BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

James T. Strouse
Chairman of the Board
Robert Hooper
Vice-Chairman

Stephanie Hanker
Retirement Administrator
802-865-7097
VT Relay – dial 711

Retirement Board Meeting Agenda
City Hall Conference Room 12
Wednesday August 17, 2016 – 8:30 AM

1. Agenda
2. Public Forum
3. Approve Minutes of 07/21/2016
4. Approve Bills
5. Ratify / Approve Refund and Rollovers
6. Approval of Retirement Applications
7. Performance Review – Barry Bryant Dahab Associates
8. Review Draft RFP for Pension Software
9. Review BERS Annual Report to City Council
10. Other Business
11. Adjourn

OFFICE OF THE CLERK/TREASURER

City of Burlington

City Hall, Room 20, 149 Church Street, Burlington, VT 05401 **Voice (802) 865-7000**
Fax (802) 865-7014
TTY (802) 865-7142

MEMORANDUM

TO: Retirement Board

FROM: Bob Rusten, Chief Administrative Officer
Rich Goodwin, Director Financial Operations
Stephanie Hanker, Retirement & Liability Insurance Administrator

DATE: August 17, 2016

RE: Request to send out Formal RFP for Pension Software

Overview

The Clerk Treasurer's Office formally request the Board of Trustees of the Burlington Employees Retirement System (BERS) to approve to formal request proposals in procuring an integrated membership tracking, benefits calculator and disbursement system also known as a Defined Benefit Administration (Software) System (BAS). The new system will replace the current semi-manual custom built Microsoft Access Database used to track pension data. The City anticipates that the BAS will be a significant upgrade which will deliver integrated Microsoft Windows cloud based solutions, enhanced security services, provide more functionality, and eliminate many of the manual processes that are performed today. In addition, it is the Clerk Treasurer's opinion that such system will in essence pay for itself over a three year time pay for itself due to reduced (or no increased) actuary costs as well as provide additional efficiencies highlighted in this memo.

Background Information

The retirement funds provide service retirement benefits as well as death and disability benefits to a population of contributory and non-contributory members and their beneficiaries. The plan covers eligible members employed in the general administrative service of the City and certain non-teacher employees of the Burlington City Public School District. As of June 30, 2016, the BERS membership consisted of the following:

Membership Category	BERS	
Retirees and Beneficiaries Receiving Benefits	700	
Terminated Members Not Yet Receiving Benefits	400	
Active Plan Members	1,135	
Total Membership	2,235	

Copy of the plan summary is available on the City of Burlington's Code of Ordinances in Chapter 24. The Code can be found here: https://www.codepublishing.com/VT/Burlington/

BERS currently services its members using various systems, both computerized and manual. At the core of this is a 3 plus year-old, Microsoft Access Data ‘Pension Tracking System’ hosted on the mainframe by the Department of Information Technology. Other computerized components include Tyler Technologies’ New World (NW) Financial payroll system which supplies payroll data for some active members and payroll data from other City of Burlington departments not paid from NW for the remaining active members.

Here are the benefits of a Hosted Pension Administration Software System (HPAS)

- The HPAS will become a central repository of our member’s and retiree data. The data will travel with the members through active membership through retirement and beyond. This will help bridge, standardize, and maintain retirement data for the City, BED, and the Burlington School District.

- The HPAS will be a stable, and secure technical foundation in which the pension fund can build upon in order to keep in line with the changing needs of the membership.

- Many HPAS’s are stored within a Statement on Standards for Attestation Engagements (SSAE16) is an auditing standard for service organizations. Service Organization Control (SOC), which is a series of accounting standards that measure the control of financial information for as service organization that provides for a test environment which helps provide greater protection for the members/retiree’s personal identifiable information. This tool will facilitate the audit as it provide security, availability, processing integrity confidentiality, or privacy.

- The HPAS can interface with various third party software applications utilized by different entities and agencies throughout the city such as active payroll, retiree payroll, accounting, human resources, workflow, and document management applications.

