**BURLINGTON RETIREMENT (BERS) BOARD**
**REMOTE MEETING WITH CALL-IN**
**BURLINGTON, VERMONT**
**MINUTES OF MEETING**
**DRAFT**
**December 16, 2024**

**MEMBERS PRESENT:**

Munir Kasti, Vice Chair
David Mount
Kyle Blake
Paul Olsen
Katherine Schad

**OTHERS PRESENT:**

Hayley McClenahan
Brad Kukenberger
Lynn Reagan
Kate Pizzi
Chris Rowlins

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## 1. CALL TO ORDER

Munir Kasti called the Retirement Board meeting to order at 9:47 AM.

**MOTION by Kyle Blake, SECOND by Paul Olsen, to approve the agenda as presented.**

**VOTING: unanimous; motion carries.**

## 2. PUBLIC FORUM (VERBAL)

2.1 Verbal Comments
None.

## 3. APPROVE MINUTES

3.1 November 18, 2024 Retirement Board Meeting Minutes, Draft

**MOTION by Kyle Blake, SECOND by David Mount, to approve the minutes of November 18, 2024.**

**VOTING: unanimous; motion carries.**

## 4. APPROVE RETURN OF CONTRIBUTIONS

4.1 Nicoletta Salvatore, Class B $2,166.65; Effective Date of Benefit: 1/01/2025
4.2 Sophia Haley, Class B $1,089.654; Effective Date of Benefit: 1/01/2025
4.3 Scott Hannigan, Class B $7,316.62; Effective Date of Benefit: 1/01/2025
4.4 Michael Malak, Class A $6,691.07. Effective Date of Benefit: 01/01/2025
4.5 Sabrina Wing, Class B $363.61; Effective Date of Benefit: 01/01/2025
4.6 Amanda Robertson, Class B $5,779.79; Effective Date of Benefit: 01/01/2025

**MOTION by David Mount, SECOND by Paul Olsen, to approve the returns of contributions as presented.**

**VOTING: unanimous; motion carries.**

## 5. APPROVE RETIREMENT APPLICATIONS

5.1 Deborah Kirby, Class B $31.86; Effective Date of Benefit: 12/01/2024; Payment Date: 12/15/2024

5.2 George Bennis, Sr.,, Class B $217.71; Effective Date of Benefit: 11/01/2024; Payment Date: 11/15/2024

5.3 Matthew White, Class A $5,142.12; Effective Date of Benefit: 11/01/2024; Payment Date: 11/15/2024

5.4 Sean Foley, Class B $192.23; Effective Date of Benefit: 2/01/2025; Payment Date: 2/15/2025

5.5 Derek R. Libby, Class A $8,392.06; Effective Date of Benefit: 11/01/2024; Payment Date: 11/15/2024

5.6 John Choate, Class B $597.19; Effective Date of Benefit: 1/01/2025; Payment Date: 1/15/2025

5.7 Laurie D. Lemieux, Class B $5,655.69; Effective Date of Benefit: 11/01/2024; Payment Date: 11/15/2024

5.8 Naomi Fletcher, Class B $1,343.54; Effective Date of Benefit: 1/01/2025; Payment Date: 1/15/2025

5.9 Lisa Martin, Class B $340.82; Effective Date of Benefit: 10/01/2024; Payment Date: 11/15/2024

**MOTION by Paul Olsen, SECOND by Kyle Blake, to approve the retirement applications as presented.**

**VOTING: unanimous; motion carries.**

## 6. ADMINISTRATIVE UPDATE

6.1 Updates from Questions during November 18, 2024 Meeting – C/T
Finance Director Kukenberger provided follow-up information related to three items raised during the November 18, 2024 meeting. He began by noting an updated version of the reconciliation of the prepaid pension benefits that discretely breaks out the department employee contributions, saying that the information includes charges related to participation in other groups that pay into the pension, by department and employee contribution by month, netted against claims and benefits and accounting for expenses and miscellaneous adjustments. Mr. Blake asked why the expenses haven't carried through the reconciliation, and Finance Director Kukenberger replied that none of those expenses have been incurred to date and that they typically occur in the springtime. Mr. Blake said he would also like to see what the estimated ADEC was going to be for this fiscal year and how it is being chipped away by the 70/30 split. Finance Director Kukenberger replied that the ADEC is USI's estimate for what the City needs to contribute to the fund now given the way the fund is behaving and how liabilities are currently stacking up. He clarified that there is a difference between the claims and benefits the City's General Fund pays out initially and the collections for employee/department contributions, and that the difference is what is showing in the balance due to/from BERS line in the calculations. He said that the City departments/employees aren't owed back $1.2 million, but that the General Fund is owed back $1.2 million. Mr. Blake said he would like to see a running total of what the ADEC is to start the year and how it changes over time, to further show how the year is unfolding on a cash basis. Finance Director Kukenberger then spoke about how this highlights that having a defined cash management policy would be helpful, which is something staff are working on. He noted that generally, having the City prepay benefits and have money due from the BERS fund is better, because the BERS fund is generating interest and the longer more cash can sit in the fund and generate interest, the better. He said that in the draft cash management policy, they propose a ceiling for how much BERS or the City can owe each other (proposed at $5 million). Mr. Mount asked why expenses were so much higher in October than in other months, and Finance Director Kukenberger replied that October was a month with more pay periods than most other months.

