

**BURLINGTON RETIREMENT BOARD
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
FINAL
September 20, 2021**

MEMBERS PRESENT:

Robert Hooper, Chairperson
Munir Kasti, Vice-Chairperson
Patrick Robins
David Mount
Ben O'Brien
Matthew Dow

OTHERS PRESENT:

Rich Goodwin
Chris Rowllins
Kate Pizzi
Jim Strouse
Hayley McClenahan

1.0 CALL TO ORDER

Robert Hooper called the Retirement Board meeting to order at 9:15 AM.

MOTION by Munir Kasti, SECOND by Matthew Dow, to approve the agenda as presented.

VOTING: unanimous; motion carries.

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments

3.0 APPROVE MINUTES

3.01 Minutes of August 19, 2021

MOTION by Ben O'Brien, SECOND by Munir Kasti, to approve the minutes as amended.

VOTING: unanimous; motion carries.

The minutes were amended as follows:

- Replace “reappoint” with “recognize” in the motion pertaining to election of the Chair, Vice Chair, and Secretary of the BERS Board (Agenda item #3)

4.0 APPROVE RETURN OF CONTRIBUTIONS

4.01 Approve Return of Contributions

- Ali Dieng, Class B, \$15,441.04
- Jordan Peterson, Class B, \$618.19

MOTION by Ben O’Brien, SECOND by Matthew Dow, to approve the return of contributions as presented.

DISCUSSION:

- **Mr. Kasti asked for clarification about the options noted on the calculation sheet. Finance Director Goodwin replied that employees are entitled to either receive an annuity or elect to receive a return of contributions, though they seldom choose the latter. Patrick Robins asked about the calculations, and whether the contractor determines the net present value. Finance Director Goodwin replied that the calculations include all contributions made and a small amount of interest as well.**

VOTING: unanimous; motion carries.

5.0 ADMINISTRATIVE UPDATES

5.01 Job Description – Retirement Administrator

Finance Director Goodwin reviewed the job description for the Retirement Administrator position. He noted that there would be no payroll duties for the future position. He asked that any edits from the Retirement Board for the job description be sent to him. He said that the City is looking to fill the position in March or April of 2022.

Mr. Robins asked about the salary range for the position’s pay grade. Finance Director Goodwin replied that the position’s salary range is \$60,000--\$75,000 per year, and that a candidate could be hired into range (not just at the base salary), but that hiring into range for Steps 7 and above require Board of Finance and City Council approval. Mr. Robins asked about the review and evaluation for the position. Finance Director said that the position would report to him and be reviewed on an annual basis. He said that annual reviews are typically verbal. This would be a bargaining unit position. Finance Director Goodwin noted that BERS would not be responsible for the funding for the position, but that it would be funded by Burlington Electric Department, the City of Burlington, the Burlington School District, and taxpayers. He also note that the City’s Human Resources Department would be responsible for recruitment and hiring for the position.

Mr. Robins expressed concern that the salary for the position is lower than it should be, given the job responsibilities. Finance Director Goodwin acknowledged that the pay is lower than it would be in the private sector, but that the position’s salary is equitable when placed within the context of City jobs as a whole. He also noted that public sector jobs often offer a significantly higher amount of fringe benefits than do private sector jobs, as well as more generous retirement packages or pensions and regular cost of living increases.

6.0 FIDUCIENT ADVISORS PRESENTATION

6.01 Fiducient Advisors Presentation

Ms. Pizzi provided a monthly portfolio update for the BERS Board as of August 31, 2021. She noted that as of that date, BERS assets totaled \$251.2 million, gaining \$4.6 million in net investment gains. She said that these were largely the result of growth in global equity markets. She noted that bonds were flat for the month and that the portfolio returned a total of 1.8%, net, for August.

Ms. Pizzi noted the changes that had been put into place for the portfolio over the last several months, including the second tranche of a shift from U.S. equities to foreign developed market equities; working on a transition to US Bank as a custodian; and completing a search for a dynamic bond manager. She provided an overview of each holding in the portfolio and net flows and return on investment for the month of August. Mr. Robins asked whether Fiducient anticipates seeing these types of moves on a monthly basis. Ms. Pizzi replied that there will be one more tranche of funds moving from U.S. equities to foreign developed market equities before the end of the year.

Mr. Rowlands reviewed asset allocations and target allocations for the portfolio as of August 31, 2021, as well as some emerging capital market data from September, 2021. He noted some of the current challenges in the fixed-income arena, stemming from historically low interest rates. He also noted quarter-to-date returns (1.9%) and year-to-date returns (12.6%), which give the portfolio a cushion to withstand potential market volatility. He then walked through the manager performance overview for each of the asset classes. He noted that the passive management of equities over August played out well, especially in the domestic large cap equity market, but that there is evidence that active management could add value particularly in the international/emerging markets. He noted emerging market selloffs in September, driven by China and Brazil (to a lesser extent), and that there is some concern about that systemic risk across other markets. He noted that Fiducient would keep the BERS apprised of any developments out of China and emerging markets in general.

Mr. Mount asked about an emerging UBS issue and whether Fiducient had more details. Ms. Pizzi replied that there is a 6% allocation to the UBS Trumbull strategy, but that it is within the US and there is no exposure outside the US. She noted that real estate has been the best-performing asset class this year. Mr. Robins confirmed that BERS is unable to leave this investment, and Ms. Pizzi said that yes, BERS is currently locked in at the current allocation but is in the redemption queue.

7.0 APPOINT NEW FIXED ASSET SPACE MANAGER *EXPECTED EXECUTIVE SESSION*****

7.01 Appoint New Dynamic Bond Manager – expected Executive Session

MOTION by Ben O'Brien, SECOND by Matthew Dow, to find that premature general public knowledge regarding choice of the fixed asset space manager would place the City at a substantial disadvantage.

VOTING: unanimous; motion carries.

MOTION by Ben O'Brien, SECOND by Matthew Dow, to enter into executive session.

VOTING: unanimous; motion carries.

MOTION by David Mount, SECOND by Ben O'Brien, that the BERS Board award the dynamic bond mandate to BlackRock Strategic Income Opportunities Fund. Funding would come from the existing allocation with Johnson Core Bond.

VOTING: unanimous; motion carries.

8.0 ADJOURN

8.01 Motion to Adjourn

MOTION by Ben O'Brien, SECOND by Ben O'Brien, to adjourn the meeting.

VOTING: unanimous; motion carries.

RScty: AACoonrad