

**VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
VERMONT STATE TEACHERS' RETIREMENT SYSTEM**

**JOINT Meeting of the Boards
February 15, 2006**

VSERS Members present:

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2006)
JEB SPAULDING, Vice-Chairperson, VT State Treasurer
LINDA McINTIRE, Commissioner of Human Resources
JAMES REARDON, Commissioner of Finance & Management
DICK JOHANNESSEN, Governor's Delegate

VSERS Member(s) absent:

WILLIAM HARKNESS, VSEA member (term expiring September 2007)
ROBERT HOOPER, VSEA member (term expiring September 2006)
JOE HEALY, Retired Vermont State Employees' Association

VSTRS Members present:

JOSEPH MACKEY, Chairperson (Active No. 29334), term expiring July 1, 2009
JON HARRIS, Vice-Chairperson (Active No. 25669), term expiring July 1, 2007
JAY KAPLAN, Association of Retired Teachers of Vermont, term expiring July 1, 2008
THOMAS CANDON, representing Commissioner of BISHCA
VAUGHN ALTEMUS, representing Commissioner of Education
JEB SPAULDING, VT State Treasurer

VSTRS Member(s) absent:

None

Also attending:

Donna Holden, Board Coordinator
David Minot, Director of Finance and Investments
Investment Management Personnel

At 2:20 p.m. Mr. Whitney called the VSERS Board back to order. The VSTRS Board was still in order.

ITEM 1: SDIA Plan Manager Reviews

A. SDIA Plan Organization

Mr. Minot provided a review of the Plan's organization and management.

Loomis Sayles:

Tim Haarmann and Peter Palfry appeared before the Boards to review the current portfolio status. They reported a December 31, 2005 fund balance of \$57.8 million with a 2005 return of 2.23% vs. the Lehman Intermediate Aggregate Bond Index at 2.01%. A three-year return was reported at 3.68% vs. 3.19% for the benchmark, and five year at 5.54% vs. 5.51%. The 10/1991 since inception return was reported at 6.60%.

Mr. Harris left the meeting during the next item.

Dwight Asset Management:

David Thompson, Robert Miller, and Sean Saia appeared before the Boards to review the current portfolio status. They reported a December 31, 2005 fund balance of \$38.5 million with a 2005 return of 3.36% vs. the Lehman Intermediate Aggregate Bond Index at 2.01%. A three-year return was reported at 4.55% vs. 3.19% for the benchmark, and five year at 5.77% vs. 5.51%. The 10/1996 since inception return was reported at 6.71%.

ITEM 2: Board Discussion

The Boards discussed and agreed the consolidation of the Plan's administration deserved further discussion

On a motion by Mr. Reardon seconded by Mrs. McIntire, the VSERS Board unanimously voted to request from Mr. Minot a comprehensive manager and portfolio analysis including fees, performance, etc., past, present and future projections, and a recommendation for further action at the a meeting on April 11, 2006.

On a motion by Mr. Kaplan seconded by Mr. Altemus, the VSTRS Board unanimously voted to request from Mr. Minot a comprehensive manager and portfolio analysis including fees, performance, etc., past, present and future projections, and a recommendation for further action at the a meeting on April 11, 2006.

ITEM 3: Any other Business to Come Before the Boards

None

Adjournment:

On a motion by Mrs. McIntire seconded by Mr. Johannesen, the VSERS Board unanimously voted to adjourn at 4:15 p.m.

On a motion by Mr. Altemus seconded by Mr. Kaplan, the VSTRS Board unanimously voted to adjourn at 4:15 p.m.

Respectfully submitted,

Donna Holden
Board Coordinator