

**BURLINGTON RETIREMENT BOARD
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
FINAL
November 15, 2021**

MEMBERS PRESENT:

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

OTHERS PRESENT:

Rich Goodwin
Chris Rowllins
Kate Pizzi
Hayley McClenahan

1.0 CALL TO ORDER

Robert Hooper called the Retirement Board meeting to order.

MOTION by Katherine Schad, SECOND by Munir Kasti, to adopt the agenda as written.

VOTING: unanimous; motion carries.

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments
None at this time.

3.0 APPROVE MINUTES

3.01 Minutes of October 18, 2021

MOTION by David Mount, SECOND by Munir Kasti, to approve the minutes as amended.

The following amendments were made to the minutes:

- On motion to adjourn, David Mount did not both make the motion and second the motion.

VOTING: unanimous; motion carries.

4.0 APPROVE RETURN OF CONTRIBUTIONS

4.01 Approve Return of Contributions

Approve Return of Contributions	Amount	Effective Date of Benefit
Alex Niez-Charest, Class A	\$8,417.98	11/01/2021
Harold Colston, Class B	\$17,698.03	10/01/2021
Kimberly Melissa Jordan, Class B	\$6,523.95	10/01/2021
Kyle Lavalley, Class B	\$3,292.93	10/01/2021
Susan M. Molzon, Class B	\$15,727.00	11/01/2021
Tyler Badeau, Class A	\$104,041.47	11/01/2021

MOTION by Ben O'Brien, SECOND by Munir to approve the return of contributions as presented.

VOTING: unanimous; motion carries.

5.0 APPROVE RETIREMENT APPLICATIONS

5.01 Approve Retirement Applications

Approve Retirement Applications	Amount	Effective Date of Benefit	Actual First Payment Date
Brian Difrancio, Class A	\$4,324.09	10/01/2021	10/15/2021
Carole Bourneuf, Class B	\$735.67	12/01/2021	12/15/2021
David M. Clements, Class A	\$4,642.31	12/01/2021	12/15/2021
John King, Class B	\$10,078.81	10/01/2021	10/15/2021
Jonathan Young, Class A	\$4,528.06	10/01/2021	10/15/2021
Mark Metivier, Class B	\$528.04	10/01/2021	10/15/2021
Phyllis A. Blank, Class B	\$2,119.09	11/01/2021	11/15/2021
Scott A. Rainville, Class B	\$5,298.75	11/01/2021	11/15/2021

Mr. Robins noted that one retiree's amount per month is quite high and asked why. Finance Director Goodwin listed the factors that are taken into consideration when calculating monthly payments, and in this instance, the individual had many years of service and additionally chose to retire more than 12 years after he was eligible to do so (at 65).

MOTION by Patrick Robins, SECOND by Ben O'Brien to approve the retirement applications as presented.

VOTING: unanimous; motion carries.

6.0 APPROVAL FOR COST OF LIVING ADJUSTMENT

6.01 Approval for Cost of Living Adjustment effective January 1, 2022

Finance Director Goodwin noted that the BERS Board has the discretion to approve or disprove COLA increases, also noting that the BERS Board did not approve increases for 2021. He said that staff are recommending a COLA increase for 2022 of 5% for those who retired prior to 7/1/2017, and 2.75% for those who retired after that date. He noted that this recommendation has been reviewed by the City's actuaries and auditors.

Chief Administrative Officer Schad walked through the staff's recommendations in more detail. She said that the City has an ordinance that governs what it can give each year for COLA increases. She noted that there is a standard operating procedure that staff use to calculate COLAs. She noted that the City is using the CPI-U Northeast Region for COLA calculations for retirees post 7/1/2017, and using CPI-U for retirees prior to 7/1/2017. She also noted that there is language in the collective bargaining agreements that says that if the City does not meet its target rates of return or its funded ratios, it has discretion as to whether it will award COLAs. She noted that staff does not recommend exercising this discretion.

Mr. O'Brien asked why the City is using an older valuation calculation for this. Finance Director Goodwin replied that actuarial updates are posted concurrent with when the City needs to develop its COLA recommendation for the BERS Board's consideration, so the timing makes it unfeasible to use more recent valuation calculations.

Mr. Kasti asked if the CBAs are being violated with this decision, since one clause states that no COLAs will be received until the plan reaches 81% funded. Chief Administrative Officer Schad replied that those who retired before July, 2017 are eligible for 5%, and those that retired after are eligible for the 2.75%. She additionally noted that for the Police and Fire Department retirees, the BERS Board can vote to reduce or eliminate COLA if the funded ratio is less than 73%. She said that this also applies to AFSCME and IBEW, which have provisions that allow the BERS Board to decline to apply a COLA if the funded ratio is less than 70% or the fund's rate of return fails to meet what was anticipated.

