

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

May 15, 2012

VSEERS Members present:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2013)
Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 1, 2012)
Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2012)
Jeff Briggs, VSEA Representative (term expiring September 1, 2012)
Paul White, Jr., VSEA Representative (term expiring September 1, 2012)
Thomas Hango, VSEA Alternate (term expiring September 1, 2013)
James Reardon, Commissioner of Finance & Management (ex-officio)
Kate Duffy, Commissioner of Human Resources (ex-officio)
Steve Wisloski, Deputy VT State Treasurer representing Elizabeth Pearce, VT State Treasurer

Members absent:

Richard Johannesen, Governor's Delegate (ex-officio)

Also attending:

Matthew Considine, Director of Investments
Katie George, Investments Manager
Karl Kroner, Great West Retirement Services
Chip Sanville, Great West Retirement Services
Kristen O'Grady, Great West Retirement Services – via telephone
Laurie Lanphear, Deputy Director of Retirement Operations
Monica Chiren, Assistant to Nancy Dimick

The Chairperson, Kevin Gaffney, called the Thursday, May 15, 2012, meeting to order at 9:15 a.m., which was held in the Tre-Fin Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: Approve the Minutes of:

- **May 1, 2012**

On motion by Mr. White, seconded by Mr. Dumas, the Board voted unanimously to approve the minutes of May 1, 2012, as submitted.

ITEM 2: State of Vermont 457 Deferred Compensation Plan

- **Quarterly review for period ending March 31, 2012**
- **Website redesign update**
- **Retiree seminars update**
- **Auto enrollment**

(Mr. Briggs arrived during this agenda item.)

Mr. Kroner appeared before the Board and provided the Quarterly Report for March 31, 2012 for the 457 Deferred Compensation Plan. Mr. Kroner provided the plan overview. There was a discussion about asset growth and the breakdown of assets by asset class.

There was a discussion about the mapping of members from the Calvert Income Fund to the PIMCO Fund. Mr. Kroner indicated next quarter they will see the mapping of the stable value from SEI to ICMA-RC. Mr. Wisloski indicated how the change of stable value funds will occur. Mr. Wisloski reviewed with the Board members how the fees work with the old and new stable value fund. It was indicated Great West will send a letter out to members, and that additional information will be posted on the Treasurer's website.

There was a discussion about contributions and contributions by asset class. There was a discussion concerning target date funds. Since AAG is attending the August in-house meeting it was discussed that some of the questions the Board would like answered would be better held until that time, such as whether a 2050 fund should be added to the line-up and what will happen with the 2010 fund.

There was a discussion about participation. There was a discussion about distributions. There was a discussion concerning the amount of participants that are utilizing the managed account service. Mr. Sanville reviewed with the Board members the field activity. The Board reviewed the City of Rutland's request to have the Plan Document on their website. Mr. Wisloski indicated the result of that request was to have a link provided that would allow them to go to the Treasurer's website which would have the most current Plan Document. Mr. Wisloski indicated this would be available to any towns that wanted that information.

(Ms. O'Grady entered the meeting at this time via the telephone.)

Ms. O'Grady reviewed with the Board members the *Great West Retirement Services Participant Website Redesign* handout. Ms. O'Grady indicated the research that has been done to come up with this new design. Ms. O'Grady indicated what portions of the website could be customized.

(Ms. Duffy left the meeting during this agenda item.)

Mr. Wisloski indicated he will provide Ms. O'Grady with the State's brand standards guide. There was a discussion about enrollment on-line. The timeline was discussed for the redesign implementation. It was indicated there will be a live demo at the August in-house meeting.

(Ms. O'Grady left the meeting at this time.)

ITEM 3: Single Deposit Investment Account

- **Quarterly update for the period ending March 31, 2012**

Mr. Sanville appeared before the Board and provided the Quarterly Report for March 31, 2012 for the SDIA Plan. Mr. Sanville reviewed the *SDIA Investment Performance as of 03/30/2012* with the Board members. Mr. Sanville indicated the slow decline is continuing, which is

expected. The Board discussed the age breakdown of participants. The Board discussed what the future of the SDIA plan may be. Mr. Sanville reviewed with the Board members participant services.

