

## VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

May 31, 2012

### **VMERS Members present:**

STEVEN JEFFREY, Chairperson Employer Representative (term expiring July 1, 2014)  
PETER AMONS, Vice-Chairperson, Employee Representative (term expiring July 1, 2016)  
THOMAS GOLONKA, Employer Representative (term expiring July 1, 2012)  
DAVID ROWLEE, Employee Representative (term expiring July 1, 2014)  
STEVE WISLOSKI, Deputy Vermont State Treasurer representing ELIZABETH PEARCE,  
Vermont State Treasurer

### **Board members absent:**

None

### **Also attending:**

Matthew Considine, Director of Investments  
Katie George, Investments Manager  
Suzie Porter, Fidelity Investments  
Robert Roy, Fidelity Investments  
Laurie Lanphear, Director of Retirement Operations  
Tina Kaweck, Secretary to the Board  
Monica Chiren, Assistant to Tina Kaweck, Secretary to the Board

The Chairperson, Steven Jeffrey, called the Thursday, May 31, 2012 meeting to order at 8:34 a.m., which was held in the Tre-Fin Conference Room, fourth floor, 109 State Street, Montpelier, VT.

Ms. Pearce indicated she would like to add a discussion concerning the RFP for the Defined Contribution Plan under Other Business. Mr. Jeffrey indicated they will discuss that item after the approval of the minutes since Ms. Pearce would be leaving the meeting shortly.

### **ITEM 1:      Approve the minutes of May 17, 2012**

**On motion by Mr. Golonka, seconded by Mr. Amons, the Board unanimously voted to approve the minutes of April 13, 2012, as submitted.**

### **ITEM 2:      Discuss/Act on RFP for the Defined Contribution Plan**

Ms. Pearce provided the Board members a draft of the *Request for Proposal for the State of Vermont Defined Contribution Investment Administration and Recordkeeping*. Ms. Pearce answered the questions posed by the Board members.

**On motion by Ms. Pearce, seconded by Mr. Golonka, the Board unanimously voted to approve the RFP for the State of Vermont Defined Contribution Investment**

**Administration and Recordkeeping and the time table as proposed by the Treasurer's Office, with the addition of any technical suggestions offered by the Board members.**

(Ms. Pearce left the meeting at this time.)

(Ms. Porter and Mr. Roy entered the meeting at this time.)

**ITEM 3: Defined Contribution Plan review by Fidelity Investments**

Ms. Porter and Mr. Roy introduced themselves to the Board members. Ms. Porter advised the Board members she would present the demographics of the program and Mr. Roy would present the investment portion of the program.

Ms. Porter indicated she will discuss with Ms. Lanphear how more information can be provided to the participants, whether through email, workshops, or seminars. Ms. Porter provided information concerning participants utilizing the website. Mr. Golonka requested a further breakdown of the website usage into unique visitors. Ms. Porter indicated she will attempt to obtain that information. Ms. Porter reviewed the number of single fund holders and the funds they are holding. Ms. Porter reviewed the investments held by the participants. Ms. Porter discussed a breakdown of the plan assets.

Mr. Roy reviewed the investment performance with the Board members. There was a discussion about the stock market performance. There was a discussion about investment diversification.

(Ms. George and Mr. Considine left the meeting at this time.)

In response to Mr. Jeffrey's question concerning possible recommendations Mr. Roy indicated he will provide to the Board members a category search for Fidelity Value Funds. There was a discussion what a fund change would encompass and how long it would take. There was a discussion about fees and the rolling out of lower share classes when available.

**On motion by Mr. Wisloski, seconded by Mr. Golonka, the Board unanimously voted to authorize the Treasurer's Office staff to work with Fidelity to obtain the lower share classes and to implement those as expeditiously as possible.**

The Board thanked Ms. Porter and Mr. Roy for their presentation.

(Ms. Porter and Mr. Roy left the meeting at this time.)

**ITEM 4: Discuss/Appoint Employee Trustee**

Mr. Jeffrey indicated there was a single nominee for the position of Employee Trustee so there was no need to hold an election. Mr. Jeffrey indicated it was within the authority of the Board to appoint Mr. Amons.

**On motion by Mr. Golonka, seconded by Mr. Wisloski, the Board unanimously voted to appoint Peter Amons as the Employee Trustee for a period of four years.**

Mr. Jeffrey indicated three names have been submitted to the Governor for the appointment of the Employer Trustee position which is also expiring June 30, 2012.