- Integration with the third party software applications will help streamline a secure channel of information flow while minimizing data input errors and redundancies.

- The HPAS will also allow the pension fund to communicate more easily and securely with external entities such as Actuaries, Auditors, Insurance Companies, Banks, Credit Unions, and other state/ local agencies. This will provide an opportunity for reduced fees, and efficiencies.

- The HPAS will become the central hub of the pension fund’s disaster recovery plan. Data is backed up nightly by hosting provider and therefore, during catastrophic events the pension fund will still be able to provide service to its membership.

- Many HPAS systems will also maintain electronic documents. If the pension fund’s documents are stored within the HPAS this will provide for more seamless business continuity planning for the fund.

- An HPAS that contains defined functionality processes will be very valuable during cross training of administrative responsibilities which is very crucial during staff emergencies and worker turnover.

- The HPAS will provide a platform for a Member/Retiree Self Service Portal. Members will be able to validate and their data and utilize a calculation projection model to plan for their financial future. Retirees will be able to view benefit checks, 1099 information, download up to date income verification statements and social security documents. This is a service we owe, and should provide to our employees, and retirees. A higher level of service is obtainable, and needed.

- The Member/Retiree Self Service Portal will be the cornerstone of communication between the pension fund and the membership.

We formally request that a Request for Proposals be sent out for a software pension system that will allow for stronger reporting, automation of tasks, and provide a tool that will help support or active employees eligible for retirement, and our existing retires.

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

James T. Strouse
Chairman of the Board
Robert Hooper
Vice-Chariman

Stephanie Hanker
Retirement Administrator
802-865-7097
7-1-1 (TTY)

CITY COUNCIL REPORT

FOR June 2016

MISSION

The mission of the Retirement Board as defined by the Ordinance is to be trustees of the funds of the retirement system. The members have the authority to invest funds, determine asset allocation within guidelines, develop the guidelines, and hire such managers and consultants as may be needed. The members also set policy and oversee the general administration of, and have the responsibility for, the proper operation of the retirement system. The members make decisions on disability applications and follow-ups.

HIGHLIGHTS

The market value of assets as of June 30, 2016 was $155,435,217 compared to a market value as of June 30, 2015 of $159,598,595. Investment performance for the fiscal year was -0.9% putting us in the 78th percentile of public funds for the year.

In addition to its regular business of approving minutes, bill payments, refunds, rollovers and retirement applications the Board devoted much of its time in FY 2016 to discussion, planning and implementation of its exit from the VPIC investment portfolio. You may recall that I informed the Council in June 2015 that the Board was about to make that decision and that, over the course of the last two years had considered:

- Returns achieved since Burlington invested with VPIC in 2007;
- Risk and return potential of an independent portfolio relative to VPIC;
- The cost of an independent portfolio relative to VPIC;
- The administrative burden of assuming investment management responsibility;
- Burlington's funding needs as distinct from VPIC's.

And, of course, the decision to leave VPIC challenged the Board to become educated to make prudent investment allocation decisions and to implement those decisions. The shortness of this report belies the significant amount of discussion and debate and the amount of input required of our consultant that ultimately enabled us to be comfortable that we were sufficiently informed to make these decisions. The table following gives you the resulting asset allocation decision.

Asset type	Percentage
Large Cap Equity	30
SMID Cap Equity	18
EAFE Equity	10
Emerging market Equity	10
Private Equity (existing)	2
Timber (existing)	2
Fixed Income	28

In implementing the chosen allocations we chose BNY Mellon Index Funds for all investments other than our existing holdings. It is anticipated that about 35% of our allocation to fixed income will be shifted into a real estate investment as a fixed income alternative given the current interest rate environment.

As a result of these investment decisions we anticipate annual investment expense savings of approximately $600,000.

At the time of this writing there are 790 active members of the Retirement System, 670 retirees and beneficiaries, and 375 members who have left service with vested benefits. Pension benefits average about $$1,195,685 per month.

