

# VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

October 30, 2007

## **Board members present:**

STEVEN JEFFREY, Chairperson, Employee Representative (term expiring July 1, 2010)  
DAVID LEWIS, Vice-Chairperson, Employer Representative (term expiring July 1, 2009)  
W. JOHN MITCHELL, II, Employee Representative (term expiring July 1, 2008)  
JEB SPAULDING, Vermont State Treasurer

## **Board members absent:**

STEPHEN RAUH, Governor's Appointee

## **Also attending:**

Donna Holden, Board Coordinator  
Cynthia Webster, Director of Retirement Policy and Outreach  
Beth Pearce, Deputy Treasurer  
Bill Rice, Director of Policy and Law  
David Driscoll, and Dan Sherman, Buck Consultants  
Joe Mackey and Jay Kaplan, VSTRS Board Trustees

The Chairperson, Steve Jeffrey, called the Tuesday, October 30, 2007, meeting to order at 10:37 a.m., which was held in the 4<sup>th</sup> Floor Conference Room, 109 State Street, Montpelier, VT.

## **ITEM 1:      Approve the Minutes of**

- **September 25, 2007 Business Meeting**

**On a motion by Mr. Mitchell seconded by Mr. Lewis, the Board unanimously voted to approve the minutes of September 25, 2007, as submitted.**

- **October 3, 2007 Joint Meeting**

**On a motion by Mr. Lewis seconded by Mr. Mitchell, the Board unanimously voted to approve the minutes of October 3, 2007, as submitted.**

## **ITEM 2:      Ratify Disability Retirement Ballot Approval for: Paula G. Dufresne**

**On a motion by Mr. Lewis seconded by Mr. Mitchell, the Board unanimously voted to ratify the approval of a disability retirement for Paula G. Dufresne, as recommended by the Medical Review Board.**

## **ITEM 3:      FY '07 Actuarial Valuation**

Mr. Driscoll appeared before the Board to provide a review of the valuation report.

**On a motion by Mr. Lewis seconded by Mr. Mitchell, the Board unanimously voted to request that Mr. Driscoll prepare and submit for consideration a proposal for a "true up" of the inter-plan transfer of assets to follow members and retirees of each group, which would be effective for July 1, 2007, and to be used in consideration of the RHSA allocation, and would likely result in an amendment to the FY '07 report.**

The Board agreed to hold a business meeting on Wednesday, January 9, 2008, at 9:00 a.m. to discuss the recommendation and set the potential RHSA contribution.

- **Set Employer Rate for FY' 07**

**On a motion by Mr. Lewis seconded by Mr. Mr. Mitchell, the Board unanimously voted to adopt the FY '09 employer funding policy rates effective July 1, 2008 at: Group A – 4.00%, Group B – 5.00%, Group C – 6.00%, and Group D – 9.50%.**

The Board discussed and reviewed the Board's decision to use employer contributions to fund the RHSA.

- **Annual Renewal of \$30.00 Stipend**

**On a motion by Mr. Mitchell seconded by Mr. Lewis, the Board unanimously voted to continue the monthly \$30.00 stipend for retirees for FY '09.**

**ITEM 4: Formalize Board Adoption of Assumptions for Benefit Determination**

**On a motion by Mr. Lewis seconded by Mr. Spaulding, the Board unanimously voted to use for benefit determination, and pursuant to 24 V.S.A. 5063a (h), the actuarial assumptions incorporated in the Five Year Experience Study completed for the year ending June 30, 2003, and adopted by the Board, except as otherwise specified in the document entitled *“Recommended Actuarial Assumptions for the Calculation of Factors for Early Retirement, Amounts Payable under Optional Forms of Payment, and Service Purchases”* as presented to the Board of Trustees on October 30, 2007.**

**ITEM 5: Discussion on Possible Annual Contribution to RHS Account**

Mr. Driscoll advised the Board, pursuant to 24 V.S.A. Chapter 125 § 5069, the Board was authorized to offer the RHSA benefit; however, would need to consider its prospective repayment of the initial 7/2/07 \$5 million RHSA deposit from the Trust Fund's surplus. He said IRS law prohibited the diversion of funds from the system's surplus for items such as this new benefit; therefore the Board had a responsibility to repay the fund for the loan, including interest. Additionally Mr. Driscoll advised the Board that while diversion of current employer contributions was permitted, diversion of the total annual employer contributions was not prudent for the continued funding of the system. The Board agreed to discuss these items further at the January meeting.

**ITEM 6: Discuss Calculation of Final AFC with Service in Multiple Group Plans**

The Board reviewed 24 V.S.A. Chapter 125 § 5055, and agreed that statutory language change was warranted.

**On a motion by Mr. Mitchell seconded by Mr. Lewis, the Board unanimously voted to seek a statutory language change to support the current practice that a retiree's average final compensation is calculated and based on the group they retire from.**

The Board discussed and acknowledged that language and bifurcating benefits based on service would not be impacted by a language change regarding the calculation of AFC.

**ITEM 7:      Discuss Return to Work and Separation from Service Procedures and/or Potential Legislation**

Mr. Driscoll advised the Board that a long-term demographic impact to the system would be netted, depending on whether the "foregone" employee would have been making contributions to the system, which are displaced by the working retiree not making contributions.

The Board agreed to look at issues regarding reduced hour provisions, in addition to other return to work provisions at the January meeting. Mrs. Webster also encouraged, and the Board agreed to discuss, the system's policy regarding continued employment provisions in a "retirement" plan.

**ITEM 8:      Any Other Business to Come Before the Board**

None

Mr. Spaulding advised, and the Board acknowledged, the valuation was based on unaudited information supplied by the State Treasurer's Office. Mr. Driscoll will add disclaimer language to the report.

**ITEM 9:      Adjournment**

**On a motion by Mr. Mitchell seconded by Mr. Lewis, the Board unanimously voted to adjourn at 12: 50 p.m.**

**Next Meeting Dates:**

The next scheduled VPIC meeting is November 28, 2007.  
The next scheduled VMERS meeting is January 9, 2008.

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>
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**\*\* = for possible legislative changes**

CLW	Identify & send letters to non-participating entities (1/5/07 #2, 9/25/07 #3)	ASAP
CLW	Develop/design resolution & forms for joining entities (9/25/07 #4)	ASAP
CLW	Update Web to include DC information (9/25/07 #7)	By 12/31/07