

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Conference Call Meeting of the Board of Trustees

July 16, 2019 – 11:00 a.m.

VMERS Members present:

PETER AMONS, Chairperson, Employee Representative (term expiring July 1, 2020)

KIMBERLY GLEASON, Employer Representative (term expiring July 1, 2020)

MAURA CARROLL, Employer Representative (term expiring July 1, 2022)

CHRISTOPHER DUBE, Employee Representative (term expiring July 1, 2022) – via telephone

BETH PEARCE, Vermont State Treasurer – via telephone

Members absent:

Also attending:

Tim Duggan, Assistant Attorney General

Erika Wolffing, Director of Retirement

Lesley Campbell, Program Technician III, Retirement Office

Morgan Daybell

Richard Cate, Vice President of Finance, University of Vermont – via telephone

Jennifer Papillo, University of Vermont – via telephone

Jess Kraus, University of Vermont – via telephone

The Chair, Mr. Amons called the Tuesday, July 18, 2019 Conference Call Meeting to order at 11:01 a.m. which was held in the Treasurer's Conference Room, Pavilion Building, 4th Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Agenda approval and announcements**

Mr. Amons asked the Board if there were any announcements or changes to the agenda. Mr. Amons introduced Mr. Daybell to the Board and added discussion of his retirement under other business.

ITEM 2: **Approve the minutes of:**

- **June 18, 2019**

On a motion made by Ms. Carroll, seconded by Ms. Gleason, the Board voted unanimously to approve the minutes of June 18, 2019 as submitted.

ITEM 3: **UVM Police Department Ability to Join VMERS**

Mr. Cate introduced himself to the Board and explained the UVM Police request to join VMERS. The University of Vermont does not have a pension system but rather a 403(b) plan to which UVM contributes 10% of salary. The UVM Police Department is having difficulty recruiting and are losing sworn officers to the surrounding towns that are members of VMERS and therefore able to offer a 20-year defined benefit retirement plan. Mr. Cate explained that UVM had conversations with the Treasurer to see if there would be a way to change statute and

allow the UVM Police to join VMERS. Treasurer's office staff was originally going to seek IRS guidance and outside legal counsel to determine if allowing UVM Police to join would have an impact on VMERS status as a government plan. The IRS recently issued new procedures stating that it will no longer issue rulings.

Ms. Pearce explained that she wanted to bring this issue to the VMERS Board to determine if the Board would want to move forward, knowing that an IRS ruling would not be possible. Ms. Pearce further stated that if UVM Police were to join, the decision would be irrevocable and wants to be sure the employees and University understand the cost impacts of joining the plan. The contribution rates are subject to change over time. Mr. Duggan stated that under the VMERS system per state law only municipalities can join, and UVM is not a municipality, and therefore would need to seek a statutory change to be included. A ruling on any impact to the tax-exempt status of VMERS by letting UVM Police join would not be available.

Ms. Gleason inquired if employees would be required to join the VMERS pension plan or if they would be allowed to stay in the 403b plan. Ms. Pearce explained that VMERS could allow municipalities to pay in the contributions for past service, or have the plan apply only moving forward to new hires. Mr. Cate further clarified that the younger sworn police officers are more likely to want to transition to the new plan versus an officer closer to retirement.

Mr. Duggan stated he has been in communication with outside counsel for an opinion, but because the IRS will not issue a determination, staff did not want to move forward without informing the Board. Mr. Cate stated that the question before the Board is whether it would even consider supporting UVM Police joining VMERS without an IRS determination. Ms. Pearce suggested contacting the VLCT to see if it has research about who should or should not be included in VMERS and requesting an opinion from outside legal counsel. Ms. Pearce stated the cost of this opinion (\$8,000-\$9,000) would be paid for by UVM. Mr. Cate informed the Board that UVM would also seek a separate opinion from the firm they work with in Washington D.C. Ms. Pearce further stated she would ask the actuaries to study the range of employer and employee contributions moving forward as part of the risk assessment.

ITEM 4: VMERS RHSP Recordkeeping Issue

On a motion made by Ms. Gleason, seconded by Ms. Carroll, the Board voted unanimously to enter Executive Session at 11:52 A.M. pursuant to 1 V.S.A. § 313, for the purposes of receiving confidential attorney-client communication.

The Board came out of Executive Session at 12:01 A.M.

On a motion made by Ms. Pearce, seconded by Ms. Carroll, the Board voted unanimously to support the recommendation in the memorandum from the Attorney General's Office pertaining to the VMERS RHSP.

ITEM 5: Act on the following request to join VMERS effective 10/1/2019

- Essex North Supervisory Union

Ms. Wolffing presented the request from Essex North Supervisory Union to join VMERS Group A effective 10/1/19. The request to join would impact 4 employees.

On a motion made by Mr. Dube, seconded by Ms. Gleason, the Board voted unanimously to approve the request of Essex North Supervisory Union to join VMERS Group A effective 10/1/19.

ITEM 6: Disability recommendation(s) from the May 16, 2019 Meeting of the Medical Review Board

- Laura Rose (New)

On a motion made by Ms. Pearce, seconded by Ms. Gleason, the Board voted unanimously to enter Executive Session at 12:05 P.M. pursuant to 1 V.S.A. § 313 to discuss personnel issues.

The Board came out of Executive Session at 12:12 P.M.

On a motion made by Ms. Gleason, seconded by Ms. Carroll, the Board voted unanimously to approve disability retirement for Laura Rose without review.

ITEM 7: Other Business

Mr. Amons announced to the Board that he is retiring either in August or September and therefore his seat would need to be filled on the Board. He introduced Mr. Daybell to the Board and explained that Mr. Daybell had run for the open seat filled by Mr. Dube. Ms. Pearce thanked Mr. Amons for his service.

ITEM 8: Adjournment

On a motion made by Ms. Carroll, seconded by Ms. Gleason, the Board voted unanimously to adjourn at 12:14 p.m.

Next Meeting Date:

The next scheduled VMERS meeting is August 20, 2019 at 11:00 AM.

Respectfully submitted,



Erika Wolffing
Director Retirement Outreach & Policy