

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

October 26, 2005

Board members present:

STEVEN JEFFREY, Chairperson, Employee Representative (term expiring July 1, 2007)
DAVID LEWIS, Vice-Chairperson, Employer Representative (term expiring July 1, 2006)
W. JOHN MITCHELL, II, Employee Representative (term expiring July 1, 2008)
MARIE DUQUETTE, Governor's delegate
JEB SPAULDING, Vermont State Treasurer

Also attending:

Donna Holden, Board Coordinator
Cynthia Webster, Director of Retirement Services
David Driscoll, Buck Consultants
Tom Gorman, Deputy Auditor of Accounts
Bill Rice, Director of Law and Policy
Vaughn Altemus

The Chairperson, Steve Jeffrey, called the meeting to order at 10:18 a.m. on Wednesday, October 26, 2005, held in Room 10 of the Vermont Statehouse, Montpelier, VT.

ITEM 1: Actuarial Valuation

Mr. Driscoll provided a review of the *June 30, 2005 Actuarial Valuation*. He reported the fund to be 104.4% funded, based on the adopted Projected Benefit Cost (PBC) funding method.

Mr. Mitchell made a motion seconded by Ms. Duquette, to adopt the employer funding policy rates effective July 1, 2006 at: Group A – 4.00%, Group B – 5.00%, Group C – 6.00%, and Group D – 9.63%.

Mr. Lewis made a motion seconded by Mr. Spaulding, to amend the original motion to change the Group D funding policy rate to 9.50% . Amendment to the motion passed 4-1. Mr. Mitchell voted no.

The amended original motion to set funding policy rates at: Group A – 4.00%, Group B – 5.00%, Group C – 6.00%, and Group D – 9.50% passed 4-1. Mr. Mitchell voted no.

ITEM 2: Approve Minutes of August 17, 2005 Meeting

On a motion by Mr. Spaulding seconded by Mr. Lewis, the Board unanimously voted to approve the minutes of August 17, 2005, as submitted.

ITEM 3: Disability Retirements

- A. Ratify the Approval of Disability Retirement for Rosemarie Ratti and Francis Stevens

On a motion by Ms. Duquette seconded by Mr. Mitchell, the Board unanimously voted to ratify the approval for a disability retirement for Rosemarie Ratti and Francis Stevens, as recommended by the Medical Review Board.

- B. Approval of Disability Retirement for Kelly Bissette and Wayne Dextraze

On a motion by Mr. Lewis seconded by Ms. Duquette, the Board unanimously voted to approve the disability retirement for Kelly Bissette and Wayne Dextraze, as recommended by the Medical Review Board.

ITEM 4: Approve the Membership of Town of Kirby – Group B

On a motion by Mr. Lewis seconded by Ms. Duquette, the Board unanimously voted to approve the membership of the Town of Kirby into Group B, effective January 1, 2006.

ITEM 5: Legislative Initiatives
 ▪ **§5052 (9) Definition of Compensation**

Language will be developed and discussed at the Board's next business meeting.

- **§5052 (10) Definition of Employee**
- **§5052 (11) Definition of Employer**

Mrs. Webster will develop and distribute a survey to all libraries to verify their funding stream, and whether at least ½ of the employee operating expenses are met by municipal funds. Mrs. Webster will also survey school districts regarding year round employment. Mrs. Webster will provide information once collected.

- **§5053 (a) Members**

Language will be developed and discussed at the Board's next business meeting.

- **§5054a. Elective Credits**
- **§5056 & §5057 Disability Retirements and Reviews**
- **§5059 (b) Designation of Beneficiaries**

These items were addressed at the August 2005 meeting, and agreed to move forward as submitted.

- **§5062 (e) Board Composition**

Language will be developed and discussed at the Board's next business meeting. Mr. Spaulding will research any potential VPIC composition impact.

- **§5069 Health Care Options**

Along with the Board Mr. Driscoll reviewed the VMERS Retiree Health Account Design Issues *Discussion Draft* prepared by Pauline Ellis of Buck Consultants. In summary the proposal permits the Board, for the support of health care, to redirect funds that arise from actuarial cost method, funding adopted by the Board, and legislative oversight of the Benefit structure.

The Board agreed to obtain a written Attorney General's opinion regarding the proposed amendments and whether they meet the delegation of authority concerns previously raised.

The Board will continue with the review of this issue at their next business meeting.

ITEM 6: Election of Vice Chair

Mr. Jeffrey explained the election of Vice Chairperson was deferred from the August meeting pending consultation with Mr. Mitchell, and his acceptance of a nomination.

Mr. Mitchell thanked the Board for their support; however explained because of recent changes in his employment he would regrettably have to decline the opportunity to continue serving in the position of Vice-

Chair. Mr. Jeffrey and the Board thanked Mr. Mitchell for his many years of service in the role of Vice Chairperson.

On a motion by Ms. Duquette seconded by Mr. Spaulding, the Board unanimously voted to elect Mr. Lewis as Vice Chairperson.

ITEM 7: Montpelier Litigation

At 12:55 p.m. on a motion by Mr. Spaulding seconded by Ms. Duquette, the Board unanimously voted to enter into executive session pursuant to Title 1 §313, to discuss legal matters.

Mr. Driscoll, Mr. Rice, Mrs. Webster, and Mrs. Holden were invited into the executive session.

At 1:15 p.m. the Board exited executive session.

ITEM 8: Any other business to come before the Board

The Board discussed and agreed to hold a business meeting on December 12, 2005 at 10:00 a.m.

Ms. Duquette also asked for a discussion regarding the plan's assumed rate of return and alignment with their asset allocation to be an agenda item at the December business meeting.

Adjournment:

On a motion by Mr. Spaulding seconded by Mr. Mitchell, the Board unanimously voted to adjourn at 1:20 p.m.

Next Meeting Dates:

The next scheduled business meeting will be December 12, 2005 at 10:00 a.m.

The next scheduled VPIC meeting is Tuesday & Wednesday, November 29 & 30, 2005.

Respectfully submitted,

Donna Holden, Board Coordinator
for
Cynthia Webster, Secretary to the Board

Vermont Municipal Employees Retirement System

GOALS

The Board established the following list of goals to be addressed in the future:

BOARD FOLLOW UP ITEMS

Who	What	When
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**** = for possible legislative changes**

AG	Opinion re: DC plan (8/17/04 #7)	ASAP
CLW	DC Admin expenses report (8/17/04 #7)	ASAP
David	DC TPA request (8/17/04 #7)	ASAP
Jeb	Results of AG's RFP follow-up (2/15/05 #1)	ASAP
CLW	Membership criteria follow up (2/15/05 #2a)	ASAP
CLW	Employee transfers within Plans discussion (2/15/05 #2a)	ASAP
David	DC Plan fund line-up review (2/15/05 #6b)	5/2005
All	Discuss/seek representation on §457 Board (5/17/05 #2c)	TBD
CLW	Follow-up on health care options (8/17/05 #3)	TBD
CLW	§5056, 5057, 5059, 5054(a), 5052, 5053, employee/employer Definition re municipal funding (8/17/05 #3c)	TBD*
CLW	Language: §5052(9), 5053(a), 5062(e) (10/26/05 #5)	12/05
CLW	Survey: §5052 (10) & (11)	12/05
CLW	AG Opinion: re healthcare option language (10/26/05 #5)	12/05
All	Funding Ratio vs. Asset Allocation (10/26/05 #8)	12/05