

**BURLINGTON RETIREMENT BOARD
CITY HALL, 1ST FLOOR BUSHOR CONF ROOM
OR
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
Final
July 18, 2022**

MEMBERS PRESENT:

Robert Hooper (Chair)
Patrick Robins
David Mount
Kyle Blake
Tom Chenette
Matthew Dow

MEMBERS ABSENT:

Munir Kasti
Katherine Schad

OTHERS PRESENT:

Rich Goodwin
Chris Rowins
Richard Carey
Hayley McClenahan

1.0 CALL TO ORDER

Robert Hooper called the Retirement Board meeting to order at 9:04 AM.

MOTION by Patrick Robins, SECOND by David Mount, to approve the agenda as presented.

VOTING: unanimous; motion carries.

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments
None.

3.0. APPROVE MINUTES

3.01 Minutes of June 21, 2022

MOTION by Patrick Robins, SECOND by David Mount, to approve the minutes of June 21, 2022 as amended:

- **Remove Hayley McClenahan from list of attendees**

VOTING: unanimous; motion carries (Matthew Dow absent for vote).

MOTION by Patrick Robins, SECOND by David Mount, to ratify the approval of the return of contributions as presented in the draft minutes of June 21, 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
Joshua M. Meyers, Class B	\$7,236.25	07/01/2022
Carol A. Braden, Class B	\$31,595.36	08/01/2022
Nyla Ruiz, Class B	\$3,038.43	08/01/2022
Marielle Matthews, Class B	\$5,083.15	08/01/2011
Devin Jones, Class B	\$12,945.15	08/01/2022

MOTION by Patrick Robins, SECOND by David Mount, to approve the return of contributions applications as presented.

VOTING: unanimous; motion carries (Matthew Dow absent for vote).

5.0 APPROVE RETIREMENT APPLICATIONS

5.01 Approve Retirement Applications

Approve Retirement Applications	Amount	Effective Date of Benefit	Actual First Payment Date
Thomas E. Carter, Class B	\$2,296.55	06/01/2022	07/15/2022
Gary Lavigne, Class B	\$4,884.04	07/01/2022	07/15/2022
Jeffrey B. Shedd, Class B	\$1,129.14	07/01/2022	07/15/2022
Rebecca Goldberg, Class B	\$1,215.10	05/01/2022	07/15/2022

MOTION by Patrick Robins, SECOND by David Mount, to approve the retirement applications as presented.

VOTING: unanimous; motion carries (Matthew Dow absent for vote).

Board members discussed how retirement payments are calculated. Finance Director Goodwin noted that there are 28 different variations and plans in place. He said that the plans and options are driven by an employee's union and date of hire. He said that he will send the BERS Board a list of the different multipliers that can be applied, the difference between survivor benefits, and tools that will give members good background on how the numbers are calculated. He noted that the City's actuaries spent a year automating the City's ability to do these calculations, and additionally the City brought in an independent auditor to audit those calculations. He said that as an end check, he reviews every calculation that is presented to the BERS board for approval.

6.0 ADMINISTRATIVE UPDATES

6.01 Administrative Updates

Finance Director Goodwin said that there is a candidate for the Retirement Administrator position for the City. He said that they anticipate the candidate starting in the first week of August. He noted that David Mount participated in the interview process for the candidates.

7.0 FIDUCIENT

7.01 BERS June Performance Flash Report

Mr. Rowlinson first outlined the capital market results ending June 30th. He noted that June was a difficult month for both fixed income and global equities, as the Federal Reserve and central banks around the globe move to combat inflation by increasing rates (while also stoking concerns about a recession). He noted negative returns in the fixed-income asset class for the month, due to the previously-noted concerns and general fears of an economic slowdown. He also noted negative returns in global equities, due also to high inflation and continued supply issues, and in the case of European markets, due to higher energy prices from sanctions on Russia. He additionally noted generally negative growth in the real asset class.

Mr. Robins asked what passive investment strategy the BERS Board is following. Mr. Rowlinson replied that there is active management within the fixed income class, and that the equity asset class is exclusively passively managed. He said that the last few years have been difficult for active managers given market momentum and the cap weighted construct of market indices.. He showed the portfolio's manager absolute and relative performance, noting that the low cost passive strategies over time have tended to rank in the top half and top quartile of a respective peer group). Mr. Robins said that it is helpful to discuss the BERS' modified passive approach on a regular basis.

Mr. Rowlinson then presented the performance of the BERS portfolio as of June 30, 2022. He noted that portfolio declined 6.7% (net) for the month of June and declined 12.4% (net) for the quarter. For the plan's fiscal year ending June 30th, Mr. Rowlinson reported that the portfolio shed 13.2%.He then spoke about the asset allocation as of June 30, 2022. He noted that the value of the plan's investable assets stood at approximately \$213.8 million. He said that the portfolio has roughly 18% of its allocation in fixed income, 75% in equities, and 7% in real assets. He noted that the benefit of higher interest rates is higher yields on fixed income, which over time is expected to deliver higher absolute returns for the fixed income asset class and could serve to temper the portfolio's global equity posture.

Mr. Robins asked what kind of impact a 16% negative return will have on the portfolio's growth in future. Mr. Rowlinson noted the 31% growth in the prior fiscal year, and noted that gains and losses are amortized, which helps to mitigate volatility around funding and contribution amounts. He said that Fiducient has produced its mid-year capital market assumptions in light of the market dislocation across both equity and fixed income and that Fiducient is reviewing the allocation to determine if adjustments should be made going forward

Mr. Rowlinson spoke briefly about the UBS Trumbull property fund, which was inherited from a prior financial advisor. He noted that UBS had notably underperformed its benchmark for the last number of years and that there were a significant number of redemptions in the portfolio. He said that Fiducient put in a full redemption request, which are provided quarterly based on liquidity in the portfolio. He said that even though the BERS portfolio is in the queue for redemption, they are still realizing returns on the amount still in the fund which have provided an attractive non-correlating return stream versus public equities and fixed income over the last six months.

7.02 Fiducient Mid-Year Capital Market Update – June 2022

Mr. Rowlinson then provided an overview of the mid-year capital market update.

Finance Director Goodwin spoke about the fiscal year loss this year of 13% and the high returns last year of 31%. He said that because of that return on investment last year, the portfolio market value increased by \$50 million (which will be amortized over five years). He said that the negative growth this year could be tempered by the gains last year. He noted that overall, the City's contribution to the plan has been relatively low, and that there was a reduction in the amount of money coming out of employees' checks last year (and it is anticipated to remain low in FY24, though it depends on how the portfolio performs over the next year).

8.0 ADJOURN

8.01 Motion to Adjourn

MOTION by David Mount, SECOND by Patrick Robins, to adjourn the meeting.

VOTING: unanimous; motion carries.

The meeting adjourned without objection at 10:07 AM.

RScty: AACoonradt