Mr. Kroner indicated Ron Nichols is set to present the retiree seminars the week of September 24th. Mr. Kroner indicated there is currently one set for Rutland and one for Montpelier, and they were looking into having a third seminar in Burlington. Mr. Kroner indicated once the dates are firm they will be put up on their website.

There was a discussion about auto enrollment. Mr. Gaffney indicated he is going to meet with VSEA leadership to further discuss this item.

(Ms. Duffy entered the Board meeting during this agenda item.)

There was a discussion about auto increase. The Board discussed having the auto enrollment for only new hires. It was discussed the default fund would be a target date fund. It was indicated this item should be discussed with the Attorney General's Office. The Board discussed having the auto enrollment amount of 2% with auto increases of ½% up to a 5% cap with the default fund being the target date fund closest to member's retirement age.

The Board discussed what items were allowed to be handled through the website and what items needed to have a participant's signature. It was discussed this item should be discussed with the Attorney General's Office to find out what would be required.

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

(A recess was taken from 11:17 a.m. to 11:32 a.m.)

ITEM 4: Discuss/Act on disability retirement recommendations for:

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|-------------------|-----|
| • Maurice Miller | New |
| • Roger L. Barry | New |
| • Teresa M. Isham | New |
| • Thomas Snyder | New |

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Maurice Miller, without review.

On motion by Mr. Briggs, seconded by Mr. Dumas, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Roger L. Barry, without review.

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

On motion by Mr. Reardon, seconded by Mr. Briggs, the Board voted unanimously to enter Executive Session at 11:36 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

(The Board exited Executive Session at 11:51 a.m.)

On motion by Mr. Reardon, seconded by Ms. Duffy, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Thomas Snyder, without review.

ITEM 5: Appoint VSERS Representative and Alternate Representative for VPIC

The Board discussed Robert Hooper being appointed as the VSERS Representative to VPIC and Kevin Gaffney acting as the Alternate Representative for VPIC. Since both Mr. Hooper and Mr. Gaffney agreed to continue their appointments to VPIC the eligible voting members of VSERS decided to allow Mr. Hooper and Mr. Gaffney's representation to continue on VPIC.

ITEM 6: Discuss/act on the following contracts:

- **Disability Hearing Officer Contract**
- **Actuarial Services Contract**

Mr. Wisloski indicated the contract for the evidentiary hearing officers needs to be addressed. Mr. Wisloski indicated the evidentiary hearing officers are used for the disabilities that the Medical Review Board deny. Mr. Wisloski indicated the contract would be for Michael Zimmerman, whose contract expires June 30, 2012 and for Robin Barone, whose contract expired last year. Mr. Wisloski indicated these are low amount contracts that can be handled out of the Treasurer's office.

Mr. Wisloski indicated the actuarial services contract was for two years with two one-year extensions. Mr. Wisloski indicated they are requesting the Board make a motion to extend Buck Consultant's contract for one year.

On motion by Mr. Briggs, seconded by Ms. Duffy, the Board unanimously voted to extend the contract with Buck Consultants for one year in conjunction with the Teacher and Municipal Boards.

On motion by Ms. Duffy, seconded by Mr. Briggs, the Board unanimously voted to authorize the Treasurer's Office to engage in contract negotiations with Michael Zimmerman and Robin Barone as evidentiary hearing officers for the disabilities.

ITEM 7: Any other business to come before the Board

Ms. Lanphear indicated she just received an appeal request from a member who had been denied by Great West for an emergency withdrawal from the 457 Plan. It was the consensus of the

Board to have Ms. Lanphear research this item to make sure Great West is following the IRS rules and to have input from the Attorney General's Office on this item.

On motion by Mr. Briggs, seconded by Mr. Wisloski, the Board voted unanimously to enter Executive Session at 12:17 p.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

(The Board exited Executive Session at 12:30 p.m.)

Mr. Reardon indicated the legislative session has ended and they have accepted the recommended contributions. There was a short discussion concerning the health care issue the Teachers' system faces.

Ms. Duffy indicated 12 people accepted the Vermont State Hospital incentive to retire.

ITEM 8: Adjournment

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board unanimously voted to adjourn at 12:35 p.m.

Next Meeting Date:

The next scheduled VSERS meeting is a conference call meeting on Thursday, June 14, 2012 at 9:00 a.m.

Respectfully submitted,

Nancy Dimick
Secretary to the Board