Finance Director Kukenberger then spoke about the second follow-up item from the November 18 meeting, which is a breakdown of expenses for the BERS fund. He said there are four main areas of expenses, which include estimated financial management fees, actuarial services from USI, financial management services from Fiducient, and indirect City costs (which include portions of staffing). Mr.

Blake asked when the contracts for Fiducient and USI are up for renegotiation, and Finance Director Kukenberger replied that he will follow up via email.

Finance Director Kukenberger then provided an overview of the third item, the above-noted draft policy for General Fund and Pension Fund cash flow management. He said the policy formalizes guidelines for managing temporary receivables between the City's General Fund and Pension Fund, which ensures efficient cash flow management while maintaining the financial integrity of both funds. He said that the policy also recognizes that there will be times or certain conditions where the City needs to collect on those receivables sooner or outside of the normal cycle, and sets a limit (proposed at $5 million in this draft) for how much one fund can owe the other at a given time. He said the policy outlines the reimbursement process when the General Fund collects on receivables from the Pension Fund. He requested feedback from the BERS Board on the timeframe for collection upon request, recommending that the minimum notice be no fewer than 30 days. He also noted that the policy would require the City to notify the BERS Board prior to collecting accrued receivables, as well as provide a summary of receivable amounts and anticipated reimbursement timeline. Mr. Blake noted that the language as proposed doesn't require reconciliation at the end of every fiscal year, but simply says the Pension Fund can carry up to $5 million in funds owed. Finance Director Kukenberger said he would like to get the auditors' opinion on the draft policy and see if they have additional input. Mr. Blake said he would also like feedback from Fiducient about the proposed policy, and whether they would advise handling the true-up in a different or more proactive way. Ms. Pizzi said that she would recommend the timeframe for reimbursement to be no less than 90 days, and also recommended including language in the investment policy statement to allow for flexibility around timing and frequency of true-ups between the Pension Fund and General Fund. The BERS Board agreed with this suggestion and Ms. Pizzi said she will follow up in the next meeting or two with draft language.

6.2 Additional Information Requests from the Board
None.

## 7. FIDUCIENT

7.1 BERS – November 2024 Flash Report
Mr. Rowlins began by speaking about capital market performance for the month of November. He noted that interest rates were cut by the Federal Reserve for a second time this year in November, which resulted in higher bond prices in the fixed-income space. He also spoke about equities, noting that Trump's proposed policies around tariffs and deregulation bode well for U.S. equities, especially small cap equities, which saw strong performance for November. He spoke about weaker performance in global equities for the month, in both developed and emerging markets.

Ms. Pizzi then spoke about the impacts of market performance on the BERS portfolio. She began by noting that the total assets for the plan as of the end of November were approximately $260 million. She spoke briefly about asset allocation, with target allocations of 27% in fixed income, 69% in equities, and 4% in real assets. She noted that the portfolio is overweight by 2.7% in U.S. equities, which reflects the outperformance of US equities over global equities, and that they are comfortable with leaving that overweight there for now. Mr. Mount noted that global equities have been underperforming compared to U.S. equities for a number of years now and asked why one third of the BERS portfolio continues to be allocated to that asset class. Ms. Pizzi replied that U.S. has outperformed international markets for the last 15 years, and that the investment strategy for this portfolio is a long-term one, and looks across multiple market environments. She noted that U.S. markets have become incredibly expensive and concentrated, which introduces heightened risk within the portfolio if there isn't enough diversification and exposure to international markets. She said international equities have a very important role in the portfolio, and wouldn't recommend reducing that allocation. Mr. Rowlins added that they think active management could also play an important role within the equities space of mitigating risk and being complementary to a passive approach. Ms. Pizzi noted that in terms of portfolio performance, the portfolio was up 2.9% for the month of November, resulting in a fiscal year-to-date increase of 6.7%. Mr. Blake noted that bitcoin is now more attainable than it had been previously and asked whether other pension funds are investing in it, and Ms. Pizzi said they should add this to the agenda for next month's meeting for discussion.

## 8. ADJOURNMENT

8.1 Motion to Adjourn

**MOTION by Kyle Blake, SECOND by Paul Olsen, to adjourn the meeting.**

**VOTING: unanimous; motion carries.**

The meeting adjourned at 10:57 AM.

*RScty: AACoonradt*