The FY 2016 members of the Board are James Strouse, Robert Hooper and Jeffrey Wick, who are appointed by the City Council with Mayor presiding, Robert Rusten, Chief Administrative Officer, who is the Ex-Officio member, Lt. Benjamin O'Brien, Fire and Det. Cpl. Daniel Gilligan, Police who are elected by the Class "A" employees and Munir Kasti and Matthew Dow, who are elected by the Class "B" members.

James Strouse, Chairperson

Definitions
OT Staff = Treasurer's Office Staff (Investments Team)
BERS = Burlington Employees' Retirement System Staff
City of Burlington = Administrator of BERS pension plan
VPIC = Vermont Pension Investment Committee
JPM = JPMorgan, VPIC's custodian
HV = HarbourVest is an investment manager of Private Equity assets for the VPIC
NAV = Net Asset Value of a fund
Dahab = BERS Investment Consultant

7/28/15: BERS Chairman signs letter to VPIC Director of Investments informing him that BERS Board has voted to exit VPIC for full withdrawal on December 31, 2015. ***Attachment M and R***

8/6/2015: Director of Investments confirms receipt of letter from Jim Strouse (BERS Chair) informing VPIC of BERS Board vote to withdraw from VPIC. Informs Chair that OT Staff will draw up a formal letter acknowledging receipt and email a copy back to BERS Chair. ***Attachment T***

8/7/15: BERS receives confirmation from OT Staff of receipt of letter and acknowledgement of BERS desire to leave VPIC

8/18/15: Dahab (BERS Consultant) informs OT Staff that Bob Rusten is the designated contact for the transition period for the City of Burlington (Chief Administrative Officer of BERS and Board member of BERS).

9/29/2015: OT Staff presents to VPIC Committee the proposed work plan (Executed copy is ***Attachment N***) and the proposed resolution (Executed copy is ***Attachment Q***). VPIC Committee votes to approve the work plan and resolution. ***Attachment T*** for materials presented to VPIC.

10/9/2015: VPIC Investment Managers are notified by OT Staff that they will need to provide an estimated fund valuation as of December 18, 2015 for all VPIC Commingled fund holdings that they manage for VPIC no later than EOD December 21st. Managers of daily liquid funds are notified that cash flow communications will be sent on December 22, 2016 to inform them of how much they will need to raise (if any) for this transaction. Separate account managers are notified during this time that they will need to raise funds for withdrawal by the Custodian on December 30, 2015 with the exact amount sent to them on December 22, 2015 as a cash flow communication. BERS is approximately 4% of VPIC plan assets.

10/13/2015: OT Staff has received confirmation from all investment managers that providing an estimate for December 18, 2015 no later than the cutoff time will not be a problem.

10/15/2015: OT Staff send the Eighth Amendment to the BERS contract with the State and the approved Work Plan to BERS for signatures.

10/16/2015: OT Staff receives executed work plan from BERS with signoff on all steps as outlined by OT Staff. ***Attachment N***

10/19/2015: Dahab requests OT Staff confirmation of receipt of executed documents. Confirmation is sent. OT Staff requests from BERS confirmation that Bob Rusten is authorized to sign all documents associated with the transition out of VPIC. It is received.

10/30/2015: OT Staff receives executed Eighth Amendment to the BERS contract with the State. ***Attachment Q***

11/3/2015: VPIC Custodian inquires as to the wire instructions to wire the BERS money on December 30, 2015. Dahab indicates the money will likely go to the investment manager BNY Mellon once they are under contract with BERS, but that has not been finalized.

12/1/2015: OT Staff sends a reminder to all investment managers that they will need to provide December 18, 2016 fund valuation estimates no later than EOD December 21st. Investment Managers confirm that this is not a problem.

12/2/2015: Dahab indicates wire instructions for VPIC Custodian to use on December 30, 2015.

