

**BURLINGTON RETIREMENT BOARD
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
FINAL
February 22, 2022**

MEMBERS PRESENT:

Patrick Robins
David Mount
Ben O'Brien
Matthew Dow
Dan Gilligan

OTHERS PRESENT:

Rich Goodwin
Chris Rowlands
Richard Carey
Hayley McClenahan

1.0 CALL TO ORDER

Ben O'Brien called the Retirement Board meeting to order at 9:05 AM.

MOTION by Patrick Robins, SECOND by Matthew Dow, to adopt the agenda.

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 January 18, 2022

MOTION by Patrick Robins, SECOND by Dan Gilligan, to approve the minutes of January 18, 2022.

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
Cory R. Marceau, Class B	\$1,091.01	03/01/2022

MOTION by Dan Gilligan, SECOND by Matthew Dow, to approve the return of contributions applications 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
Jason A. Lawson, Class A	\$5,905.31	01/01/2022	01/15/2022
Martha Q. Keenan, Class B	\$624.33	02/01/2022	02/15/2022

MOTION by Matthew Dow, SECOND by Daniel Gilligan, to approve the retirement applications as presented.

VOTING: unanimous; motion carries.

6.0 ADMINISTRATIVE UPDATES

6.01 Retirement Administrative Position – Interviews in late March/early April

Finance Director Goodwin said that the City is seeking approval for a full-time retirement administrative position from the Board of Finance in March, and that based on that timing, they anticipate beginning to conduct interviews for the position in late March or early April.

7.0 FIDUCIENT'S

7.01 BERS Fourth Quarter 2021 Investment Report

Chris Rowlinson noted that fourth quarter figures were covered at the BERS January meeting.

7.02 BERS Monthly Investment Update as of 1/31/2022

Mr. Rowlinson began with observations on January 2022. He said that after a solid fourth quarter, January had a rocky start. He said that investors are preoccupied with inflation and a hawkish tone by the Federal Reserve, which has spooked the market somewhat. He noted that bonds have come under pressure as interest rates spiked higher in January. He noted that both fixed income and equities sold off in January. He noted that in the equity market, small caps saw more of a sell-off than large cap, though both declined. He noted that the international markets have performed slightly stronger than U.S. markets in January. He provided more detail on returns by sector, noting declines across the board except for in the energy and financials sectors.

Mr. Rowlinson spoke about the portfolio's asset allocation as of the end of January and noted that the allocation was consistent with the long-term targets. He said that Fiducient is performing manager due diligence in the emerging markets space for the inclusion of active managers.

He said that active management in that area could be beneficial to the portfolio and that they are preparing to present findings to the BERS board at an upcoming meeting.

Mr. Rowlinson noted that the portfolio was down 4.3% for the month of January, though he noted that this is after an extremely strong performance in the previous quarter. He said that performance was impacted by rising rates and sell off in global equities. He noted that the portfolio received a redemption from UBS Trumbull Property Fund of \$1.2 million in January. He said that the unconstrained strategy in the fixed income allocation was funded at around 3%.

Mr. Robins asked if Fiducient's market outlook has changed at all in the last 30 days, looking at the rest of the year. Mr. Rowlinson said that they are anticipating a more modest economic recovery in 2022, given waning monetary and fiscal stimulus support from the federal government. He said that there are more headwinds to the market in this environment in the form of rising interest rates and geopolitical risks, but that the consumer and corporate picture look relatively healthy. He said that some of the increase in inflation seems to be transitory, as supply chain issues are resolved. Mr. Robins asked if they think that equities will come up net positive at the end of the year. Mr. Rowlinson said Fiducient's outlook for 2022 suggested heightened volatility for the capital markets and that equities remain attractive from a valuation perspective. He noted that global equities and that they continue to provide a solid long-term return profile for the portfolio.

7.03 Review of Asset Allocation Modeling

Mr. Rowlinson said that as part of Fiducient's fourth quarter governance calendar, they conduct a re-underwriting of the portfolio's asset allocation using the firm's most recent capital market assumptions. This exercise is to ensure that the portfolio's asset allocation continues to align with the BERS board's goals and objectives. He said that with allocations of 18% to fixed-income, 75% to equities, and 7% to real assets and alternatives, they are predicting returns of around 7.5% for the portfolio's 20-year expected return profile (which is in line with the portfolio's 7.2% return assumption).

Mr. Robins asked about any assumptions around the federal reserve's target interest rate. Mr. Rowlinson replied that the federal reserve will likely proceed cautiously and modestly, and they are anticipating around 4 rate hikes for this year and a 0.25% or 0.5% increase for each increase.

8.0 ADJOURN

8.01 Motion to Adjourn

The meeting adjourned without objection at 9:26 AM.

RScty: AACoonrad