



BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

James T. Strouse
Chairman of the Board
Robert Hooper
Vice-Chairman

Stephanie Hanker
Retirement Administrator
802-865-7097
VT Relay – dial 711 or
800-253-0191

Special Meeting
Retirement Board Meeting Agenda
Burlington Electric Department
July 8, 2014 – 9:00 AM

1. Agenda
2. Discussion of Mortality Tables
3. Discussion of Entry Age Normal vs. Projected Unit Credit
4. Discussion of Tiered Amortization
5. Discussion of Open Group vs. Current Method (closed)
6. Discussion of UAL Amortization Method
7. Other Business
8. Adjournment

July 08, 2014

Special Meeting of the Burlington Employees' Retirement Board
Burlington Electric Department

Board Members Present: Jim Strouse Robert Hooper
 Munir Kasti Bob Rusten
 Jeff Wick (9:05am) Matt Dow

Others Present: Stephanie Hanker

The meeting convened the meeting at 9:00am

1. **Agenda:**
No changes to the presented agenda
2. **Discussion of Mortality Tables:**
Jim Strouse stated that the Retirement Committee has been discussing issues that they have asked to have the Board make decisions on and to also know what direction the Committee is going. Jim Strouse stated there has been a recommendation that the board adopt new mortality tables, a more up to date table. Jim Strouse stated this will cost the fund more money to do this. Jim Strouse stated the new tables were published after the experience study used in the previous year. Jim Strouse stated the new tables look into the future, not just using the past information. Jim Strouse stated the tables are not updated automatically; the Board needs to adopt the tables that are going to be used. Jim Strouse stated it sounds like the Board is open to accepting the new tables, but needed clarification on the effect they would have to the underfunded liability.
3. **Discussion of Entry Age Normal vs. Projected Unit Credit:**
Jim Strouse stated currently the projected unit credit method is used. Jim Strouse stated by using this it puts off the cost and defers it to the future. Jim Strouse stated that going forward the City and the Board would like to use the entry age normal as GASB will now require the entry age normal method for reporting and does not want the City to have to prepare the required reports using both methods. Bob Rusten stated that using entry age normal is more of an actual figure and projected unit credit allows assumptions for the future.
4. **Discussion of Tiered Amortization**

Bob Rusten stated that changing the amortization could be used to address some of the underfunded liability. Bob Rusten stated this change would lower the required contribution in the early years and could eliminate the underfunding in 29 years. Bob Rusten stated that the early payments would be lower but the amount would significantly increase in the future years, if this is all the change that is made. Bob Rusten stated that there would be savings in the early years and that savings could be applied to the early year contributions in addition to the new required amount and that would change the future payments lowering them. Robert Hooper stated that this needs to be looked at as a package with other suggested changes. Jeff Wick stated he is not comfortable pushing out the debt to future years. Jeff Wick requested to see a 15 year analysis of the grand list growth. Jim Strouse stated that the Board needs to remember that these suggestions are being presented singly, but they need to think about these as a package of solutions. Bob Rusten suggested that the board reach out to David Driscoll and give him some parameters of some of the options and see what he can provide to the board.

5. **Discussion of Open Group vs. Current Method (closed):**

Bob Rusten stated the current method that is used is closed; the method does not take into account any of the changes of the new employees coming into the system with lower benefits. Bob Rusten stated this is a conservative way to take into account turnover meaning less money due later it is counting savings now and not later. Munir Kasti stated that with the information supplied to the Board, it shows using the open group method does not get the underfunded liability does not get the fund to 100%. Bob Rusten stated that getting David Driscoll to come up with some examples using a variety of the options given would be a good idea.

6. **Discussion of UAL Amortization Method**

Bob Rusten stated that an option for the unfunded actuarial liability is to amortize over 30 years fixed. Jeff Wick asked if there was something in between the fixed and what we currently do. Munir Kasti asked what it would look like if we used 25 years. Munir Kasti asked what is considered normal in other places. Bob Rusten stated that 20-30 years is the normal. Bob Rusten suggested that we ask David Driscoll to present something to the board, possibly 4-5 proposals, and then hold a special meeting of the board to vote on a proposal of some of the changes. Bob Rusten stated he would talk with David Driscoll and see what the cost would be for him to provide this information to the Board.

7. **Other Buisness**

Jim Strouse stated that the board will start talking about the investment piece next. Munir Kasti requested that the agenda for the Board include a punch list of items that the Board needs to keep in mind.

Matt Dow motion to adjourn meeting. Jeff Wick 2nd. Motion carries 6:0.

Meeting adjourned 10:50am