12/16/2015: OT Staff executed five capital call cash flow communications with settlement on December 16, 2015. These capital calls were with Harbourvest, who was wired the funds by the custodian. BERS was excluded from these capital calls per the contract amendment. ***Attachment W***

12/21/2015: OT receives estimated NAVs as of 12/18/2015 from Custodian for all funds and valuations from Investment managers for their Commingled funds value as of 12/18/2015 (the custodian NAV provides the accurate separate account NAV and the manager does not need to send it since it's custodied at the Custodian JPMorgan). OT Staff compares the Investment Managers estimated NAV to the Custodian Estimated NAV to ensure there are not large disparities. The November 2015 ratios per plan were then applied to estimate BERS total holding of the fund for 12/18/2015, adjusting for any cash flows that took place in the month of December (***Attachment L***). All managers complied, except HarbourVest which was not noticed by Staff until after the cutoff and the most recent estimated capital account statement value was used for each fund rolled forward to account for any capital contributions or distributions up until 12/18/15. ***Attachments Y & U***

12/22/2015: OT sent wire communications to JPMorgan using the estimated 12/18/2015 values and 11/30/2015 ratios for BERS. Funds that did not have daily liquidity, inter-fund transfers were used to allow the VSTRS, VMERS & VSERS plans to purchase the market value of BERS rather than liquidating the funds. This allows for a single wire transfer to occur from the VPIC fund to the BERS Retirement fund on the date specified by BERS. More liquid funds were used to raise funds within the other plan accounts to pay BERS for the value of the less liquid funds. ***Attachment B***

12/28/2015: OT Staff request confirmation of wire instructions to be used by BERS. Confirmation is received from BERS.

12/30/15: OT wired through JPMorgan (Custodian) $144,587,146.40 to Burlington, which was the amount estimated to be in the fund as of December 30, 2015. It was requested for liquidity purposes by investment managers and agreed upon by Burlington and the OT Staff to use December 30, 2015 rather than December 31, 2015 wire date. Burlington confirmed they received the wire. ***Attachment Z***

1/8/16: OT Staff sent preliminary valuation materials to Dahab and BERS. These materials were used to estimate the December 30, 2015 BERS position. ***Attachment D***

1/15/16: OT Staff wires $500,000 to BERS due to an error by OT Staff, which contractually were only obligated to holdback $1mm not $1.5mm as initially forecasted. ***Attachment AA***

2/4/2016: JPMorgan (custodian) provides December final reporting to OT Staff and a true-up report. OT Staff confirm the true-up numbers per the JPM email. Cash flow communications are drawn up to make the changes. ***Attachment H***

2/5/2016: OT Staff sends executed cash flow communications to JPMorgan to reconcile the December Manager Statements and reconciled custodian NAVs to the estimated 12/30/15 NAVs from the 12/18/15 NAV estimates and 11/30/15 BERS plan ratios. Dahab inquires how much the true-up will send back to BERS. OT Staff sends BERS an email containing documentation for the February True-up and cash flow communications for a $1,176,271.97 wire to the wire instructions BERS provided. ***Attachment CC***

2/18/16: OT Staff send executed cash flow instructions to JPMorgan custodian to back date the T Rowe Price moneys for January 1/1/16. ***Attachment BB***

3/21/16: OT Staff conducted a reconciliation for the BERS December NAV used for the December 30, 2015 wire. It is concluded that the value was reasonable given a 20bps tolerance. ***Attachment A***

3/30/16-5/26/16: OT Staff receives audited financial statements from real estate and private equity funds to be used for true-up of these managers' balances compared to the unaudited positions used in the February true-up using the custodians final December NAV. ***Attachment DD***

5/26/16: OT Staff estimate the fee holdback for BERS after 6/30/16 based on prior Custodian invoices and estimated transaction frequency (assuming four wires per year for custody invoices and two wires per year for Corporate Action wires to BERS when needed). ***Attachment O & S***

5/27/16: OT Staff compares the audited financials for Real Estate and Private Equity with the unaudited financials for December 31, 2016 used for the true-up in February and used the November NAV ratios to determine BERS share of the funds adjusted for any cash flows that took place during the month of December. ***Attachment P***

6/16/2016: OT Staff sent a cash flow communication to the custodian to wire $132,851.56 to the State of Vermont for BERS invoices due to the State for CY 4Q15, CY 1Q16, CY 2Q16 (***Attachment EE, FF, GG***). After June 30, 2016 only the JPMorgan account fee will be deducted from the remaining holdback of $8,500.

