

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees
October 25, 2004

Members present:

STEVEN JEFFREY, Chairperson, Employee Representative (term expiring July 1, 2007)
DAVID LEWIS, Employer Representative (term expiring July 1, 2006)
MARIE DUQUETTE, Governor's Delegate
JEB SPAULDING, Vermont State Treasurer

Member absent:

W. JOHN MITCHELL, II, Vice Chairperson, Employee Representative (term expiring July 1, 2005)

Also attending:

David Driscoll, Mellon
Cynthia Webster, Director of Retirement Operations

ITEM #1: Minutes of September 20, 2004

On motion of Mr. Spaulding seconded by Mr. Duquette, it was unanimously voted to approve the minutes of the September 20, 2004, meeting as submitted.

ITEM #2: Discuss/Act on Results of the FY 2004 Actuarial Valuation

Mr. Driscoll distributed several versions of the preliminary results of the actuarial valuation for the fiscal year ending June 30, 2004, based on different scenarios proposed by the board after reviewing the five-year experience study at their last meeting. All eight preliminary 2004 valuation results incorporated the new assumptions adopted by the board as a result of the five-year experience study, plus included the following proposal(s):

1. No other changes.
2. Restart asset smoothing method.
3. Employee contribution percentages revert to previous higher levels in 2005.
4. Employee contribution percentages revert to previous higher levels in 2005; restart asset smoothing method.
5. Include liability for continuation of \$30 stipend to current retirees.
6. Include liability for continuation of \$30 stipend to current retirees and restart asset smoothing method.

7. Include liability for continuation of \$30 stipend to current retirees and employee contribution percentages revert to previous higher levels in 2005.
8. Include liability for continuation of \$30 stipend to current retirees, employee contribution percentages revert to previous levels in 2005 and restart asset smoothing method.

The board discussed the above scenarios and which one, if any, would be the most appropriation course of action to take. The board reiterated their philosophy to share system gains equally with employees, employers and retirees, and reaffirmed their commitment to maintain stability in the contribution rates.

Mr. Jeffrey suggested the board look at establishing a Healthcare Savings Account (HSA) for retirees in lieu of the stipend. The board asked Mr. Driscoll to provide more detailed information regarding the structure of a proposed HSA for future consideration. They also requested Mr. Driscoll calculate a preliminary result of the FY 2004 valuation incorporating the proposals contained in Scenario #2, plus determining a contribution available to deposit into an HSA.

On motion of Ms. Duquette seconded by Mr. Lewis, the board unanimously voted to set the employer contribution rates effective July 1, 2005 as follows: Group A - 4%, Group B - 5%, Group C - 6%, and Group D - 9%.

On motion of Mr. Spaulding seconded by Mr. Lewis, the board unanimously voted to request the legislature extend the current employee contribution rates for another five years, to be reviewed again in 2010.

ITEM #3: Other Business

There was no further business to be brought before the board.

On motion of Mr. Spaulding seconded by Ms. Duquette, it was unanimously voted to adjourn at 2:45 p.m.

Respectfully submitted,

Cynthia L. Webster
Secretary to the Board

