

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

April 14, 2011

VSEERS Members present:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2011)
Jeff Briggs, VSEA Representative (term expiring September 1, 2012)
Paul White, Jr., VSEA Representative (term expiring September 1, 2012)
Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 1, 2012)
Richard Johannesen, Governor's Delegate (ex-officio)
Kate Duffy, Commissioner of Human Resources (ex-officio)
James Reardon, Commissioner of Finance & Management (ex-officio)
Elizabeth Pearce, VT State Treasurer

Members absent:

None

Also attending:

Thomas Hango, VSEA Alternate (term expiring September 1, 2011)
Allen Blake, VRSEA Alternate (term expiring September 1, 2012)
Stephen Wisloski, Deputy VT State Treasurer
Cynthia Webster, Director of Retirement Policy and Outreach & Secretary to the Board
Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Kevin Gaffney, called the Thursday, April 14, 2011, meeting to order at 9:08 a.m., which was held in the Treasurer's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: Approve the Minutes of:

- **February 10, 2011**
- **March 30, 2011**

On motion by Mr. Briggs, seconded by Mr. White, the Board voted unanimously to approve the minutes of February 10, 2011, as submitted.

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board voted unanimously to approve the minutes of March 30, 2011, as submitted.

ITEM 2: Review and discuss following Deferred Compensation issues:

- **Stable Value Fund**
- **Self-directed brokerage account**
- **RFI for Guaranteed Withdrawal Benefits**

On motion by Mr. Dumas, seconded by Mr. Johannesen, the Board voted unanimously to enter Executive Session at 9:12 a.m. pursuant to Title 1, § 313 for the purpose of discussing contract issues.

(Ms. Pearce entered the meeting during Executive Session.)
(Ms. Chiren left the meeting at 9:50 a.m.)

(The Board exited Executive Session at 10:30 a.m.)

On motion by Ms. Pearce, seconded by Mr. Dumas, the Board voted unanimously to direct the Treasurer's Office to explore the remedies of the provisions and procedures under Article 3 of the Declaration of Trust of the Stable Value Fund.

ITEM 3: Review status of SDIA investments

On motion by Ms. Pearce, seconded by Mr. Dumas, the Board voted unanimously to direct the Treasurer's Office to terminate the relationship with Dwight and to terminate the contract with the Agon wrapper, and in conjunction with this termination order Dwight to initiate a liquidation of the SDIA portfolio in an orderly fashion by May 31, 2011 and to invest the proceeds with ICMA-RC Vantage Trust on June 1, 2011, pursuant to the Treasurer's Office due diligence with ICMA-RC.

ITEM 4: Discuss Select-and-Ultimate investment assumption

Ms. Pearce advised the Board the new rate for the Select-and-Ultimate model would be 7.9% or 7.8% as opposed to the 8.25% as assumed in November when the Experience Study was presented. Ms. Pearce indicated the Board will be advised when the actuary has developed a new rate. It was decided this item will be on the May 12th agenda.

(Ms. Pearce left the meeting.)
(Ms. Chiren returned to the meeting.)
(A recess was taken from 10:41 a.m. to 10:47 a.m.)

ITEM 5: Continuation of review and discussion of following Deferred Compensation issues:

- **Stable Value Fund**
- **Self-directed brokerage account**
- **RFI for Guaranteed Withdrawal Benefits**

The Board discussed the desire for an RFI for the secure foundation product. Ms. Webster indicated to the Board the difference between an RFI and RFP. Ms. Webster indicated she will gather information and prepare something to present to both the State and Teachers' Board in the next few months. The Board discussed their desire to also have an objective opinion from experts concerning the secure foundation product.

The Board discussed self-directed brokerage accounts. Ms. Webster indicated the 403(b) with Great West in the Teachers' system has this option. Ms. Webster indicated Great West would

easily be able to answer the Board's questions concerning this issue and indicated she will make this an agenda item for the May 12th meeting.

ITEM 6: 2011 Legislative update

Ms. Webster reviewed the Bill that just passed the House recently, which included the increase in State employee contribution rates of 1.3%, allowing Municipal employee rates to remain stable for one more year, and that there is to be the creation of a committee to look at contribution rates within the next five years. The Board discussed the Legislature being removed from the VSEA also being a part of that Bill. Ms. Duffy indicated she did amend the Bill to include that the Governor would be a part of the committee that meets within five years.

Ms. Webster indicated there was also the COLA index being switched from CPI-US to CPI-UNE. Ms. Webster indicated all three Boards were remaining neutral on this issue. The Board discussed this change.

ITEM 7: Any other business to come before the Board

Ms. Webster provided an update on the Roth IRA. Ms. Webster indicated there were issues initiating the Roth IRA, but that she was having a meeting with Nicole Wilson and Mary Graves in an effort to get this issue resolved.

In response to Mr. Dumas' question concerning how often funds in the 457 Plan are reviewed, Ms. Webster indicated there is a watch list that is reviewed every quarter. Mr. Dumas inquired if there was interest in a TIPS fund. Mr. Gaffney indicated that can be discussed at the next meeting.

Mr. Dumas asked for a follow-up on the security provided by Great West as discussed at a prior meeting. Ms. Webster indicated Great West will provide that update next month, including their disaster recovery plan.

Ms. Webster indicated Dr. Davignon is helping to recruit another doctor to sit on the Medical Review Board. Ms. Webster indicated there is possibly a doctor who would be interested in trying it for a few months. Ms. Webster indicated she will gather more information about this doctor and report back to the Board. Ms. Webster indicated Dr. Davignon was willing to appear before the Board and discuss this doctor with the Board.

The Board briefly discussed the semi-retirement status issue that was discussed at the February meeting.

ITEM 8: Adjournment

On motion by Mr. Dumas, seconded by Mr. Reardon the Board unanimously voted to adjourn at 11:28 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is an in-house meeting on May 12, 2011 at 9:00 a.m.

Respectfully submitted,

Cynthia L. Webster
Secretary to the Board