BURLINGTON RETIREMENT (BERS) BOARD
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
November 18, 2024

MEMBERS PRESENT:	Robert Hooper, Chair Munir Kasti, Vice Chair (via Zoom) David Mount Matt Dow (via Zoom) Kyle Blake Tom Chenette Paul Olsen Katherine Schad
OTHERS PRESENT:	Hayley McClenahan Kate Pizzi Chris Rowlins

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1. CALL TO ORDER
Robert Hooper called the Retirement Board meeting to order at 9:31 AM.

MOTION by David Mount, SECOND by Kyle Blake, to approve the agenda as presented.

VOTING: unanimous; motion carries.

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

3. APPROVE MINUTES
3.1 October 21, 2024 Retirement Board Meeting Minutes, Draft

MOTION by Kyle Blake, SECOND by Tom Chenette, to approve the minutes of October 21, 2024.

VOTING: unanimous; motion carries.

4. APPROVE RETURN OF CONTRIBUTIONS

4.1 Melissa Hutson, Class B $9,245.87; Effective Date of Benefit: 11/01/2024
4.2 Dora Bean, Class B $5,846.24; Effective Date of Benefit: 12/01/2024
4.3 Kerin Durfee, Class B $18,337.75; Effective Date of Benefit: 11/01/24
4.4 Nicholas Carter, Class B $3,819.99. Effective Date of Benefit: 01/01/25

MOTION by David Mount, SECOND by Munir Kasti, to approve the returns of contributions as presented.

VOTING: unanimous; motion carries.

5. APPROVE RETIREMENT APPLICATIONS

5.1 Robert Cummings, Class B $89.66; Effective Date of Benefit: 8/01/2024; Payment Date: 11/15/2024

5.2 Suvad Coric, Class B $322.99; Effective Date of Benefit: 10/01/2024; Payment Date: 10/15/2024

5.3 Kevin Wilson, Class A $5,145.05; Effective Date of Benefit: 10/01/2024; Payment Date: 10/15/2024

5.4 Steven A. Locke, Class A $1,627.46; Effective Date of Benefit: 1/01/2025; Payment Date 1/15/2025

5.5 Kerry L. Tibbetts, Class B $168.19; Effective Date of Benefit: 8/01/2024; Payment Date: 10/15/2024

5.6 James F. Dutra, Sr., Class B $12,168.50; Effective Date of Benefit: 10/01/2024; Payment Date: 10/15/2024

MOTION by David Mount, SECOND by Munir Kasti, to approve the retirement applications as presented.

VOTING: unanimous; motion carries.

6. ADMINISTRATIVE UPDATE

6.1 Miscellaneous Responses to Questions from October 21, 2024 Meeting – C/T
Finance Director Kukenberger began by noting that BERS board members raised a number of questions at its October meeting and that staff and consultants at Fiducient have put together responses for review at this meeting. He said that one request was for a draft policy for cash transactions between the City’s General Fund and BERS, and he noted that the C/T Office has drafted a policy outlining the parameters around those cash transactions, and that they anticipate having a draft of this policy to share at the next BERS board meeting. He noted that once the BERS board reviews the policy, it will go through the City Council approval process and be adopted as a City policy. Mr. Blake said it will be helpful to have a formal policy articulating when and how the City will transfer funds from the BERS portfolio to the General Fund to reimburse itself for retiree payouts, and that increased transparency around this process will also be beneficial. Finance Director Kukenberger emphasized the desire for this to be a collaborative process between the City and BERS board.

Mr. Blake and Mr. Mount then spoke about a previously-made request to see gross calculations in and out of the fund, as what is currently provided is net movement. Finance Director Kukenberger replied that he can share the previously reviewed calculations from July that showed the cash inflow and benefit outflow. Mr. Mount said he would like more detail on the employee contribution and City contribution amounts that inform those gross numbers, and Finance Director Kukenberger said he can send out a more updated document after this meeting. Mr. Blake said an important point to make and call out is that the Actuarially Determined Employer Contribution (ADEC) is not meeting the pension benefit payout obligation. Finance Director Kukenberger replied that the ADEC is calculated by assessing the long-term asset outlook of the fund, and pushed back on that point. He said that the ADEC doesn't cover the net outflow of the pension payouts because it doesn't need to, given that the portfolio is performing extremely well in the market currently.

