

**VERMONT STATE TEACHERS' RETIREMENT SYSTEM**

Meeting of the Board of Trustees

**February 9, 2010**

**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  
THOMAS CANDON, representing Commissioner of BISHCA  
VAUGHN ALTEMUS, representing Commissioner of Education  
JEB SPAULDING, VT State Treasurer

**Members absent:**

None

**Also attending:**

Linda Deludika, VRTA Alternate  
Cynthia Webster, Director of Retirement Policy and Outreach & Executive Secretary to the Board  
Elizabeth Pearce, Deputy VT State Treasurer  
Stephen Wisloski, Director of Investments & Debt Management  
Chip Sanville, Great West Retirement Services  
Mark Hage, VEHI  
Joseph Zimmerman, VEHI  
Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Jon Harris, called the Tuesday, February 9, 2010, meeting to order at 9:05 a.m., which was held in the Treasurer's Conference Room, 109 State Street, Montpelier, VT.

Mr. Wisloski was introduced to the Board members as the new Director of Investments and Debt Management.

**ITEM 1:      **Approve the Minutes of: December 8, 2009****

**On motion by Mr. Mackey, seconded by Mr. Altemus, the Board unanimously voted to approve the minutes of December 8, 2009 as submitted.**

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

**Amy Marie Cochran  
Brian A. Bry**

**On motion by Mr. Altemus, seconded by Mr. Candon, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Amy Marie Cochran without review.**

**On motion by Mr. Altemus, seconded by Mr. Candon, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Brian A. Bry without review.**

(Mr. McConnell arrived at this time.)

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

Mr. Sanville appeared before the Board and provided the Quarterly Report for December 31, 2009 for the 403(b) Investment Program. Mr. Sanville indicated if members move from district to district it is possible for them to have several accounts. Mr. Sanville indicated he will have Ms. Kuzmik research how many multiple accounts there are.

(Mr. Spaulding arrived at this time.)

There was a discussion concerning the funds that are selected, the average account balance, and average contribution. Mr. Sanville indicated he will research if the average contribution indicated on page 15 of the report is per quarter or per annum. Mr. Sanville indicated there is an upward growth of participants. Mr. Sanville indicated he will research to see what the possible number of participants could be. Mr. Sanville provided the Board members with an update on the outreach that has been provided, including the annual information piece.

Ms. Webster provided the Board members with an update about Addison Northeast. Ms. Webster indicated there is a meeting set up with Addison Northeast and Ms. Avenia and herself. Ms. Webster indicated Addison Northeast would adopt our plan for new and existing participants. Ms Webster further indicated Addison Northeast would only offer our plan to new participants, and would not allow any new participants into their old plans.

Mr. Sanville indicated his lack of success in trying to get in contact with people for the Superintendent's annual meeting. Ms. Webster indicated she will contact them. Mr. Sanville provided the Board members an update on the Administrative Overview, Reality Investing, Field Activity, and Fund Performance.

The Board members discussed profile funds. Mr. Wisloski will research how T. Rowe Price is adjusting its mix in the profile funds and provide further information to the Board members.

Mr. Sanville provided the Board members with a *TIPS Fund Search* handout. The consensus of the Board was not to add a TIPS option at this time, but to obtain further information concerning the TIPS funds and to add this item to the next agenda. Mr. McConnell thanked Mr. Sanville for providing a glossary, and requested that it continue to be provided. Mr. Sanville assured the Board members they would continue to provide a glossary.

(Mr. Hage and Mr. Zimmerman arrived at this time.)

Mr. Sanville provided the Board members with the *New SRI Funds* handout. Mr. Sanville indicated to the Board during meetings inquiry is made about SRI funds. The Board members

discussed SRI funds. Mr. Candon moved to request Great West provide additional information about SRI funds to the Board, then withdrew his motion after further Board discussion about the range of SRI funds. Great West agreed to provide more detailed information about targeted SRI funds at the next in-house meeting scheduled for May 11, 2010. The Board members requested more information be provided concerning the PAX World Balanced Fund and any other balanced funds that would be available. The Board members also requested further information concerning the PIMCO Total Return and Parnassus Equity Income funds. Mr. Sanville indicated he will provide the information sheets for the above mentioned funds before the May Board meeting. Ms. Webster requested the information be provided by the end of April so the information can be included in the Board packets that will be mailed out for the May meeting.

(Mr. Sanville and Mr. Wisloski left the meeting at this time.)  
(A recess was taken from 10:30 a.m. to 10:42 a.m.)

