JOINT MEETING OF THE
VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
AND
VERMONT MUNICIPAL EMPLOYEES' REITIREMENT SYSTEM
Meeting of the Board of Trustees
October 3, 2007

CONFERENCE CALL MEETING

VMERS Board members present:
STEVEN JEFFREY, Chairperson, Employee Representative (term expiring July 1, 2010)
DAVID LEWIS, Vice-Chairperson, Employer Representative (term expiring July 1, 2009)
STEPHEN RAUH, Governor's Appointee
JEB SPAULDING, Vermont State Treasurer

VMERS Board members absent:
W. JOHN MITCHELL, II, Employee Representative (term expiring July 1, 2008)

VSERS Members present:
JEB SPAULDING, Vice-Chairperson, VT State Treasurer
KEVIN GAFFNEY, VSEA member (term expiring September 2009)
KAJ SAMSOM, VSEA Alternate (term expiring September 2009)
DAVID HERLIHY, Representing LINDA McINTIRE, Commissioner of Human Resources
JAMES REARDON, Commissioner of Finance & Management
DICK JOHANNESEN, Governor's Delegate

VSERS Members absent:
WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2008)
ROBERT HOOPER, VSEA member (term expiring September 2008)
JOE HEALY, Retired Vermont State Employees' Association (term expiring September, 2008)

Also attending:
Donna Holden, Board Coordinator
Bill Rice, Law and Policy Director
Jaye Johnson, Assistant Attorney General
Scott Higgins, National Life

Mr. Spaulding advised the Board the purpose of the meeting was to discuss the proposal by Green Mountain Limited Partnership (GMLP) to exercise the first of two partnership term options(?) to extend the contractual partnership one year, or until 12/31/2008, and to hopefully reach a consensus for a recommendation to be submitted for action by the full VPIC.

The Vice-Chairperson, Jeb Spaulding, called the VSERS Board *conference call meeting* to order at 1:34 p.m., which was held in the Treasurer's Conference Room, 109 State Street, 4th Floor, Montpelier, VT.

The Chairperson, Steve Jeffrey, called the VMERS Board *conference call meeting* to order at 1:34 p.m., which was held in the Treasurer's Conference Room, 109 State Street, 4th Floor, Montpelier, VT.

ITEM 1: **Discuss Green Mountain Capital Partnership Extension Proposal**

Mr. Minot provided a status report and summary of the proposal, advising that the State's $1 million guarantee expires on March 31, 2008, prior to the termination of the Green Mountain Capital (GMC) partnership, if extended. However, he explained, if recovery of any loss to limited partners through the guarantee were to be sought, it would be pro-rated based on the limited partners interests in GMC and would only be available upon certification by the GMC auditors of a loss to limited partners. Because of the nature of the principal holding of GMC (eCopy) and associated issues of valuation of a private and illiquid investment of this sort, certification of such a loss would be highly contentious and extremely difficult to achieve. He said the proposal was to extend the GMC partnership in order to provide sufficient time for the eventual liquidation of the holdings, particularly eCopy.

Scott Higgins, of National Life, concurred with Mr. Minot's assessment and summary, and also felt there were limitations in their alternatives, therefore, advised that based on the circumstance National Life was in support of the partnership extension in lieu of obtaining independent valuation of the eCopy stock (and other holdings).

On a motion by Mr. Reardon seconded by Mr. Johannesen, the VSERS Board unanimously voted to recommend to the full VPIC for action, to extend the GMC partnership for one-year, or until 12/31/08, based on the fact that there was no practical way to retrieve funds currently due to liquidity constraints.

On a motion by Mr. Rauh seconded by Mr. Spaulding, the VMERS Board unanimously voted to recommend to the full VPIC for action, to extend the GMC partnership for one-year, or until 12/31/08, based on the fact that there was no practical way to retrieve funds currently due to liquidity constraints.

ITEM 2: **Any Other Retirement Business to Come Before the Boards**

None

ITEM 3: **Adjournment**

Hearing no objections, at 2:20 p.m., Mr. Spaulding declared the VSERS Board adjourned.

Hearing no objections, at 2:20 p.m., Mr. Jeffrey declared the VMERS Board adjourned.

Respectfully submitted,

Donna Holden, Board Coordinator
for Cynthia Webster, Secretary to the Board