Finance Director Kukenberger then provided responses to other questions raised at the October BERS board meeting. He noted a question about whether the pension pays Fiducient's fee, and he confirmed that yes, the portfolio does pay their fee. He also noted a question about who pays the manager fees for the management of the pension, and he provided a summary of the fees paid for pension fund managers, which include US Bank, JIC, BlackRock, Melon, Hamilton Lane, and UBS Trumbull properties. He also noted that USI is paid for actuarial services and pension administration services. He said that all of the above managers and consultants are paid through the pension fund. He noted another question about how ADEC calculation changes are handled and replied that they are handled through the annual budget process. He also noted that staff have created an item for #6.2 below (Additional Information Requests from the Board, as an agenda item to make additional requests. Mr. Blake noted that they had also hoped to have information from staff about the contracted rates for both Fiducient and USI. Finance Director Kukenberger replied that staff can produce a summary table of contractors' fees related to the portfolio.

Ms. Pizzi clarified that the timing of receiving the contributions on the employee side isn't directly reducing the ADEC but is paying the ADEC down. She pointed out that what will reduce the ADEC will be a strongly-performing portfolio, which then drive the actuarial gains and losses calculations performed annually.

6.2 Additional Information Requests from the Board
None.

7. FIDUCIENT

7.1 BERS – October 2024 Flash Report
Mr. Rowlins began by speaking about capital market performance for the month of October. He said that the markets continue to see solid economic fundamentals, but there were interest rate increases in the month of October which caused fixed market performance (mainly bonds) to decrease for the month. He noted that the U.S. core bonds were down about 2.5% for the month, though it has still grown by about 2$ year-to-date. He noted that high yield markets were also down about 0.5% for the month, though they have shown 7.4% growth year-to-date. He noted an equally challenging month for equities, and that U.S. large cap performed better than small cap markets. He noted negative performance for both emerging and developed international markets as well. Ms. Pizzi noted that though October numbers were sobering, there was a strong bounce-back in November, supported largely by growing optimism around growth expectations moving forward. She noted that large cap is now at about 24.5% growth year-to-date (compared to 20.3% as of the end of October), and noted that there was a significant amount of rallying in the small cap space, with year-to-date growth of 15% (compared to 9.6% as of the end of October). She said that because international markets continue to be challenging, they are a current area of focus.

Ms. Pizzi then spoke about the BERS portfolio performance as of the end of October. She noted that its total investable assets as of the end of the month were $256.6 million, which includes prepaid pension benefits and expenses of around $733,000 to date. She said that in terms of asset allocation, most assets are on target or very close to target in terms of their allocation within the plan, while noting that the BERS board had agreed to redirect any dollars that are received through redemptions and distributions from the UBS Trumbull Property Fund queue back into core bonds. Mr. Mount spoke about Ms. Pizzi's earlier comment about international markets being challenging and an area of focus, and asked what kind of outreach Fiducient would provide to the BERS board should they advise switching course on international market allocations. Ms. Pizzi noted that current discussions are focused on long-term capital market trends and assumptions, which will inform future strategic allocation conversations with clients such as BERS. She said that given that one fourth of the exposure in emerging markets is from

China, a future discussion with the board could be around whether emerging markets are an appropriate area to have low-cost passive management and whether a more active, boots-on-the-ground manager might be better. Ms. Pizzi then continued providing a summary of the BERS portfolio's performance for October, noting that though it is down 2.4% (or $6.4 million) for the month, that is in line with the benchmark. She noted that one-year performance growth was at 24.3%, which is outperforming the benchmark (which is at 23.7%), saying that this is largely due to the fixed income side of the portfolio and the high-cost active managers the portfolio is using. She also noted that though there were losses through October, there has been some recovery in November, and that the portfolio stood at $255 million as of close of business on November 15. She then spoke in more detail about manager performance for each of the asset allocation categories for the portfolio.

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 10:51 AM.

RScty: AACoonradt