

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

January 13, 2005

Members present:

ROBERT HOOPER, VSEA member (term expiring September 2006)

DICK JOHANNESSEN, Governor's Delegate

JEB SPAULDING, Vice-Chairperson, VT State Treasurer

CINDY LAWARE, Commissioner of Human Resources

WAYNE CALDERARA, Alternate for Retired Vermont State Employees' Association

Member(s) absent:

WARREN WHITNEY, Chairperson, VSEA member (term expiring September, 2006)

WILLIAM HARKNESS, VSEA member (term expiring September 2005)

ROB HOFMANN, Commissioner of Finance & Management

JANICE ABAIR, Retired Vermont State Employees' Association

Also attending:

Donna Holden, Board Coordinator

Cynthia Webster, Director of Retirement Operations

William Griffin, Chief Assistant Attorney General

The Vice-Chairperson, Jeb Spaulding, called the **conference call** meeting to order at 8:09 a.m. on Thursday, January 13, 2005, in the Treasurer's Office, Montpelier, VT.

ITEM 1: Approval of minutes for December 16, 2004 Meeting

On a motion by Mr. Hooper seconded by Ms. LaWare, the Board unanimously voted to approve the minutes of the December 16, 2004, as revised to remove the erroneous motion on page 1, Item 1 and replace with the statement: *Upon discussion it was determined there were not enough Board members present to proceed with the approval of the minutes. This item would be concluded later in the meeting, and to correct the spelling of digression discretion on page 6, Item 9.*

ITEM 2: Discuss/Act on Disability Retirements for:

Scott A. Johnson

Judy M. LaVanway

Karen Predom

On a motion by Mr. Hooper seconded by Mr. Johannesen, the Board unanimously voted to approve the disability retirement for Scott A. Johnson as recommended by the Medical review Board.

On a motion by Mr. Hooper seconded by Mr. Johannesen, the Board unanimously voted to approve the continued disability retirement for Karen Predom, as recommended by the Medical Review Board.

At 8:16 a.m. on a motion by Mr. Hooper seconded by Ms. LaWare, the Board unanimously voted to enter into executive session, pursuant to Title 1 §313, to discuss medical records.

At 8:25 a.m. the Board exited executive session.

On a motion by Mr. Hooper seconded by Mr. Johannesen, the Board unanimously voted to approve the disability retirement for Judy M. LaVanway, as recommended by the Medical Review Board.

ITEM 3: February Meeting Schedule

The Board agreed to Mr. Whitney's suggestion that the February 10, 2005, disability conference call meeting be postponed, and business scheduled would be taken up at the February 17, 2005 quarterly investment meeting.

The Board members present further agreed to meet on Tuesday, February 15, 2005 at 1:30 p.m. to interview Global Bond managers. The remaining Board members will also be polled regarding their availability.

ITEM 4: Any other business to come before the Board

Mr. Griffin advised the Board that during recent contract reviews and negotiations it was discovered that the 457 Plan had not been audited since 1996. He said that an audit would be useful, for example, to track the calculation and reporting of various fees and the adequacy of internal controls. He assured the Board that he was not suggesting there were any improprieties, but felt it was prudent for the Board to act on these issues.

Mr. Griffin strongly encouraged the Board to authorize the Office of the Treasurer to work with the Office of the Attorney General to develop a multi-faceted RFP to examine, among other issues, financials, 12B1 fee reporting, etc. Mr. Griffin also encouraged the development of internal audits and controls regarding contractual obligations, which could also be included in the RFP, or developed with the Auditor of Account's Office.

On a motion by Ms. LaWare seconded by Mr. Johannesen, the Board unanimously voted to authorize the Treasurer's Office to work with the AG's Office to develop an auditing process proposal, for Board review at the February 2005 meeting.

Mr. Hooper left the meeting.

Mr. Griffin also advised the Board of the status of the Great-West and Dwight Asset Management contract amendments, and Stable Value Fund web and newsletter fee change disclosure. He commented, in his opinion, the transition to the new funds seemed to be without problem. Ms. Webster agreed and reported there had been no complaints received to date.

Next Meeting Dates:

The next meeting of the Board will be February 15, 2005 in the afternoon.
The next scheduled quarterly investment meeting is February 17, 2005.

Due to a lack of a quorum, at 8:40 a.m. Mr. Spaulding declared the meeting adjourned.

Respectfully submitted,

Cynthia Webster
Secretary to the Board