

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Meeting of the Board of Trustees

December 8, 2009

Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2011

JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2012 –
via telephone

THOMAS MCCONNELL, Active Member Representative, term expiring July 1, 2013

THOMAS CANDON, representing Commissioner of BISHCA

VAUGHN ALTEMUS, representing Commissioner of Education

JEB SPAULDING, VT State Treasurer

Members absent:

None

Also attending:

Cynthia Webster, Director of Retirement Policy and Outreach & Executive Secretary to the
Board

Elizabeth Pearce, Deputy VT State Treasurer

Karl Kroner, Great West Retirement Services

Chip Sanville, Great West Retirement Services

Jeff Fannon, VT-NEA

Linda Deludika

Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Jon Harris, called the Tuesday, December 8, 2009, meeting to order at 9:04
a.m., which was held in the Treasurer's Conference Room, 109 State Street, Montpelier, VT.

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

**On motion by Mr. Altemus, seconded by Mr. McConnell, the Board unanimously voted
to approve the minutes of October 26, 2009 as submitted.**

ITEM 2: **403(b) quarterly update by Great West Retirement Services**

Mr. Kroner and Mr. Sanville introduced themselves to the members of the Board. Mr. Kroner
appeared before the Board and provided the Quarterly Report for September 30, 2009 for the
403(b) Investment Program. In going over the history of contributions Mr. Kroner indicated
the Board members needed to take into account there was an extra pay cycle in quarter two as
there will be in quarter four.

There was a discussion concerning target funds. Mr. Sanville provided the Board members
with an update on the outreach he has been providing to members and districts. Mr. Sanville
stated new teachers would be one of his main outreach categories. Ms. Webster advised the
Board members Addison Northeast contacted her for further information. Ms. Webster stated
she will provide Mr. Sanville that information.

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

Mr. Sanville provided the Board members with the Administrative Overview, Reality Investing and Field Activity updates. Mr. Kroner provided the Board with a Fund Performance Review. Mr. Kroner indicated he will include a glossary of terms for the next quarterly report. The Board discussed alpha and beta as it relates to stocks. Mr. Sanville indicated the steps he is taking to obtain new participants. The Board discussed TIPS Funds and SRI Funds. Mr. Sanville indicated the most requested item is SRI Funds. The Board discussed having more data provided concerning the PAX Fund for the next quarter. The Board discussed the Morningstar Ratings.

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

(A ten minute recess was taken at this time.)

ITEM 3: Discuss employee contribution rate relative to retiree health insurance

Ms. Webster reviewed the *Teachers' Retiree Medical Insurance Calculation* documents for the FY 2010 and FY 2011. The Board reviewed the language in the statute pertaining to the employee contribution rate relative to retiree health insurance. The Board discussed active employee contributions going to retiree health insurance. Ms. Webster explained the figures used for the calculations in the above document. Ms. Webster stated it would be an increase from 3.4% to 3.9%. The Board requested the figures for the prior years. Ms. Webster advised she will provide that information to the Board. The Board discussed a time-line to review this item annually. The Board decided to discuss this item further at the February in-house meeting after VEHI presents the insurance rates for FY 2011.

ITEM 4: Retirement Commission update

Mr. Spaulding provided the Board with an update on the Retirement Commission. Mr. Spaulding advised the Board members the areas the Commission was considering recommending changes to. Mr. Spaulding stated the Commission has decided to continue with the DB Plan but is trying to decide what they can do to make it more affordable and have the least impact on members, but still be competitive. Mr. Mackey stated the Treasurer's Office has done a wonderful job obtaining the information in order to make these informed decisions. The Board discussed the changes that Mr. Spaulding mentioned. Mr. McConnell inquired how going from 50% to 60% would affect people who were within that five-year period from retirement.

ITEM 5: VPAS Update

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

Ms. Pearce provided an update for the Board members relative to VPAS. Ms. Pearce advised the Board there were some changes in project managers. Ms. Pearce stated the ben/pay phase of the system has been implemented and November was the first payment out

of VPAS. Ms. Pearce stated there was a small issue with the credit union that was quickly resolved. Ms. Pearce stated the time frame for going live with active membership and employer reporting. Ms. Pearce stated LRS was being reimbursed only when they deliver an item. Mr. Mackey thanked Ms. Pearce for all the work she has done with VPAS and the Retirement Commission. Ms. Pearce stated Mr. Clasen and Mr. Verma are now taking the lead with VPAS. Ms. Pearce stated the AG's Office did the work with the contract with LRS.

ITEM 6: Discuss 2010 legislative initiatives

The Board discussed what needed to be discussed for the 2010 legislative initiatives. The Board discussed the spiking issue. Mr. Spaulding stated the make-up of the Board might need to be discussed. The Board discussed how the health insurance is paid. Mr. Spaulding discussed his proposal to have the local districts pay for the health insurance.

(A 15-minute recess was taken at 12:05 p.m.)
(Mr. Mackey was not present for the afternoon session.)

ITEM 7: Discuss time line for developing retirement system policy guidelines

The Board discussed having policy guidelines available on-line. Ms. Webster inquired whether the Board wanted to talk about submitting an RFP or if they would like to inquire of LRS if they would be interested in providing this service since they have been working with the system for the last few years. The Board requested Ms. Webster contact the AG's Office to inquire if this could be an extension of LRS's current contract, or if an RFP would need to be requested. The Board stated Ms. Webster would work in tandem with LRS in order to create these policy guidelines. Ms. Webster will provide the Board with the information she obtains at the next in-house meeting, including a timeline and cost.

ITEM 8: Confirm meeting dates for remainder of the year

The consensus of the Board was the meeting schedule as provided was fine.

ITEM 9: Any other business to come before the Board

There was a short update given concerning VPIC. Mr. Harris indicated the consultant contract is up for an RFP. There was a discussion concerning the make-up of the members of the Board and how the Board Chair should be selected and whether the Board Chair should be paid. It was stated Mr. Griffin would be contacted concerning the item how the Board Chair can be selected.

ITEM 10: Adjournment

On motion by Mr. Spaulding, seconded by Mr. Candon, the Board unanimously voted to adjourn at 12:55 p.m.

Next Meeting Date:

The next scheduled VSTRS meeting is a conference call meeting on Thursday, January 14, 2010 at 3:30 p.m.

Respectfully submitted,

Cynthia L. Webster
Executive Secretary to the Board