

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

November 8, 2012

VSEERS Members present:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2013)
Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 1, 2014)
Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2014)
Jeff Briggs, VSEA Representative (term expiring September 1, 2014)
Thomas Hango, VSEA Alternate (term expiring September 1, 2013)
Richard Johannesen, Governor's Delegate (ex-officio)
James Reardon, Commissioner of Finance & Management (ex-officio)
Kate Duffy, Commissioner of Human Resources (ex-officio)
Elizabeth Pearce, VT State Treasurer

Members absent:

Paul White, Jr., VSEA Representative (term expiring September 1, 2014)

Also attending:

Matthew Considine, Director of Investments
Katie Green, Investments Manager
Karl Kroner and Chip Sanville, Great West Retirement Services
Brendan Morrison
Laurie Lanphear, Director of Retirement Operations
Nancy Dimick, Secretary to the Board
Monica Chiren, Assistant to Nancy Dimick

The Chairperson, Kevin Gaffney, called the Thursday, November 8, 2012, meeting to order at 9:04 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: Approve the Minutes of:

- **October 23, 2012**

On motion by Ms. Pearce, seconded by Mr. Briggs, the Board voted unanimously to approve the minutes of October 23, 2012, as submitted.

ITEM 2: Discussion/Act on disability retirement recommendation for:

- **William C. Deveneau New**

On motion by Mr. Hango, seconded by Ms. Pearce, the Board voted unanimously to enter Executive Session at 9:07 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

(Ms. Green, Mr. Considine, Mr. Kroner, Mr. Sanville and Mr. Morrison left the meeting.)

(The Board exited Executive Session at 9:16 a.m.)

On motion by Mr. Dumas, seconded by Mr. Reardon, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for William C. Deveneau, with a one-year review.

It was indicated an overview of the disability retirement process would be presented to the Board members in the future.

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

ITEM 3: State of Vermont 457 Deferred Compensation Plan

- **Quarterly review for period ending September 30, 2012**
- **Marketing and Website enhancements**
- **2013 Contribution Limits**
- **Review allowable investment options in Self-Directed Brokerage Account**
- **Auto enrollment**

Mr. Kroner appeared before the Board and provided the Quarterly Report for September 30, 2012 for the 457 Deferred Compensation Plan. Mr. Kroner provided the plan overview. Mr. Kroner indicated there was an increase in the total assets of 4.3% from July 1, 2012 to September 30, 2012. Mr. Kroner indicated the report will look different since Great West has gone through the process of rebranding. There was a discussion about contributions and the breakdown of assets by asset class. There was a discussion about the participants that diversified by having numerous investments. Mr. Kroner indicated in response to Mr. Johannesen's request that they can provide a breakdown of how many people that have one investment are in a target date fund.

There was a discussion about the Stable Value Fund and the new Roth feature. There was a discussion about participants transferring from one fund to another and whether they do the process online or talk to a representative. In response to the Board's inquiry Mr. Kroner indicated he would provide a breakdown of the demographics of the participants who are utilizing the Roth feature.

There was a discussion about participation and distributions. There was a discussion where the roll-over money was going to. It was indicated the State Employees Credit Union is one that uses the Pershing product, which deals with mutual funds, life insurance and possibly annuity products. In response to Ms. Pearce's inquiry Mr. Kroner indicated he will ascertain what is included under the In-Service Withdrawals.

There was a discussion concerning the internet usage and the managed accounts. Mr. Kroner reviewed with the Board members Great West's current ratings.

Mr. Sanville reviewed with the Board members the field activity for the quarter.

Mr. Kroner indicated the presentation by Ron Nichols was held and seemed to be a success. The members of the Board and staff that attended the seminar indicated Mr. Nichols was an excellent speaker.

Mr. Kroner briefly reviewed the Fund Performance Review with the Board members. Mr. Kroner indicated the overall ratings were good this quarter, with all green bars and no yellow or red bars. It was indicated that the percentage of employees in the different age groups that are participating in the 457 Plan would be provided.

(A recess was taken from 10:20 a.m. to 10:35 a.m.)

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

Mr. Kroner reviewed with the Board members the updated marketing material that is going to be used in the future. Mr. Kroner reviewed the updated website with the Board members. Mr. Kroner indicated that not all the features were available yet, but the hope was to have the update completed by Q1. Ms. Pearce indicated it would be preferred to have the updates by the end of December. Ms. Pearce indicated Mr. Kroner should be in contact with Ram Verma to be sure the website is compliant with the handicap accessible provisions. Mr. Kroner indicated he would find out where the rate of return and dividend change feature is located on the new website in response to Mr. Dumas' inquiry. Mr. Kroner indicated one of the features not on the website yet is an item to allow the member to see their projected monthly income. Mr. Kroner indicated once the updates were complete Laurie would be provided the link to test them. It was indicated that link can be forwarded to the Board members.

Mr. Kroner indicated the contribution limits for 2013 have increased from \$17,000.00 to \$17,500.00.

The Board discussed the allowable investment options in the Self-Directed Brokerage Account. Mr. Considine and Ms. Green indicated they will take care of the trading menu pursuant to the Board's instructions that all be available to the participant.

Mr. Gaffney indicated there is a VSEA Board Meeting next Tuesday which he is going to attend, and then after that he would have more information relative to the auto enrollment option. Ms. Duffy indicated she is also researching the auto enrollment option from her side.

(Ms. Green and Mr. Considine left the meeting at this time.)

ITEM 4: Discuss/Act on Charly Dickerson Request

Ms. Pearce indicated that Charly Dickerson had an inquiry why temporary State employees were not allowed to contribute to the 457 Plan. The Board discussed the ramifications of retired temporary State employees contributing to the 457 Plan and being able to withdraw contributions. Ms. Pearce indicated staff is still following up with the Attorney General's Office relative to this issue and will report back to the Board.

ITEM 5: Discuss/Act on Daniel Peterson Request

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board voted unanimously to enter Executive Session at 11:28 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

(The Board exited Executive Session at 11:45 a.m.)

On motion by Ms. Pearce, seconded by Mr. Dumas, the Board voted unanimously to change the benefit calculation for Daniel Peterson based on the calculation that was presented in email dated July 14, 2011 and presented to the Board.

On motion by Ms. Pearce, seconded by Mr. Dumas, the Board voted unanimously to direct the staff to research the members that retired during the transition period who might have been affected by the change in benefit calculations and to report back to the Board.

ITEM 6: Any other business to come before the Board

Ms. Lanphear reviewed with the Board members the Delta Dental PPO proposal. Ms. Duffy indicated she believed the State of Vermont has already accepted it for the active State employees.

On motion by Ms. Pearce, seconded by Mr. Briggs, the Board voted unanimously to approve the Delta Dental PPO Proposal, pending further review of contract terms for consistency with the Human Resources contract and terms, and further to authorize the Chair to sign said contract.

ITEM 7: Adjournment

On motion by Mr. Dumas, seconded by Ms. Pearce, the Board unanimously voted to adjourn at 12.00 p.m.

Next Meeting Date:

The next scheduled VSERS meeting is a conference call meeting on Thursday, December 13, 2012 at 9:00 a.m.

Respectfully submitted,

Nancy Dimick
Secretary to the Board