**On motion by Mr. Amons, seconded by Mr. Wisloski, the Board voted to endorse the appointment by the Governor of Thomas Golonka to the Employer Trustee position for a period of four years. Mr. Golonka abstained from the vote. The motion carried.**

**ITEM 5: Act on the following request to join VMERS:**

- **Town of Albany**                      **effective 7/1/2012**

**On motion by Mr. Golonka, seconded by Mr. Wisloski, the Board unanimously voted to authorize the Town of Albany to gain membership into VMERS effective July 1, 2012.**

**ITEM 6: Discuss/Act on disability retirement recommendation for:**

- **Catherine D. Eddy**                      **New**

**On motion by Mr. Golonka, seconded by Mr. Wisloski, the Board voted unanimously to enter Executive Session at 10:08 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.**

(The Board exited Executive Session at 10:09 a.m.)

Mr. Golonka disclosed to the Board members that his business partner has the last name of Eddy and that he was not sure if he is or is not related to Catherine D. Eddy.

**On motion by Mr. Amons, seconded by Mr. Golonka, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Catherine D. Eddy, with a one-year review.**

**ITEM 7: Discuss/act on the Actuarial Services Contract**

Mr. Wisloski indicated the actuarial services contract was for two years with two one-year extensions. Mr. Wisloski indicated he will research to see if the Board made a motion at the last Board meeting to extend Buck Consultant's contract for one year.

(Mr. Wisloski left the meeting at this time.)

**ITEM 8: Act 153 Update**

Mr. Jeffrey reviewed with the Board members what Act 153 encompassed which was moving local schools to supervisory unions. Ms. Lanphear indicated there will be more heard about Act 153 as it unfolds.

**ITEM 9: Review/Approve Letter of Comments to IRS regarding its Advanced Notice of Proposed Rulemaking regarding Government Pension Plans**

There was a discussion concerning the draft letter to the IRS regarding its Advanced Notice of Proposed Rulemaking regarding Government Pension Plans. The Board discussed when it might become a conflict of interest for Mr. Jeffrey.

**On motion by Mr. Golonka, seconded by Mr. Amons, the Board unanimously voted to authorize the Chairman to submit the comments in the draft letter to the IRS with the addition of the potential inquiries regarding what the problem is the IRS is trying to solve and define what is and is not eligible.**

(Mr. Wisloski returned to the meeting at this time.)

Mr. Wisloski indicated there was a discussion concerning the actuarial contract coming up for renewal in the April Board meeting, but that there had not been a motion made.

**On motion by Mr. Golonka, seconded by Mr. Amons, the Board unanimously voted to extend the contract with Buck Consultants for one year until June 30, 2013.**

**ITEM 10: Review Draft Termination Information Sheet**

Ms. Lanphear indicated the intention was to provide this letter to the Payroll Officers to disseminate to the employees when they terminated, and to also have this on the website. There was a discussion whether this sheet could be included with the newsletters that go out to members. Mr. Rowlee requested that the top of the sheet indicate this is for the VMERS system. Ms. Lanphear indicated if any of the Board members had other suggestions of how to get this information out to members to please let her know.

**ITEM 11: Any other business to come before the Board**

Mr. Amons brought up his desire to discuss the one time option for DC members to switch to the DB plan. The Board discussed this item further. Mr. Wisloski indicated he would research whether this one time allowance would require a statutory change.

The Board discussed Mr. Golonka's query whether it was a good idea for VMERS to have the same investment portfolio with VPIC as VSTRS since VMERS is better funded than the Teachers' system. Mr. Wisloski indicated he had some articles relative to this issue that he would provide to the Board members.

Mr. Jeffrey indicated these two items will be put on the next agenda and requested for additional information to be provided.

Ms. Kawecki reviewed with the Board the request of the employee from the Town of Pownal indicating she believed she should be credited with VMERS time since she had the required number of hours worked. The consensus of the Board was that the employee did meet the required number of hours. It was indicated both the employer and employee shares would need to be contributed.

There was a discussion about the changes to GASB. It was indicated this would be something that Buck Consultants could handle.

**ITEM 12: Adjournment**

**On motion by Mr. Amons, seconded by Mr. Golonka, the Board unanimously voted to adjourn at 11:47 a.m.**

**Next Meeting Date:**

There is no scheduled VMERS meeting at this time.

Respectfully submitted,

Tina Kawecki  
Secretary to the Board