6/28/16: Siguler Guff audited financial statement received. The true-up evaluation of the real estate and private equity funds is finalized by including the Siguler Guff audited financial statement data by OT Staff. ***Attachment P***

6/29/2016: OT Staff sends a cash flow communication to the custodian to effect the true-up of the Real Estate and Private Equity funds ***Attachment HH.*** OT Staff sends the custodian a letter requesting the fund used for BERS cash be transitioned to a standalone account and assign the City of Burlington Tax Identification Number to the account ***Attachment II***.

6/30/2016: OT Staff sends a cash flow communication to the custodian to liquidate the BERS cash account with a wire to the State of Vermont for the holdback of $8,500 and a wire to the City of Burlington for the remainder of the funds $1,094,970.07 ***Attachment JJ***. OT Staff emailed BERS to notify them of the wire and receives confirmation from BERS that they are aware of the wire to be sent. OT Staff emailed a link with BERS process documentation to BERS for their records.

Attachments Index:

A) "A_NAV_TrueUpFINAL.xlsx" reviews the actual total cash flows that took place with a calculated NAV estimate for BERS using return information from NEPC (return information keeper of record for VPIC) and the November 30, 2015 NAV from JPMorgan (NAV information keeper of record for VPIC). Total difference is less than 20 bps. See note from 3/21/2016
B) "B_BERS_Cash_Flow_Communication.pdf" is the communication sent December 22, 2015 (redacted for account information) to JPMorgan liquidate the BERS position from all funds and raise cash to wire BERS its portion of VPIC on December 30, 2015.
C) "C_BERS_Reconciliation_Uploader.xlsm" is an internal OST review to ensure the estimate NAV used was reasonable as new information was made available (January-March 2016).
D) "D_BERS_Valuation_Files.zip" are the files used for a December 18th estimated BERS NAV sent to BERS for their records and review. See note from 2/5/2016.
E) "E_Capital Calls HV December 2015" are communications (redacted for account information) sent to JPMorgan to move money to fund the HV capital calls on December 16, 2015.
F) "F_Cash Positions 12212015.xls" is a report produced by JPMorgan used by OT Staff to estimate the cash balances in each plan STIF cash account custodied at JPMorgan.
G) "G_Comp NAVs Estimates 01112016.xlsx" OT Staff initial reconciliation of December 31, 2015 NAV at JPMorgan through online query at JPMM.com.
H) "H_NAV_TrueUp.xlsx" OT Staff check of JPMorgan provided reconciliations for each fund
I) "I_VERMONT_Cash_For_Benefits_Needs_December_2015.pdf" is an email sent on December 15, 2015 from the Cash and Investment Manager communicating the cash flow needs for the month of December for each plan to be raised by the OT Investments staff.
J) "J_vpic - 12.18.2015 estimates.pdf" is the communication file from HarbourVest estimating their funds' values as of December 18, 2015. This email was sent prior to December 18th and was not noticed by OT Staff until after the cutoff time of December 21st EOD. Therefore, these estimates were not used for the initial NAV estimate for BERS and instead a roll-forward using the latest Capital Accounts Statement Estimates from November 30, 2015 and known cash flows were applied.
K) "K_Private Funds Roll Forward.xlsx" is the roll-forward used to estimate the HV fund NAVs as of December 18, 2015

L) "L_Capital_Calls_HV.pdf" are the communications to the custodian prior to the BERS transaction to wire money for capital calls, excluding the BERS fund

M) "M_Letter_of_withdrawal_from_BERS.pdf" is the letter from BERS communicating their decision to withdraw their funds from VPIC. See note 7/28/15

N) "N_VPIC - BERS WorkPlan EXECUTED FINAL.pdf" is the executed Work Plan agreed to per the contract extension and initialed by BERS

O) "O_Q2 2015 JPMorgan invoice.pdf" BERS cash fund portion of JPMorgan invoice from 06302015 used to estimate the final holdback for BERS.