CAO Schad said that BERS has the option of reducing or applying no COLA for employees who retired after the date of execution of the Police or Fire collective bargaining agreements.

Mr. Robins asked who has the authority to waive the COLA criteria, and what the cost is of that. CAO Schad replied that the staff are recommending not to reduce or eliminate COLA for the upcoming year for Police/Fire. Mr. Gilligan noted that individuals are able to select a COLA or no COLA option for themselves.

MOTION by Katherine Schad, SECOND by Munir, to approve the recommended Cost of Living Allowance (COLA) adjustment for retirees, as indicated on the COLA index attachment prepared by H&H, effective January 1, 2022, broadly capped at 5% for retirees before July 1, 2017 and 2.75% for those who retired after that date.

MOTION TO AMEND by Katherine Schad, **SECOND** by Patrick Robins, to reduce the COLA increase to 0% on the H&H COLA index attachment in instances where the exception states that the "Board may reduce or vote for no COLA if Class A funding level falls below 73%."

DISCUSSION ON AMENDMENT:

- Mr. Gilligan asked why that motion would reduce the COLA increase to zero, rather than reducing it to some number smaller than 2.75%. Chief Administrative Officer Schad replied that based on discussions, this reduction would not affect many people.
- Mr. Mount asked how many retirees take COLA and how many don't. Chief Administrative Officer Schad replied that H&H (the City's actuaries) can quantify that.

MOTION TO AMEND THE AMENDMENT by Ben O'Brien, **SECOND** by Dan Gilligan, to amend the 0% reduction back to 2.75% for Class A retirees.

DISCUSSION ON AMENDMENT TO THE AMENDMENT:

- Ben O'Brien said that it was above noted that the reduction to 0% would affect few people, and consequently, keeping it at 2.75% would also affect few people (and therefore have little impact).

VOTING ON AMENDMENT TO THE AMENDMENT: 5-2 (Katherine Schad and Patrick Robins dissenting); motion carries.

MOTION by David Mount, to table this item until information is received from H&H and at that point, vote by email. The motion failed for lack of a second.

MOTION by Ben O'Brien to call the question.

VOTING: unanimous; motion carries.

7.0 ADMINISTRATIVE UPDATES 7.01 Administrative Updates

Finance Director Goodwin provided an update on the custodial bank for the BERS Board, noting it should be executed by Chief Administrative Officer Schad within the week, after a review by bond counsel. Mr. Hooper asked whether the agreement would need to be approved by the BERS Board, in addition to its previous action to approve the transition to this custodial bank. Mr. Hooper asked whether a delay in execution would present complications from a financial standpoint. Ms. Pizzi replied that it would delay the allocation into BlackRock Strategic Income Fund. Mr. O'Brien noted that for previous agreements of this nature, the contract was executed by both the Chief Administrative Officer and the Chair of the BERS Board. He asked how the current execution arrangement would impact the BERS Board's liability as fiduciaries to the fund.

8.0 SET RETIREMENT MEETING DATES FOR NEXT 6 MONTHS

8.01 Consider 12/20/2021 (Mon), 1/18/2022 (Tues), 2/22/2022 (Tues), 3/21/2022 (Mon), 4/18/2022 (Mon), 5/16/2022 (Mon)

The above dates were approved by the BERS Board as their future meeting schedule.

9.0 FIDUCIARY'S

9.01 October Investment Update

Ms. Pizzi outlined asset class performance. She noted that fixed-income markets were relatively flat for October and that the areas that performed better over the year were the higher-risk areas, such as high yield. She noted that the global public equities market have been strong across developed markets and that emerging markets returns were marginally positive for the month after a volatile third quarter, finishing about flat year to date. She noted that the U.S. outperformed international markets for the month of October. Finally, she noted that the real assets/alternatives markets have performed strongly for the year.

Ms. Pizzi then provided an overview of current asset allocation. She noted that the total plan asset allocation at the end of October was approximately \$251.3 million. She noted areas that were over and under their target allocations.

She then provided an overview of portfolio performance for the month of October. She noted a 1-month increase of 3.5% and year-to-date growth of 13.3%.

10.0 ADJOURN

10.01 Motion to Adjourn

MOTION by Patrick Robins, SECOND by Muni, to adjourn the meeting.

VOTING: unanimous; motion carries.

RScty: AACoonrad