BURLINGTON RETIREMENT BOARD
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
October 21, 2024

MEMBERS PRESENT:	Munir Kasti, Vice Chair (via Zoom) David Mount Matt Dow (via Zoom) Kyle Blake Tom Chenette Paul Olsen
OTHERS PRESENT:	Hayley McClenahan Brad Kukenberger Chris Rowlins Richard Carey (via Zoom)

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1. CALL TO ORDER
Munir Kasti called the Retirement Board meeting to order at 9:35 AM.

MOTION by David Mount, SECOND by Tom Chenette, to approve the agenda as presented.

VOTING: unanimous; motion carries.

2. PUBLIC FORUM (VERBAL)
2.1 Verbal Comments
None.

3. APPROVE MINUTES
3.1 September 16, 2024 Retirement Board Meeting Minutes, Draft

MOTION by Kyle Blake, SECOND by David Mount, to approve the minutes of September 16, 2024 as presented.

VOTING: unanimous; motion carries.

4. APPROVE RETURN OF CONTRIBUTIONS

4.1 Roger L. Dickson, Class B $38,407.91; Effective Date of Benefit: 10/01/2024
4.2 Elizabeth J. Oliver, Class B $8,796.11; Effective Date of Benefit: 01/01/2025

MOTION by Matt Dow, SECOND by Kyle Blake, to approve the returns of contributions as presented.

VOTING: unanimous; motion carries.

5. APPROVE RETIREMENT APPLICATIONS

5.1 Susan Carter, Class B $2,482.83; Effective Date of Benefit: 10/01/2024; Payment Date: 10/15/2024

5.2 Sarah Carter, Class B $2,457.70; Effective Date of Benefit: 10/01/2024; Payment Date: 10/15/2024

5.3 Kathleen Gallagher, Class B $339.11; Effective Date of Benefit: 10/01/2024; Payment Date: 10/15/2024

5.4 David Myers, Sr., Class B $963.85; Effective Date of Benefit: 10/01/2024; Payment Date 10/15/2024

5.5 Harry Snyder, Class B $572.05; Effective Date of Benefit: 10/01/2024; Payment Date: 10/15/2024

5.6 Rosemarie Pepin, Class B $234.85; Effective Date of Benefit: 10/01/2024; Payment Date: 10/15/2024

MOTION by Tom Chenette, SECOND by Munir Kasti, to approve the retirement applications as presented.

VOTING: unanimous; motion carries.

6. ADMINISTRATIVE UPDATE

6.1 Keith A. Erb, Class B, Annuity Benefit Revocation
Finance Director Kukenberger noted that Mr. Erb received a retirement package for a May 1, 2024 start date, but that he expressed concerns about receiving a pension while receiving unemployment for a different job. He said that Mr. Erb chose to postpone his start date, but that he had been paid for months beginning May 1. He noted that Mr. Erb is requesting to return those payments to the City and begin his benefits at a later start date (this fall). Assistant City Attorney McClenahan noted that this was flagged for USI but that there were no concerns from their end about returned payments.

Mr. Blake asked whether it is commonplace for the BERS Board to approve applications prior to applicants signing off on their full application package. Finance Director Kukenberger noted that payments weren't released until the full application was submitted, but that the application did not include an amended start date, but the original start date of May 1. Mr. Blake asked for further clarification on the order of operations for approvals (both on the part of the BERS Board and the applicants themselves). Mr. Kasti asked what the process would be if funding was direct-deposited into someone's account, rather than through a paper check. Finance Director Kukenberger said that staff will look into the process and where the breakdown was for this particular instance, and will follow up with the BERS Board with more information.

7. FIDUCIENT

7.1 BERS Quarterly Investment Review – Third Quarter 2024

Mr. Rowlins began by reviewing the Fiducient Governance Calendar, noting that Q3 activities include an investment review, a municipal landscape update, and the annual actuarial review. He spoke about public pension plans and trends in funded status across the country, noting that the estimated aggregated funded ratio for statewide and municipal plans is currently at 80.6% as of June 30, 2024, which was an increase over 2023. He noted that this is based on a study of 172 state plans and around 70 municipal plans. He spoke about trends in investment assumptions, noting that plans have gradually reduced their investment return assumptions over the years, which in turn results in higher actuarial liability, higher ADEC, and lower funded ratios. He noted that recently, plans have paused setting lower assumed rates of return due partially to the restoration of higher fixed income yields and changes in actuarial assumptions (such as updated mortality tables). He then spoke about asset allocation trends in public pension plans. He noted that generally, allocation to "alternatives" has grown since 2001 and allocations to traditional assets like fixed income and equities has declined. He said that plans are also re-examining their allocation to fixed income, given the current positive position of the fixed-income market.

Mr. Blake asked about the flow of funding in terms of employee contributions coming in and benefits being paid out of the plan. Mr. Rowlins noted that approximately $1.2 million comes in per month in employee contributions and about $1.8 to $2 million is paid out on a monthly basis. Mr. Mount said he would like to see further detail of the pension payouts and accrued payments by employees and the City. He and Mr. Blake also requested formalizing a policy on when it is appropriate for the City to draw cash down from the pension plan, should it need to. Finance Director Kukenberger said that they have a discussion at the next BERS Board meeting about the additional information and detail being requested by members of the Board regarding the accrued pension, a draft policy regarding the process by which the City and BERS Board agrees to pay the cash associated with the prepaid pension benefits, and details on how the ADEC is adjusted throughout the year based on actuarial assumptions.

Mr. Rowlins spoke about capital market performance for Q3 2024. He noted higher return profiles in fixed income, but lower returns in equities. He spoke about rallies in domestic equities and small cap markets, and also a rally in the emerging international equities markets. He also noted a positive return in real estate for the first time in 27 months.

Mr. Rowlins then spoke about how capital market performance impacted the BERS portfolio's performance for the last quarter. He noted that there was a net return of 6.2%, which represents $15 million in gains. He also provided a summary of asset manager performance, an estimated fee analysis, and a liquidity analysis. Mr. Blake asked which managers in the BERS portfolio are active versus passive, and Mr. Rowlins replied that the active managers are Johnson Core Bond and BlackRock Strategic Income Opportunities, further noting that any returns in these allocations are net of fees. Mr. Blake also noted that he had requested detail from Chief Administrative Officer Schad on a summary of current BERS-related contracts, their timeframes, and fees associated with them.

8. ADJOURNMENT

8.1 Motion to Adjourn

MOTION by Kyle Blake, SECOND by Tom Chenette, to adjourn the meeting.

VOTING: unanimous; motion carries.

The meeting adjourned at 10:26 AM.

RScty: AACoonradt