**ITEM 4:      VEHl presentation of medical premium rates for FY 2011**

Mr. Hage and Mr. Zimmerman presented to the Board the premium increases for the VEHI health insurance for FY 2011. There was a discussion about the consistency and continuity of the plans. There was a discussion about the wellness programs that are offered to members. Mr. Zimmerman explained to the Board how there is a surplus and how that affects the premiums. Mr. Zimmerman explained how BCBS sets the rates. Mr. Zimmerman explained BISHCA reviewed and approved the rates for FY 2011.

(Mr. Hage and Mr. Zimmerman left the meeting at this time.)  
(Mr. Spaulding left the meeting at this time.)

**ITEM 5:      2010 Legislative Update**

**Review and discuss Agreement between VT-NEA and Treasurer's Office  
H.602 – teacher licensing  
S.210 – creation of defined contribution plan**

Ms. Webster indicated to the Board Mr. Spaulding requested the review of the Agreement between VT-NEA and Treasurer's Office be held after the other two updates.

The Board discussed H.602. The Board requested the amendment of "... any person who is a teacher ...". Ms. Webster indicated she will inform Mr. Crawford of this change in advance.

(Mr. Spaulding returned to the meeting at this time.)

The Board discussed S.210. Ms. Webster indicated this will not go anywhere, but is merely to keep a discussion going about a Defined Contribution plan.

Ms. Webster provided the Board with an update on the issue being discussed about the negative COLA. Ms. Webster indicated the issue being discussed is that the COLA language be changed to reflect that there will never be another negative COLA and that the January

2011 COLA be applied to the December 2009 amount so that there will not be a long-term impact from the negative COLA. Ms. Webster provided the Board members with the *2010 Retiree Cost-of-Living Fact* sheet which provided dollar amounts for the decrease in total pension payments and the average monthly decrease for retirees. The Board discussed this issue. The Board discussed what CPI is being used to calculate the COLA. Ms. Webster indicated there is movement to start a CPI for retirees, but nothing has been established at this time.

**On motion by Mr. Mackey, seconded by Mr. Altemus, the Board voted to maintain current COLA legislation at this time and not recommend a change to statute. Mr. Candon abstained from the vote, all others voted aye.**

Ms. Spaulding led the discussion about the Agreement with the VT-NEA. The Board discussed different scenarios of who would be affected by the changes and who would not. The Rule of 90 was discussed in detail. Mr. Spaulding indicated Legislature suggested interested parties work together and then this Agreement was suggested and supported by the interested parties. Mr. Spaulding indicated he did not believe there would be further consideration of the Commission's recommendations concerning the Teachers since there was this Agreement. The Board reviewed the VT-NEA sheet. The Board discussed returning to work after retirement and the VT-NEA being responsible for elections.

(A break was taken from 12:30 p.m. to 12:40 p.m.)

**ITEM 6:      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 the Ben/Pay phase has been working successfully since November of 2009. The hope was to have the actives done by April, but that has now been moved to the fall since scheduling and size of the staff had to be considered. In response to Mr. Altemus' question Ms. Pearce indicated there is an internal risk team that reviews the risks of embezzlement.

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

**ITEM 7:      Update on retirement system policy guidelines**

Ms. Webster indicated to the Board the contract with the vendor can be extended to work on the system policy guidelines. This would be done after the VPAS project has been completed.

**ITEM 8:      Update on alternate member representative**

Ms. Webster indicated she will have an orientation meeting with Terry Bruehner on March 4<sup>th</sup>. Ms. Webster explained Ms. Bruehner was under the impression she would be replacing Mr. McConnell. Ms. Webster indicated to the Board she has not heard from Ms. Bruehner since she explained to her this is for another position to serve in the absence of Mr.

McConnell. The Board discussed how they would handle the situation if Ms. Bruehner decided not to participate as the alternate. Ms. Deludika discussed her position as alternate.

**ITEM 9: Any other business to come before the Board**

Ms. Webster indicated Ms. Lanphear would like to have the assumptions to purchase service credit reviewed by the actuary. The assumptions that are currently used are assuming the member is close to retirement. The Board discussed this issue and agreed the actuary can review the assumptions. This item will be added to the next agenda.

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

Mr. Harris indicated there will not be a conference call meeting on Thursday, February 11, 2010 and that the next in-house meeting will be May 11, 2010.

Mr. Spaulding handed out the draft of the *VPIC Proposal for Independent Chair* to the Board members. There was a discussion about the document, VPIC, and the Chair position. The Board decided to discuss this item further at the May meeting. The Board discussed the consultants for VPIC.

**ITEM 10: Adjournment**

**On motion by Mr. Candon, seconded by Mr. Mackey, the Board unanimously voted to adjourn at 1:30 p.m.**

**Next Meeting Date:**

The next scheduled VSTRS meeting is a conference call meeting on Thursday, March 11, 2010 at 3:30 p.m.

Respectfully submitted,

Cynthia L. Webster  
Executive Secretary to the Board