

**BURLINGTON RETIREMENT BOARD
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
March 21, 2022**

MEMBERS PRESENT:

Robert Hooper (Chair)
Munir Kastl (Vice Chair)
Patrick Robins
David Mount
Ben O'Brien
Matthew Dow
Dan Gilligan

OTHERS PRESENT:

Rich Goodwin
Chris Rowlin
Kate Pizzi
Chris Kachmar
Hayley McClenahan
Steve Lemanski
Rob Lessard

1.0 CALL TO ORDER

Robert Hooper called the Retirement Board meeting to order at 9:03 AM.

MOTION by David Mount, SECOND by Ben O'Brien, 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 February 22, 2022

MOTION by David Mount, SECOND by Patrick Robins, to approve the minutes of February 22, 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
Christen LaFountain, Class B	\$3,252.38	04/01/2022
John C. Montgomery, Class A	\$31,337.47	03/01/2022
Trey Bowman, Class B	\$4,20068	04/01/2022

MOTION by Ben O'Brien, SECOND by David Mount, 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
Craig Chaffee, Class B	\$653.71	04/01/2022	04/15/2022
James Pebler, Class B	\$69.00	09/01/2021	09/15/2022

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

VOTING: unanimous; motion carries.

6.0 APPROVE FY21 VALUATION REPORT

6.01 Approve FY21 Valuation Report

Finance Director Goodwin noted that this report had been on the Retirement Board's prior agenda but had not been reviewed at that time. He said that no changes have been made since then.

Mr. Lemanski noted the impacts of the IBEW settlement, which included reducing the Class B funded ratio by almost 1%.

MOTION by Munir Kasti, SECOND by David Mount, to accept the Fiscal Year 2021 Valuation Report as presented.

VOTING: unanimous; motion carries.

7.0 ADMINISTRATIVE UPDATES

7.01 Retirement Administrative Position – Interviews in April

Chief Administration Officer Schad said that the City is moving toward obtaining approval from the Board of Finance and City Council at an April meeting for a Retirement Administrator position, after which the position will be posted and they will begin the interview process. She noted delays due to miscommunication between the finance team and Human Resources as well as decision-making around whether it should be a union or non-union position. She said that it will be a full-time non-union position. Finance Director Goodwin noted that a current employee is split between payroll duties and Retirement duties (part time), and that the number of retirement applications has increased substantially. He said that due to this, the City believes that the Retirement Administrator position should be a full-time position.

7.02 Board Meetings – Stipends, no City Councilors or Employees

Chief Administration Officer Schad noted that as part of the Mayor's equity initiatives, the City is putting forth a policy that those who are sitting on boards or commissions who are not employees or City Councilors will be paid a \$50 stipend, which is retroactive to July 1, 2021. She said that they anticipate this policy to pass City Council approval in July. In response to a Board member's request to decline the stipend, she noted that Board members don't have to accept the stipend, but she will check and ensure that language to that effect is included in the policy.

8.0 FIDUCIENT'S

8.01 February Portfolio & Market Update

Ms. Pizzi reviewed February activity. She noted that February began on a positive note with strong economic numbers, but those gains were overshadowed by impacts of the Russian invasion of the Ukraine toward the end of the month. Inflation continued to increase due in large part to the economic sanctions related to the invasion (particularly for commodities), and continued supply issues. She noted that central banks are trying to walk the line between curbing inflation and keeping the economy moving forward. She reviewed returns of major asset classes through February and noted that there have been few areas of the market to offset losses this calendar year. She noted that core bonds, which typically benefit from a slight to safety, saw a decrease of around 5% year-to-date. She said that global equities were down 2.8% during February, though she noted that small cap stocks posted positive return for the month. She noted that jump in oil prices have generated significant outperformance in commodities, however there is little exposure within the portfolio. She noted that the private investments within the portfolio have performed relatively well so far, based on lagged returns.

Ms. Pizzi outlined the BERS portfolio dashboard, which shows the historical performance, summary of cash flows, portfolio allocations, and actual versus target allocations. She noted a -1.8% investment return for the month, in line with the benchmark. The portfolio's value ended February at \$233.3 million. She briefly noted the portfolio allocation, noting that within the international equity portion of the portfolio, Fiducient reallocated from half developed and half emerging markets to roughly two-thirds developed markets and one-third emerging markets. She then spoke briefly about the actual versus target allocations within the portfolio, noting that allocation are largely in line with targets but slightly overweight in U.S. equities.

Mr. Hooper asked about the interplay between the CPI and inflation and how they impact each other and the portfolio. Ms. Pizzi replied that inflation and the CPI are directly related, but inflation includes both food and energy (which tend to be volatile) and core CPI excludes those two sectors (and core CPI is what is used for adjustments in the portfolio). Mr. Lemanski added that some of the impacts of inflation for BERS are mitigated by the high proportion of retirees that elect a no COLA option for their benefit, as well as caps on the CPI increases. Mr. Hooper asked about Russian equities in the emerging markets and why Russia is considered an emerging market. Ms. Pizzi replied that going into this year, Russian equities represented about 3.5% of the emerging market index (though they have now been excluded from the index). She noted that on a GDP per capita basis, Russia is still considered an emerging market. Mr. Robins inquired about the role of emerging markets

in the BERS portfolio noting performance volatility and geopolitical risks. Mr. Kachmar, Fiducient's Chief Market Strategist, noted that the portfolio's allocation to emerging markets reflects the global opportunity set more broadly. He acknowledged the risks associated with emerging markets however he pointed to favorable demographic trends as well as many leading global companies domiciled in the region. Mr. Hooper asked whether Fiducient's is looking at opportunities to buy in terms of commodities and other real assets, especially areas that have a lower carbon footprint. Ms. Pizzi replied that they would look at that as part of a broader real asset exposure as redemptions from USB Trumbull Properties are received, and that their approach may include a broad real asset manager.

9.0 ADJOURN

9.01 Motion to Adjourn

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

VOTING: unanimous; motion carries.

The meeting adjourned without objection at 10:00 AM.

RScty: AACoonrad