

**VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

Meeting of the Board of Trustees

November 16, 2001

**Board members present:**

STEVEN JEFFREY, Chairperson, Employee Representative (term expiring July 1, 2004)

W. JOHN MITCHELL, II, Vice-Chairperson, Employee Representative (term expiring July 1, 2002)

DAVID LEWIS, Employer Representative (term expiring July 1, 2003)

**Member(s) absent:**

JAMES DOUGLAS, Vermont State Treasurer

SHELDON PRENTICE, Governor's delegate

**Also attending:**

Cynthia L. Webster, Director of Retirement Operations

Marie Duquette, Director of Investments

Ellen Griggs, Doug Moseley, New England Pension Consultants

Suzie Sylvester, Fidelity Investments

Ted Nelson and Paul Locke, Town of Milton

The Chairperson, Steve Jeffrey, called the meeting to order at 9:35 a.m. on Friday, November 16, 2001 in the Treasurer's Conference Room #1 at 133 State Street, Montpelier, Vermont.

- ITEM 1:**      Approval of the minutes of the quarterly meeting August 24, 2001  
                  Approval of the minutes of the joint meeting October 29, 2001  
                  Approval of the minutes of the actuarial meeting October 29, 2001

**On a motion by Mr. Lewis seconded by Mr. Mitchell, the Board unanimously voted to table approval of the minutes of August 24, 2001, October 29, 2001 joint meeting and October 29, 2001 until the next scheduled meeting.**

- ITEM 2:**      Treasurer's report

The custodial bank negotiations and fee structure were discussed.

- ITEM 3:**      Investment consultant quarterly report and workshop "How to Read the Book"

Ms. Griggs and Mr. Moseley appeared before the Board and reviewed the third quarter 2001 performance. They reported the market value of the fund at \$162.8 million and a quarterly return of (5.7)%. The one-year return was (5.5)%, three-year return 6.2% and a five-year return of 10.3%.

The Board participated in the "How to Read the Book" workshop. The discussion resulted in suggestions for additional information pages and clarification of the current pages of the quarterly books.

The Board agreed that NEPC would prepare a draft revision of the Policy & Guidelines for the Board's review and discussion at the February 22, 2002 meeting.

**ITEM 4:** Increase the per diem for members of the Medical Review Board for \$50 to \$100

**On a motion by Mr. Mitchell seconded by Mr. Lewis, the Board unanimously voted to increase the fee per Doctor per disability case recommendation to \$100.00.**

**ITEM 5:** Discussion of *Economic Growth & Tax Reconciliation Act of 2001*

The Board discussed the points, prepared by Fidelity Investments, of the Economic Growth and Tax Reconciliation Act of 2001 (ECTRRA) that required Board action.

**On a motion by Mr. Lewis seconded by Mr. Jeffrey, the Board unanimously voted to amend the Defined Contribution Plan Document to allow rollovers from all permissible sources, as described in the ECTRRA of 2001.**

**On a motion by Mr. Mitchell seconded by Mr. Jeffrey, the Board unanimously voted to amend the Defined Contribution Plan Document to prohibit rolling out funds, prior to meeting distribution requirements, which were rolled into the plan under the ECTRRA provisions.**

The Board agreed that Fidelity would provide the following:

~~///~~ a form for the participant to sign, if they elect to rollover funds into the VMERS DC plan, acknowledging they may receive an early withdrawal penalty from the primary source.

~~///~~ a form for the participant to sign, acknowledging that once funds are rolled into the VMERS DC Plan, they will not be allowed to roll out the funds, until the participant meets distribution eligibility requirements.

**ITEM 6:** Discussion of DC Plan Document provisions to allow for continued participation of employees with reduced hours

**On a motion by Mr. Lewis seconded by Mr. Mitchell, the Board unanimously voted to amend the Defined Contribution Plan Document to allow for employees with reduced hours that fall below the minimum hours of membership to continue contribution into the DC plan, for up to 3 years and to be consistent with the Defined Benefit statute § 5051 (D)(ii) & (10).**

Ms. Webster advised the Board that the monitoring for this amendment would fall on the payroll officers just as they are responsible for monitoring and reporting reduced hours in the DB plan.

**ITEM 7:** Discussion regarding irrevocable DC elections

Mr. Nelson and Mr. Locke appeared before the Board. Mr. Nelson provided a letter dated November 16, 2001, for the Board's consideration.

The Board discussed the merits and ramifications of the request.

Mr. Jeffrey requested that this item be listed again on the February 22, 2002 agenda, for discussion with the full Board.

**ITEM 8:** Re-appointment of Dr. Peter Dale to the Medical Review

**On a motion by Mr. Mitchell seconded by Mr. Lewis, the Board unanimously voted to re-appoint Dr. Peter Dale to the Medical Review Board.**

**ITEM 9:** Discussion on requested actuarial scenarios

Mr. Jeffrey asked staff to put this item for the February 22, 2002 agenda and to have Mr. Driscoll of Buck Consultants be available via conference call to clarify the memo dated November 14, 2001.

**ITEM 10:** Discussion and determination of Group D rate

**On a motion by Mr. Mitchell seconded by Mr. Lewis, the Board unanimously voted to continue the Group D employer rate at 9%.**

**ITEM 11:** Town of Middlesex waiver request to offer Group B effective July 1, 2002

**On a motion by Mr. Mitchell seconded by Mr. Jeffrey, the Board unanimously voted to approve the request by the Town of Middlesex to waive the filing deadline to offer Group B to their employees.**

**ITEM 12:** Other business to be brought before the Board

Ms. Webster advised the Board that there was continued interest on the part of the Town of Bennington to join the VMERS plan effective July 1, 2002.

Mr. Jeffrey advised the Board that meetings were held with the City of Montpelier to discuss joining VMERS effective July 1, 2002. He said he was informed that all employment groups of the City and the School Districts have signed off on a proposal that will be brought before the City Council and School Boards on November 29, 2001, for discussion.

Ms. Webster advised the Board that she has also attended meetings with the Town of Berlin regarding the possibility of joining VMERS.

**On a motion by Mr. Lewis seconded by Mr. Mitchell, the Board unanimously voted to support a legislative amendment to upgrade all Group A service rendered prior to 7/1/87 to 1.4%**

The Board asked Ms. Webster to obtain an updated cost estimate from the actuary with respect to upgrading the Group A service.

The Board asked for the "Medical Expense Stipend" issue to be listed on the February 22, 2002 agenda.

**On a motion by Mr. Lewis seconded by Mr. Mitchell, the Board unanimously voted to adjourn at 1:07 p.m.**

Respectfully submitted,

Cynthia L. Webster  
Secretary to the Board