

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

August 9, 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)
Paul White, Jr., VSEA Representative (term expiring September 1, 2014)
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)
Elizabeth Pearce, VT State Treasurer

Members absent:

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

Also attending:

Steve Wisloski, Deputy VT State Treasurer
Matthew Considine, Director of Investments
Katie Green, Investments Manager
Karl Kroner, Great West Retirement Services
Chip Sanville, Great West Retirement Services
Valerie Baker, Advised Assets Group – via telephone
Dr. Russell Davignon, Chairman of the MRB – via telephone
Tina Kaweck, Retirement Specialist
Monica Chiren, Assistant to Nancy Dimick

The Chairperson, Kevin Gaffney, called the Thursday, August 9, 2012, meeting to order at 9:07 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: Approve the Minutes of:

- **July 12, 2012**

On motion by Mr. Briggs, seconded by Mr. White, the Board voted unanimously to approve the minutes of July 12, 2012, as submitted.

ITEM 2: Discussion with Dr. Russell Davignon, Chairman of the Medical Review Board (via telephone)/Act on disability retirement recommendations for:

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|-----------------------|-------------------------------------|
| • Heidi DeAngelo | New – Deferred from 7/12/12 meeting |
| • Susan Rounds | New – Deferred from 7/12/12 meeting |
| • Marie A. Marcoux | New |
| • Camille L. Hayford | New |
| • Sherrie L. Brewster | New |

On motion by Mr. White, seconded by Mr. Briggs, the Board voted unanimously to enter Executive Session at 9:09 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues. The Board invited Dr. Davignon and Treasurer's staff to enter Executive Session with the Board members.

(The Board exited Executive Session at 9:21 a.m.)

On motion by Ms. Pearce, seconded by Mr. Briggs, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirements for Heidi DeAngelo, with a one-year review; for Susan Rounds, with a one-year review; for Marie A. Marcoux, without review; for Camille L. Hayford, without review; and for Sherrie L. Brewster, without review.

(Mr. Kroner, Mr. Sanville, Mr. Wisloski, 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 June 30, 2012**
- **Discussion with Advised Assets Group (AAG) – via telephone**
- **Website redesign update**
- **Retiree seminars update**
- **Auto enrollment**

Mr. Kroner appeared before the Board and provided the Quarterly Report for June 30, 2012 for the 457 Deferred Compensation Plan. Mr. Kroner provided the plan overview. Mr. Kroner indicated there was a decrease in the total assets from the previous quarter. There was a discussion about contributions and the breakdown of assets by asset class. There was a discussion about the return of the 3% increase in salary starting July 1st.

There was a discussion about the self-directed account having one participant. There was a discussion about the Stable Value Fund and the Roth feature. There was a discussion about contributions and having an article in the newsletter indicating when your salary increases you should increase your contributions to the 457 Plan.

There was a discussion about participation and distributions. There was a discussion where the roll-over money was going to. It was indicated Ms. Green would conduct research to ascertain what kind of product Pershing is.

(Ms. Baker entered the meeting at this time via the telephone.)

Ms. Baker reviewed with the Board members the *Economic and Capital Markets Review Second Quarter, 2012* handout. Ms. Baker reviewed the topical slide, *The "Fiscal Cliff"* with the Board members. Ms. Baker responded to the questions posed by the Board members. There was a discussion about international funds.

Ms. Baker reviewed the *Fund Performance Review as of 06/30/2012* with the Board members. There was a discussion about some of the funds that obtained a neutral Morningstar rating. There was a discussion about the SRI funds and target date funds. Ms. Baker indicated she will provide the T. Rowe Price Fund investment mix to the Board.

(A recess was taken from 10:35 a.m. to 10:55 a.m.)

(Ms. Baker, Mr. Hango, Mr. Considine and Ms. Green were not present after the recess.)

Mr. Kroner indicated they will provide the fund fact sheets for the target date funds.

Mr. Kroner continued his review of the Quarterly Report for June 30, 2012 for the 457 Deferred Compensation Plan. There was a discussion concerning the internet usage and the managed accounts.

Mr. Sanville reviewed with the Board members the field activity for the quarter. The Board discussed the one-time in-service distribution that is allowed with the plan. Mr. Sanville briefly provided the Board an update on the 403(b) plan.

Mr. Kroner indicated to the Board members that the website redesign is progressing and that testing will be starting next month. Mr. Kroner indicated if the Board members would like to see what the screens will look like they can go to the Commonwealth of Massachusetts website and sign on as a guest. Mr. Kroner indicated the website redesign should be far enough along by November that they can provide a demo of some screens. Ms. Pearce indicated Great West should work with Ram in order to make sure the website meets the criteria for vision impaired individuals.

Mr. Kroner indicated Ron Nichols is set to present the retiree seminars on September 26th. Mr. Kroner indicated there is currently one set for Rutland at 10:00 a.m. and one set for Montpelier at 5:00 p.m., downstairs in the auditorium. Mr. Kroner indicated members will be informed of the upcoming seminars.

There was a discussion about auto enrollment and the benefits of it. Mr. Gaffney indicated he has been in contact with the union and in the beginning they believed the auto enrollment was not part of the bargaining unit, but now they think it is. Ms. Duffy indicated she will check with her staff relative to the auto enrollment. The Board discussed it was generally in favor of auto enrollment, and would just need to work out the logistics of having auto enrollment. Mr. Kroner indicated he will provide information from Indiana which has auto enrollment, and how they proceed with it.

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

Mr. Wisloski led the Board members in a discussion concerning the Basic Plan Document, along with amendments.

On motion by Mr. Reardon, seconded by Mr. Dumas, the Board voted unanimously to authorize the Chair and the Treasurer to implement the Plan Document and to place them on the Treasurer's website.

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 will research this issue and report back to the Board.

ITEM 4: Single Deposit Investment Account

- **Quarterly update for the period ending June 30, 2012**

Mr. Sanville appeared before the Board and provided the Quarterly Report for June 30, 2012 for the SDIA Plan. Mr. Sanville indicated the slow decline is continuing, which is expected. The Board discussed the future of the SDIA Plan and what some of the options might be. Mr. Sanville reviewed with the Board members the Key Talk and Internet statistics. Mr. Sanville indicated to the Board members the rate of return was 3.4%. The Board discussed the SDIA quarterly reports would be provided and Great West would only review it if there was a question.

There was a discussion concerning the switch of the Stable Value Fund to ICMA-RC and the rate of return.

ITEM 5: Discuss/Act on Emergency Withdrawal Request for:

- **Patrick Dixon**

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board voted unanimously to enter Executive Session at 11:37 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues. The representatives from Great West were invited to join the Board in Executive Session.

(The Board exited Executive Session at 11:49 a.m.)

On motion by Ms. Pearce, seconded by Mr. Dumas, the Board voted unanimously to approve the appeal for the emergency withdrawal request for Patrick Dixon for the amount of \$7,080.00 based on the subsequent information provided, and that a request for additional funds would be approved provided they are substantiated by invoices.

ITEM 6: Any other business to come before the Board

None.

ITEM 7: Adjournment

On motion by Mr. Reardon, seconded by Ms. Pearce, the Board unanimously voted to adjourn at 11:50 a.m.

Next Meeting Date:

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

Respectfully submitted,

Nancy Dimick
Secretary to the Board