P) "P_TrueUp_05262016.xlsx" is a true-up of the NAV estimates used for the Real Estate managers and Private Equity managers using audited financial statements. The difference is offset by the outstanding invoices due to the State from BERS and the net amount of cash will be sent to BERS once the Siguler Guff (private real estate) manager's financial statement is finalized and received by OT Staff.

Q) "Q_Amendment 8 BERS transition.pdf" is the amendment signed by BERS for the transition. Please note the work plan signed by BERS was provided as attachment N

R) "R_150922 Retirement Board Minutes-Final.pdf" are the BERS Board minutes showing the vote approving the work plan presented to BERS by OT Staff. It was decided to present it to BERS prior to the VPIC meeting to allow them time to review and make any changes necessary prior to the VPIC vote

S) "S_HoldbackCalc_Custody.xlsx" document to calculate holdback after June 30, 2016

T) "T_VPIC Packet 09292015_Updated.pdf" is the portion of the VPIC packet pertaining to the BERS withdrawal presented to the VPIC Board within the Director of Investments Report

U) "U_VPIC_NAV_Nov_2015_Final.xlsx" is the custodian report for November 30, 2015 balances after the custodian has reconciled all balances in separate accounts with the investment managers.

V) "V_VPIC_NAV_Dec_2015_Final.xlsx" is the custodian report after the custodian reconciles all separate account balances with the investment managers outlining the recorded balances for all investment managers as of December 31, 2015

W) "W_Capital_Calls_HV_12182015.pdf" are the capital call cash flow communications sent to JPMorgan on December 16, 2015 for execution on that day. They exclude BERS, per the agreed upon amendment's instructions, from the capital calls.

X) "X_VPIC_NAV_Dec_2015_Prelim.xlsx" is the custodian report with a preliminary balance of all manager NAVs on December 31, 2015. This is prior to the custodian reconciliation with managers

Y) "Y_VPIC_NAV_Dec_18th_2015_Estimate.xlsx" is the custodian report estimating the balances of all separate accounts on December 18th

Z) "Z_BERS_Wire_12302015_Redacted.pdf" is the communication from OT Staff to the Custodian to wire the funds to BERS per the wire instructions BERS provided

AA) "AA_BERS_Wire_01132016.pdf" is the wire communication to BERS from the VPIC Custodian for $500,000 (account numbers redacted)

BB) "BB_TrueUpTRowe.pdf" is the cash flow instruction for T Rowe that was not executed on 12/30/15 and needed to be back dated to 1/1/16 during a true-up. This account was liquidated by VPIC and terminated and a $307.44 position was remaining in the BERS fund. It was moved to the other accounts and BERS was paid cash for the position.

CC) "CC_REVISED_Cash_Flow_Communications_02052016.pdf" is a packet of communications to the custodian to true-up the balances in each account for BERS to the custodian final NAV provided in a report from JPMorgan. A future true-up of private accounts and real estate managers for the audited NAV amount will take place at a later date from this communication.

DD) "DD_Audited_Statements_2015" folder of audited statements from private fund managers

EE) " EE_BERS_INVOICE_CY4Q15.pdf" BERS invoice for the fourth quarter 2015 (calendar year)

FF) "FF_BERS_1Q16_INVOICE_CY.pdf" BERS invoice for the 1st quarter 2016 (calendar year)

GG) "GG_BERS_2Q16_INVOICE_CY.pdf" BERS invoice for the 2nd quarter 2016 (calendar year)

HH) "HH_BERS_Cash_Flow_Comunication_06292016.pdf" True-up Communication to custodian

