

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

April 19, 2007

Board members present:

STEVEN JEFFREY, Chairperson, Employee Representative (term expiring July 1, 2007)
DAVID LEWIS, Vice-Chairperson, Employer Representative (term expiring July 1, 2009) – **late arrival**
W. JOHN MITCHELL, II, Employee Representative (term expiring July 1, 2008)
JEB SPAULDING, Vermont State Treasurer

Board members absent:

VACANT, Governor's Appointee

Also attending:

Donna Holden, Board Coordinator
Cynthia Webster, Director of Retirement Policy and Outreach
Michael Clasen, Director of Retirement Operations
Bill McShane, Assistant Attorney General

The Chairperson, Steve Jeffrey, called the Thursday, April 19, 2007, meeting to order at 9:03 a.m., which was held in the Treasurer's Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: Approve the Minutes of March 9, 2007 Meetings

On a motion by Mr. Spaulding seconded by Mr. Mitchell, the Board unanimously voted to approve the minutes of March 9, 2007, as submitted.

Mr. Lewis arrived during the next item.

ITEM 2: Approval of DC Plan Administrative Expenses Funding

Mr. McShane provided clarification and review of the AG's position regarding changes to the DC Plan document.

Mr. Clasen provided and spreadsheet and reviewed information regarding the Plan's revenue and expenses, which demonstrate an accrued, since 2000 inception through FY 2006, deficient of approximately \$174K. The Board discussed the original funding methodology, noting that members that elected to transfer to the DC Plan when it was initiated were compensated at 100% vs. the full actuarial funding ratio at that time.

Mr. Lewis made a motion seconded by Mr. Jeffrey, effective July 1, 2007 to raise the DC Plan participant fee from the current 5 basis points to 20 basis points, effective July 1, 2007 to raise the employer contribution from the current 5% to 5.125% of which .125% would be directed to administrative expenses, and effective June 30, 2007 for the DB Plan to forgive any DC Plan unreimbursed administrative expense deficient.

Mr. Mitchell moved to divide the question.

The first question of the original motion, effective July 1, 2007 to raise the DC Plan participant fee from current 5 basis points to 20 basis points. *Motion unanimously passed.*

The second question of the original motion, effective July 1, 2007 to raise the employer contribution from the current 5% to 5.125% of which .125% would be directed to administrative expenses. *Motion unanimously passed.*

Mr. Mitchell made a motion to amend the third question of the original motion, seconded by Mr. Spaulding, that effective July 1, 2007 to add a .2% temporary surcharge to the employer and employee contributions rates, for the purpose of raising funds for a period necessary to repay the DB Plan for payment of the unreimbursed DC Plan administrative expenses through the end of FY '07, of approximately \$200K. *Motion Failed 2-2, Mr. Jeffrey and Mr. Lewis voted no.*

The third question of the original motion, effective June 30, 2007 for the DB Plan to forgive the DC Plan unreimbursed administrative expense deficient. *Motion passed, 3-1, Mr. Mitchell voted no.*

ITEM 3: Approval of Health Care Premium Reimbursement Plan Document

On a motion by Mr. Mitchell seconded by Mr. Lewis, the Board unanimously voted to approve the Resolution and incorporate it into the Plan Document.

ITEM 4: Approve Membership for:

- **Town of Putney – Group A**
- **Town of Newark – Group B**
- **Putney Public Library – Group B**

On a motion by Mr. Mitchell seconded by Mr. Spaulding, the Board unanimously voted to approve the Town of Putney for Group A, Town of Newark for Group B, and Putney Public Library for Group B memberships.

Mrs. Webster advised the Board she was continuing to conduct informational meetings with several entities.

The Board requested a legal opinion be sought to determine whether a municipality that is not currently participating in the VMERS Plan **but** should have been enrolled **in 1975** could be forced to participate **now, pursuant to Act 251 of 1973, Section 6, which reads: Any municipality which does not have a formal and funded retirement plan in effect on June 30, 1975 exclusive of social security, shall participate in the VMERS on July 1, 1975. A municipality may elect not to join the VMERS by a vote of such municipality at a regular or special meeting duly warned for that purpose held before June 30, 1975.**

The Board also requested once the opinion was received that the Retirement Office send a letter to all non-participating entities advising of the Plan, the municipality's enrollment obligation or option.

ITEM 5: Review ICMA-RC Education Schedule, Materials, Information

The Board reviewed and discussed some of the proposed literature to be distributed. The Board agreed they wanted to see the final version of all educational materials before distribution to the membership.

Mrs. Webster advised that informational meetings would also be conducted after the July 1, 2007, Plan implementation date.

On a motion by Mr. Lewis seconded by Mr. Mitchell, the Board unanimously voted to authorize the Chair to sign the final ICMA-RC contract and any other documents necessary to implement the Plan.

Mr. Jeffrey agreed to work with the Treasurer's Office on a press conference and news release to announce the Health Savings Plan, and to coincide with the public meetings and literature distribution to the membership.

ITEM 6: Legislative Update

Mrs. Webster briefed the Board on the status of current bills and advised that a summer committee would seek to address the more controversial issues, for all three systems.

ITEM 7: Old Business – Board Follow-Up

The Board reviewed and revised the Old Business list.

ITEM 8: Vested Deferred Benefits Update

Mr. Clasen advised the Board all issues regarding this matter were resolved and that in the future terminated, vested members, would be notified of their benefit option in advance of their normal retirement date.

ITEM 9: DC Plan RFP Update

Mrs. Webster advised the Board the RFP would be distributed in the near future. The Board will be kept abreast of the RFP process.

ITEM 10: Any Other Business to Come Before the Board

The Board discussed the anticipated May 17, 2007 morning presentation to the VSERS Board, and afternoon VT Superintendent's Association by Marilyn Collister, Great-West attorney and Deferred Compensation Plan expert. Mrs. Webster will also try to coordinate a late morning appearance at the VT Town & City Manager Association meeting at the Woodstock Inn on that day, also.

Mr. Spaulding advised the Board appointment of a new member by the Governor's was still pending.

The Board agreed to hold their next meeting on June 28, 2007, at 9:00. The Chair will determine whether the meeting will be by conference call or in person, at a later date.

ITEM 11: Adjournment

On a motion by Mr. Mr. Spaulding seconded by Mr. Mitchell, the Board unanimously voted to adjourn at 11:55 a.m.

Next Meeting Dates:

The next scheduled VPIC meeting is scheduled for May 31, 2007.
The next VMERS Board meeting is scheduled for June 28, 2007, at 9:00 a.m.

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

| <u>Who</u> | <u>What</u> | <u>When</u> |
|------------|-------------|-------------|
|------------|-------------|-------------|

**** = for possible legislative changes**

| | | |
|-----|---|------|
| CLW | Identify and send letters to non-participating entities (1/5/07 #2) | ASAP |
| CLW | Obtain legal opinion regarding entity participation (4/19/07 #4) | ASAP |