

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

October 23, 2013

VMERS Members present:

STEVEN JEFFREY, Chairperson, Employer Representative (term expiring July 1, 2014)

PETER AMONS, Employee Representative (term expiring July 1, 2016)

THOMAS GOLONKA, Employer Representative (term expiring July 1, 2016)

DAVID ROWLEE, Employee Representative (term expiring July 1, 2014)

ELIZABETH PEARCE, Vermont State Treasurer

Board members absent:

None

Also attending:

Stephen Wisloski, Deputy VT State Treasurer

Stephen Rauh, Chairman of VPIC

Katie Green, Investments Manager

David Driscoll, Buck Consultants

Laurie Lanphear, Director of Retirement Operations

Monica Chiren, Assistant to Tina Kawecki

The Chairperson, Steven Jeffrey, called the Wednesday, October 23, 2013 meeting to order at 10:47 a.m., which was held in the Governor's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the minutes of June 24, 2013**

On motion by Ms. Pearce, seconded by Mr. Amons, the Board unanimously voted to approve the minutes of June 24, 2013, as submitted.

ITEM 2: **FY '13 Actuarial Valuation**

- ▶ **Set FY '15 employer rates and recommend to Legislature FY '15 employee rates**
- ▶ **Review continuance of monthly \$25.00 retiree health stipend**

Mr. Driscoll indicated to the Board members the reason for having an annual valuation. Mr. Driscoll presented the results of the *Report on the Actuarial Valuation of the Vermont Municipal Employees' Retirement System Prepared as of July 1, 2013*. The Board discussed the demographics of the system. There was a discussion concerning the unfunded accrued liability and the market value of assets. There was a discussion concerning gains and losses and the smoothing method that is utilized. There was a discussion concerning the rate of return. There was a discussion concerning the different groups and the rates of contributions. There was a discussion relative to the Select & Ultimate method and the amortization schedule.

(Ms. Green entered the meeting during this agenda item.)

There was a discussion relative to the changes to the GASB standards. There was a discussion concerning the maturation of the system. Mr. Driscoll answered the questions posed by the Board. Mr. Driscoll indicated the additional items that were requested for the valuation report would be provided.

The Board discussed the different groups and possible contribution rates. The consensus of the Board was to create a subcommittee to meet with the interested groups to discuss the contribution rates. Mr. Amons indicated he would be interested in participating in that subcommittee, along with the Chair and the Treasurer. The Chair, Mr. Jeffrey, reminded the Board if there was a quorum, then the meeting would need to be warned.

On motion by Mr. Golonka, seconded by Mr. Rowlee, the Board unanimously voted to recommend to the actuary that the contribution rates developed in the valuation report should include a specific provision for expenses and that the assumed expenses used in that development should be based on the expenses for the most recent fiscal year.

The Board discussed the \$25.00 health stipend for the retirees.

On motion by Ms. Pearce, seconded by Mr. Amons, the Board unanimously voted to approve the \$25.00 health stipend for retirees for another year.

(A recess was taken from 12:20 p.m. to 12:31 p.m.)

ITEM 3: Discuss/Act on Fidelity Online Statement Default Option

The Board discussed the request of Fidelity. It was discussed that some VMERS members did not have access to a computer. It was indicated it would be requested that Fidelity send a letter to members indicating if they did not hear back from the member they would be defaulted into online statements.

ITEM 4: Review/Discuss Communications Protocol for Trustees

Mr. Amons raised his concerns about the communication that happens among the Board members and whether it is appropriate or not. The Board discussed this item further. It was decided materials would be saved until Board packets were mailed out to the Board members.

ITEM 5: DC to DB Conversion Process Status Report

Ms. Lanphear provided the Board members an update on the conversion process. There was a quick discussion concerning how purchasing service credit is calculated. Ms. Lanphear indicated the process is proceeding on schedule.

ITEM 6: Any other business to come before the Board

The Board briefly discussed the Town of Richford issue. Ms. Lanphear indicated the Attorney General's Office still has not given an opinion on it. It was indicated this might be more of a labor dispute than a retirement issue.

Ms. Pearce indicated in response to Mr. Jeffrey's request that she will bring a preliminary budget to the November meeting. It was decided by the Board members the next meeting would be Friday, November 22nd at 9:00 a.m.

ITEM 7: Adjournment

On motion by Ms. Pearce, seconded by Mr. Golonka, the Board unanimously voted to adjourn at 12:55 p.m.

Next Meeting Date:

The next VMERS meeting is scheduled for Friday, November 22, 2013 at 9:00 a.m. as an in-house meeting.

Respectfully submitted,

Tina Kawecki
Secretary to the Board