

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

January 13, 2009

VMERS Members present:

STEVEN JEFFREY, Chairperson Employee Representative (term expiring July 1, 2010)
DAVID LEWIS, Vice-Chairperson, Employer Representative (term expiring July 1, 2009)
PETER AMONS, Employee Representative (term expiring July 1, 2011) – via telephone
STEPHEN RAUH, Governor's Appointee
ELIZABETH PEARCE, Deputy State Treasurer, representing JEB SPAULDING, Vermont State Treasurer

Board members absent:

None

Also attending:

Cynthia Webster, Director of Retirement Policy and Outreach & Secretary to the Board
Michael Clasen, Director of Retirement Operations
Bill Rice, Law & Policy Director
Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Steven Jeffrey, called the Tuesday, January 13, 2009 meeting to order at 9:06 a.m.

ITEM 1: **Approve minutes of October 29, 2008, November 17, 2008 and December 18, 2008**

On motion by Mr. Rauh, seconded by Mr. Lewis, the Board voted to approve the minutes of October 29, 2008 and December 18, 2008. Ms. Pearce abstained from the vote; all others voted aye.

On motion by Mr. Rauh, seconded by Mr. Lewis, the Board voted to approve the minutes of November 17, 2008 with an amendment to Item #1 which changed the first sentence to read "Dan Sherman of Buck Consultants discussed the 1999/2000 factors.". Ms. Pearce abstained from the vote; all others voted aye.

ITEM 2: **Discuss Effective Application Date of Amended Retirement Factors**

Ms. Webster discussed the memorandums and accompanying documentation that she provided to the Board. The Board deferred further discussion pending attainment of additional legal opinions regarding the Board's legal obligation to ensure actuarial equivalency and whether Mr. Lewis should recuse himself from this discussion as he is directly impacted by the outcome.

ITEM 3: **Discuss Defined Contribution Plan**

(Bill Rice entered the room during this discussion.)

The Board discussed a one-time option for DC members to transfer to the DB plan after a certain period of time. It was discussed that draft proposals would be provided in business terms for amending the Plan Document concerning the DC plan. Mr. Jeffrey expressed an interest in amending the DC plan document to allow DC members to whom a new DB plan is offered a one-time option to choose the new DB plan available to them.

ITEM 4: Discuss 2009 Legislative Initiatives

Add anti-spiking language

The Board discussed it would be interested to see the language that the other systems are using on this issue.

Establish a dental plan for retirees and eligible dependents

Ms. Webster indicated the cost of the dental plan premiums would be entirely borne by the retirees and that the goal would be to include the Municipal retirees in the same pool as the State and Teacher retirees.

Add language addressing "return to service"

The Board discussed adding the language "separation of service to be defined by the Board" so that the Board would retain flexibility.

Add language clarifying municipalities' inability to cease participating in the VMERS

The Board discussed it and did not see an issue clarifying this language.

Eliminate three years of "reduced hours" language

The Board agreed to eliminate the statutory language allowing for a member to work under a "reduced hours" schedule for up to three years.

ITEM 5: Any Other Business to Come Before the Board

Ms. Webster informed the Board that the City of Montpelier and the Montpelier School District have paid off their outstanding balances.

Ms. Webster informed the Board the new RHSA contributions have been posted and that the per share amount was \$41.85. Ms. Webster informed the Board there is a total of 5,044 members consisting of active and original retirees and surviving beneficiaries. Ms. Webster also informed the Board there were 46 members that were removed from the previous distribution list due to death or withdrawal.

Mr. Rice informed the Board that plan money cannot be used to pay the \$1,000.00 filing fee for the IRS Determination Letter.

On motion of Mr. Lewis, seconded by Mr. Rauh, the Board voted to authorize the use of incoming employer contributions to effectuate the filing of the IRS Determination Letter fee of \$1,000.00. Mr. Jeffrey, Ms. Pearce, Mr. Lewis and Mr. Amons voted aye; Mr. Rauh voted nay. Motion carried.

Ms. Webster requested guidance with regard to a member who would be changing employers in the near future. The member had retained a previous membership in the DC plan, and had moved into the DB plan due to the fact his current employer did not offer the DC plan. He is now moving back to an employer where the DC plan is offered, and guidance was requested on how to handle his DB membership as this scenario is not addressed in the DC plan document.

On motion of Ms. Pearce, seconded by Mr. Rauh, it was unanimously voted that this one member would be allowed to either leave his contributions with interest in the DB plan per regulations for three years or roll them over into the DC plan.

(Mr. Amons left the conference call at this time.)

(Steven Jeffrey left the meeting at this point.)

(Mark Patane, Assistant Attorney General, became available via telephone at this time.)

On motion of Mr. Rauh, seconded by Ms. Pearce the Board entered Executive Session at 11:04 a.m. pursuant to Title 1, § 313 for the purpose of discussing pending litigation.

The Board exited Executive Session at 11:42 a.m.

On motion of Ms. Pearce, seconded by Mr. Rauh, the Board unanimously voted to authorize the Chair to sign the proposed settlement as discussed in Executive Session.

On motion of Ms. Pearce, seconded by Mr. Rauh, the Board unanimously voted to adjourn at 11:44 a.m.

Next Meeting Date:

The next scheduled VMERS *conference call* meeting is Wednesday, February 11, 2009 at 3:00 p.m.

Respectfully submitted,

Cynthia L. Webster, Secretary to the Board