackey, the Board voted unanimously to enter Executive Session at 10:35 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

(The Board exited Executive Session at 11:00 a.m.)

On motion by Mr. Mackey, seconded by Mr. McConnell, the Board voted unanimously to follow the Treasurer's Office staff recommendation that the AFC was correctly calculated by the Retirement System in regard to John Everitt and that his appeal is denied.

(A recess was taken from 11:05 a.m. to 11:10 a.m.)

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

(Mr. Hage, Mr. Zimmerman and Ms. Soares entered the meeting at this time.)

ITEM 3: VEHl presentation of medical premium rates for FY 2013

(Ms. Pearce left the meeting during this agenda item.)

The representatives from VEHI were introduced and welcomed to the Board meeting. Mr. Hage and Mr. Zimmerman presented to the Board the premium increases for the VEHI health insurance for FY 2013. There was a discussion about the single payer plan. There was a discussion about the Federal Affordable Care Act. There was a discussion about the effect the new health plan would have on VEHI. There was a discussion about the wellness programs that are offered to members.

(Mr. Hage, Mr. Zimmerman and Ms. Soares left the meeting at this time.)

ITEM 4: John Eldridge request

The Board discussed the John Eldridge request.

On motion by Mr. Mackey, seconded by Mr. McConnell, the Board voted to deny the request of John Eldridge.

Following a discussion by the Board members the motion was withdrawn.

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

Mr. Harris indicated the Board has reviewed Mr. Eldridge's request. Mr. Eldridge explained to the Board members his request and reasons for wanting to change his beneficiary. Mr. Eldridge discussed the statute he thought was relevant to his request. There was a discussion concerning QDRO's and Mr. Eldridge's knowledge of them. Ms. Lanphear explained the difference between naming a beneficiary as an active employee and as a retiree. Ms. Lanphear was directed to contact the Attorney General's Office to see if the Board had any recourse concerning this issue.

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

(A recess was taken from 12:10 p.m. to 12:20 p.m.)

(Mr. Considine, Ms. George, Mr. Kroner and Mr. Sanville entered the meeting at this time.)

(Mr. Wisloski was not present at this time.)

ITEM 5: 403(b) quarterly update by Great West Retirement Services

- **Website redesign update**
- **Retiree Seminars update**

Mr. Kroner appeared before the Board and provided the Quarterly Report for March 31, 2012 for the 403(b) Investment Program. Mr. Kroner provided the plan overview. Mr. Kroner indicated there was a 14.9% increase in the plan assets from January 1, 2012 to March 31, 2012. Mr. Kroner indicated there are 1,704 participants in the plan. Mr. Kroner reviewed with the Board members the breakdown of assets. Mr. Kroner reviewed the diversification of

the plan participants. There was a discussion about the asset allocation by age group. Mr. Sanville reviewed with the Board members the field activity for the quarter. Mr. Sanville indicated he will contact the superintendents' organization relative to possible presentations.

(Mr. Wisloski entered the meeting during this agenda item.)

Mr. Kroner reviewed with the Board members the Fund Performance Review. Mr. Kroner indicated they would have the pie chart available for T. Rowe Price at the next meeting once all the information is updated. There was a discussion concerning rolling money out of the 403(b) plan. The Board discussed target date funds. Mr. Kroner indicated at the next meeting they would have the representative from AAG present to answer any questions the Board might have concerning the target date funds.

Mr. Sanville appeared before the Board and provided the Quarterly Report for March 31, 2012 for the SDIA Plan. Mr. Sanville reviewed the *SDIA Investment Performance as of 03/30/2012* with the Board members. Mr. Sanville indicated the slow decline is continuing, which is expected.

(Ms. O'Grady entered the meeting at this time via the telephone.)

Ms. O'Grady reviewed with the Board members the *Great West Retirement Services Participant Website Redesign* handout. Ms. O'Grady indicated the research that has been done to come up with this new design. Ms. O'Grady indicated what portions of the website would be adjustable. Mr. Kroner reviewed with the Board members how it would work with a paperless system. The timeline was discussed for the redesign implementation.

(Ms. O'Grady and Mr. Wisloski left the meeting at this time.)

Mr. Kroner indicated Ron Nichols is set to present the retiree seminars the week of September 24th. Mr. Kroner indicated there is currently one set for Rutland and one for Montpelier, and they were looking into having a third seminar in Burlington.

Mr. Kroner indicated some items the Board members might think about in the future would be auto enrollment, auto increase, asset changes on-line and also the Secure Foundation product.

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

ITEM 6: SDIA quarterly update

This item was covered during Item 6.

ITEM 7: Review/act on Disability Retirement recommendation for:

- **Michael Quinn**

On motion by Mr. McConnell, seconded by Mr. Mackey, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Michael Quinn, with no review.

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

ITEM 8: Discuss/act on the following contracts:

- **Disability Hearing Officer Contract**
- **Actuarial Services Contract**
- **VEHI Health Insurance Contract**

Mr. Wisloski indicated the contract for the evidentiary hearing officers needs to be addressed. Mr. Wisloski indicated the evidentiary hearing officers are used for the disabilities that the Medical Review Board deny. Mr. Wisloski indicated the contract would be for Michael Zimmerman, whose contract expires June 30, 2012 and for Robin Barone, whose contract expired last year. Mr. Wisloski indicated these are low amount contracts that can be handled out of the Treasurer's office.

On motion by Mr. Mackey, seconded by Mr. McConnell, the Board unanimously voted to authorize the Treasurer's Office to engage in contract negotiations with Michael Zimmerman and Robin Barone as evidentiary hearing officers for the disabilities.

Mr. Wisloski indicated the actuarial services contract was for two years with two one-year extensions. Mr. Wisloski indicated they are requesting the Board make a motion to extend Buck Consultant's contract for one year.

On motion by Mr. Mackey, seconded by Mr. Altemus, the Board unanimously voted to extend the contract with Buck Consultants for one year.

Mr. Wisloski indicated the contract will expire with VEHI June 2012, and that they are requesting that the Board make a motion to ask for a waiver for two years so the contract can be extended for two years. Mr. Wisloski indicated by then they should know how the State and Federal health plans will play out.

On motion by Mr. Altemus, seconded by Mr. McConnell, the Board unanimously voted to request a waiver to extend the contract with VEHI for two years.

ITEM 9: Any other business to come before the Board

Mr. Altemus indicated the Board should review the "in lieu of benefits" issue and find a consistent way to deal with it and to determine whether there needs to be a rule making process concerning it.

In response to Mr. Candon's inquiry Mr. Wisloski and Mr. Mackey provided a brief update concerning Vermont Pension Investment Committee (VPIC). It was indicated more

information would be provided at the August in-house meeting which will be after the year-end.

ITEM 10: Adjournment

On motion by Mr. Candon, seconded by Mr. McConnell, the Board unanimously voted to adjourn at 1:55 p.m.

Next Meeting Date:

The next scheduled VSTRS meeting is a conference call on Thursday, June 14, 2012 at 3:30 p.m.

Respectfully submitted,

Kathie Kretzer
Executive Secretary to the Board