II) "II_BERS_Account_notice.pdf" Communication to JPM to make the BERS Cash account a standalone fund with the BERS TIN attached to it

JJ) "JJ_BERS_Cash_Flow_Communication_06302016.pdf" Communication to JPM to liquidate the BERS cash account with a wire to the State and a wire to the City of Burlington

August 17, 2016
Burlington Employees' Retirement Board –
City Hall, Conference Room 12

Board Members Present:
- Jim Strouse
- Benjamin O'Brien
- Matthew Dow
- Daniel Gilligan
- Bob Hooper
- Munir Kasti (Phone 8:45am – 9:35am)
- Bob Rusten
- Jeff Wick

Others Present:
- Stephanie Hanker
- Barry Bryant – Dahab Associates
- Kim Sturtevant (8:50am)
- Rich Goodwin (8:55am)

Called to order at 8:35am

1. ***Agenda***:
   No changes to the agenda as presented

2. ***Public Forum***:
   No Public Comments

3. ***Approve Minutes of 07/21/2016:***
   Matthew Dow moved to approve minutes as presented. Daniel Gilligan 2nd. Motion carries 7:0

4. ***Approve Bills:***
   Matthew Dow moved to approve the presented bills. Bob Hooper 2nd. Motion carries 7:0

5. ***Ratify/Approve Refund and Rollovers***
   Bob Hooper moved to approve the presented refunds and rollovers. Daniel Gilligan 2nd. Motion carries 7:0

6. ***Approval of Retirement Applications:***
   Bob Hooper moved to approve the presented applications. Daniel Gilligan 2nd. Motion carries 7:0

7. ***Performance Review – Barry Bryant Dahab Associates:***

Barry Bryant stated as of June 30, 2016 BERS was valued at $155,435,217, representing an increase of $3,103,135 from the March quarter's ending value. Barry Bryant stated for the second quarter, the total portfolio gained 1.9%, which was equal to the Burlington Policy Index's return of 1.9% and ranked in the 43rd percentile of the Public Fund universe. Barry Bryant stated over the training twelve month period, the portfolio returned -0.9%, which was 1.1% less than the benchmarks 0.2% return, ranking in the 78th percentile.

Barry Bryant distributed to the Board a timeline outlining the withdraw from VPIC.

Barry Bryant distributed an article from the Wall Street Journal regarding actuarial assumptions. Barry Bryant stated he did not feel an 8% rate of return assumption is in the cards for the next 5-10 years.

Bob Rusten asked that a discussion regarding adjusting the rate of return and what the effects would are on the fund be placed on the next agenda. Bob Rusten stated he would like to talk about what would we need to to hit the 8% ROR in terms of risk levels in investments, impact for increasing funding contributions and would like to understand 5-10 year versus 3-5 year implications by lowering ROR. Bob Rusten stated he would like to understand by reducing the fees could the saving be put towards any costs, if any, for lowering the ROR.

Jim Strouse stated the board should give time to see how all of the changes that have been made pan out.

Bob Rusten stated the next meeting the board should identify what information is needed to talk about lowering the actuarial assumption, then start looking at talking later in the year to make any decisions.

Barry Bryant distributed an article about divestment.
Jim Strouse stated at the next meeting place as an agenda item to vote on an official procedure.

8. ***Review Draft RFP for Pension Software:***

Bob Rusten stated an RFP was being sent out for pension software. Bob Rusten stated the proposals will come to the board and decsions will be made by the board. Bob Hooper moved to approve moving forward with the RFP process to aquire pension software. Jeff Wick 2nd. Motion Carries 7:0

9. ***Review BERS Annual Report:***

Jim Strouse stated he wrote the annual report for the City Council to present in September.
Bob Hooper moved to approve the letter presented and send to the City Council. Bob Rusten 2nd. Motion Carries 7:0

10. Other Business:
No other business

11. <u>Adjourn:</u>
Bob Rusten moved to adjourn. Matthew Dow 2nd. Motion Carries 6:0
Meeting adjourned 9:50