

BURLINGTON RETIREMENT BOARD
CITY HALL, 1ST FLOOR BUSHOR CONF ROOM
OR
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
FINAL
October 17, 2022

MEMBERS PRESENT:

Robert Hooper (Chair)
Munir Kasti (Vice Chair)
Patrick Robins
David Mount
Matthew Dow
Kyle Blake
Tom Chenette
Katherine Schad

MEMBERS ABSENT:

None

OTHERS PRESENT:

Rich Goodwin
Kevin Balaud
Kate Pizzi
Hayley McClenahan

1.0 CALL TO ORDER

Robert Hooper called the Retirement Board meeting to order at 9:00 AM.

MOTION by David Mount, SECOND by Munir Kasti, to adopt the agenda.

VOTING: unanimous; motion carries.

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments

None.

3.0. APPROVE MINUTES

3.01 Minutes of September 19, 2022

MOTION by Munir Kasti, SECOND by David Mount, to approve the minutes of September 19, 2022 as presented.

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
Alyssa Alden Pierce, Class B	\$5,322.72	11/01/2022
Anne D. Coss, Class B	\$2,816.52	11/01/2022
Gloria J. Ormsby, Class B	\$14,979.94	10/01/2022
Kenneth Woodcook, Class B	\$5,383.75	11/01/2022
Grace Ciffo, Class B	\$5,657.64	10/01/2022
Vera V. Vincent, Class B	\$6,830.45	11/01/2022
Tara A. Gagne, Class B	\$3,550.68	10/01/2022
Devin C. Hackett, Class B	\$28,512.29	10/01/2022
Louis A. Dimasi, Class B	\$2,211.12	11/01/2022

MOTION by David Mount, SECOND by Munir Kasti, 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
Brian K. Lander, Class B	\$5,843.59	09/01/2022	09/15/2022
David V. MacDonnell, Class B	\$7,867.08	11/01/2022	11/15/2022
Marcy Esbjerg, Class B	\$651.58	10/01/2022	10/15/2022
Linda Blanchard, Class B	\$5,279.96	11/01/2022	11/15/2022
York A. Sherry, Class B	\$7,661.07	09/01/2022	9/15/2022
Janet Murnane, Class B	\$185.59	10/01/2022	10/15/2022
Barbara Keiser, Class B	\$27.76	10/01/2022	10/15/2022
Anthony Montagne, Class B	\$294.21	10/01/2022	10/15/2022
Sean A. Livingston, Class B	\$1,185.09	09/01/2022	10/15/2022

MOTION by David Mount, SECOND by Munir Kasti, to approve the retirement applications as presented.

VOTING: unanimous; motion carries.

6.0 APPROVE COLAS EFFECTIVE JANUARY 1, 2023

6.01 Approve COLAs effective January 1, 2023

Finance Director Goodwin noted that the cost of living is now extremely high and based on the contractual agreements, they are approving COLAs and half-COLAs for retirees that would be in effect on January 1, 2023. He noted that the meeting materials include detail on the methodology for calculating COLAs. He further noted that several of the collective bargaining agreements allow the Retirement Board to reduce or eliminate COLAs if the funded ratio of the portfolio is below a certain amount or a certain rate of return target is not met. Despite these provisions, the BERS board decided to move ahead with approving COLAs and half-COLAs effective January 1, 2023.

MOTION by Munir Kasti, SECOND by Kyle Blake, 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, 2023, broadly capped at 5% for retirees before July 1, 2017 and 2.75% for those who retired after that date.

VOTING: unanimous; motion carries.

7.0 ADMINISTRATIVE UPDATES

7.01 Administrative Updates

Finance Director Goodwin provided a series of statistics on usage of the H&H portal. He noted that over 600 participants have registered and logged into the portal itself, that over 5,600 benefit estimates and projections were run on the portal, that more than 1,800 calls were received by the Service Center for requesting/receiving assistance, and that more than 180 new retirement payments were initiated on the portal.

Chair Hooper asked for an update about the Retirement Administrator position. Chief Administration Officer Schad replied that the status of the position is in flux, and that she would like to discuss with this Chair Hooper and Vice Chair Kasti. She said that the City has had poor luck recruiting for this position. She said that 4 candidates have already declined this position when it was offered to them, and would like to review the position with the Chair and Vice Chair.

Finance Director Goodwin noted that stipends are now being paid to Board members as compensation for serving on their respective boards. He noted that board members receive stipends unless they are City employees and that the stipends come out of the General Fund budget.

8.0 FIDUCIENT

8.01 BERS September Performance Report

Ms. Pizzi began the September update on BERS portfolio performance by speaking broadly about asset class performance. She noted that the capital market performance in September was broadly negative, as the Federal Reserve's commitment to tamping down inflation led to another increase in interest rates. She noted that headline inflation has decreased marginally, although core inflation which excludes food and energy has continued to increase. She spoke in detail about core bond performance, noting that it decreased by 4.3% over the past month and decreased a total of 14.6% for the year, making it one of the worst years on record for core bonds. She said that this highlights the need for flexibility across fixed-income asset markets, which the Board added in early 2022. She spoke briefly about equities, noting that in

September, both U.S. and international developed markets were down around 10%. She said that the disparity between growth and value companies/sectors has widened significantly. She then outlined real asset performance, noting that it was down around 8.7% in September.

She then spoke about how performance has affected the BERS portfolio. She said that the total portfolio value at the end of September was approximately \$196 million, which includes prepaid pension benefits. She noted that the current allocation for fixed income is around 20%, that they are dollar-cost averaging monthly to reach the new approved target allocation of 25% from a previous target of 18%. She said that conversely, the longer-term equity target is 68% (which was decreased from 75%).

Ms. Pizzi then spoke about manager performance for the month of September. She noted that overall fixed income was down 4.1% (compared to a general decrease of 4.3%), demonstrating that Black Rock has been able to provide some measure of downside protection (since it was down a total of 2.5% compared to that overall decrease of 4.3%). She spoke about both domestic and international equities, noting that they are indexed and are providing broad-based exposure at low cost. She noted headwinds in real assets, in that UBS Trumbull underperformed for the month, however performed better than other asset classes.

Chair Hooper asked whether there is turnaround potential for the portfolio in the next 12 months. Ms. Pizzi said that they will likely see volatility in the near-term until there is stabilization on the Federal Reserve side. She estimated headwinds across investment classes due to this continued volatility. Chair Hooper asked whether current actions at the federal level have been effective. Ms. Pizzi replied that the Federal Reserve is trying to control inflation, which is difficult to do when inflation is supply-driven (not demand-driven). She said that what may help reduce inflation is a recessionary environment. She said that the markets tend react negatively in anticipation of the official onset of an economic recession.

8.02 Portfolio Reallocation Update (same reallocation recommendation framework as discussed last meeting with minor cash flow revisions due to recent market activity)

Ms. Pizzi provided a brief update on portfolio reallocation. She noted that they have completed two tranches to adjust to the new allocations over time, and have two more tranches to execute in order to reach the ultimate target allocation set for the portfolio.

8.03 Draft Investment Policy Statement (tabled from last meeting)

Ms. Pizzi then noted the outstanding changes to the BERS Investment Policy Statement. Chair Hooper requested that this item be placed on the next month's meeting agenda for more in-depth discussion.

9.0 ADJOURN

9.01 Motion to Adjourn

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

VOTING: unanimous; motion carries.

The meeting adjourned without objection at 10:16 AM.

RScty: AACoonrad