



BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

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

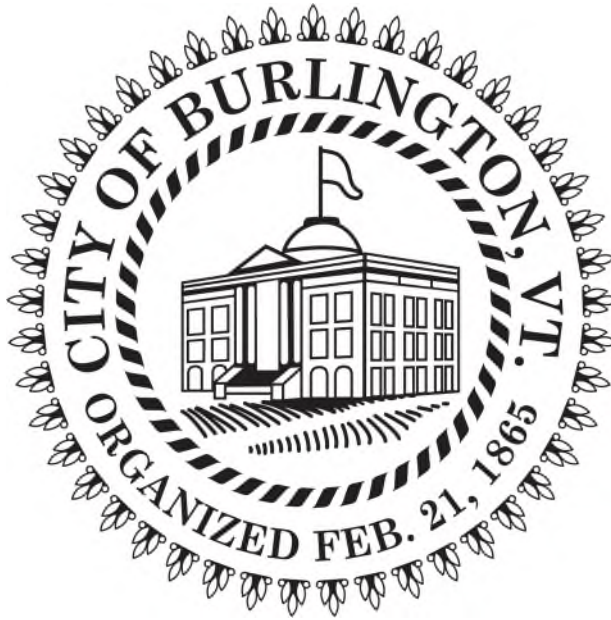
Stephanie Hanker
Retirement Administrator
802-865-7097
VT Relay – dial 711

Retirement Board Meeting Agenda City Hall Conference Room 12 May 19, 2016 – 8:30 AM

1. Agenda
2. Public Forum
3. Approve Minutes of 04/21/2016 & 05/05/2016
4. Ratify/ Approve Refunds and Rollovers
5. Approval of Retirement Applications
6. Performance Presentation – Dahab
7. Discussion Regarding Real Estate Manager Vendors
8. Review Valuation
9. Other Business
10. Adjourn

Non-Discrimination

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City Of Burlington Employees Retirement Plan

Performance Review
March 2016

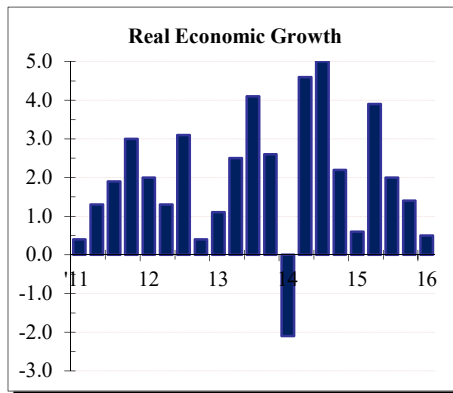


DAHAB ASSOCIATES
New York Massachusetts Pennsylvania Florida

ECONOMIC ENVIRONMENT

Steady As She Goes

The first quarter of 2016 saw the US economy grow at 0.5%, according to the advance estimate from the BEA, slower than the fourth quarter's 1.4%,



but still a positive figure. Still, there was a lot of good news to report. Plenty of jobs added and there was also a strong feeling of consumer satisfaction. By March, there was enough of an increase in manufacturing and service activity to point to an awakening economy. The Federal Reserve Board weighed these positive developments against low inflation, a

recovering housing market, the low level of exports and extreme investor jitters in the equity and commodity markets. As a result, it announced the Fed funds rate would remain unchanged for the present. A more detailed commentary about the economy follows:

- A disappointing 0.5% expansion (advance estimate) in GDP during the first quarter was a decline from Q4's modest 1.4% advance. Full year 2015 growth was 2.4%, identical to that of 2014.
- Non-farm payrolls increased by a healthy 215,000 in March and averaged a 209,000 monthly gain for the quarter. March employment increased in the retail, construction and health care sectors. Job losses occurred in manufacturing and mining. The unemployment rate initially ticked down to 4.9% and then reverted to 5.0% in March. More importantly, new unemployment claims have been below 300,000 for 58 consecutive weeks, the longest period since 1973. Quite favorably, the labor participation rate has edged up 0.6% since last September to 63.0%. In addition, the average earnings rate, including benefits, has risen slightly to \$25.43/hour.
- Consumer confidence helped to buoy expectations. The Consumer Confidence Index grew from February's 94.0 to 96.2 in March.

- Home prices climbed 6.8% for the year ending in February and are within 6.5% of the 2006 peak. Colorado, Washington, and Oregon were the leaders in price appreciation.
- The March ISM Manufacturing Index was encouraging as March was the first month since last fall to move into an expansion phase (51.8%). Production looked even better, rising from 52.8% the prior month to 55.3% in March; likewise, new orders climbed from 51.5% to 58.3%. Manufacturing gains were greatest in the printing, furniture, mineral products, machinery and plastics sectors. However, activity declined among apparel, electronic products, and transportation equipment.
- The Non-Manufacturing Index also moved higher, from 53.4% in February to 54.5%. Service sector gains were widespread among education, information, wholesale trade, finance, insurance and health care.
- Weak demand in China continued to depress commodity prices. Nonetheless, there was significant price change disparity among 29 different commodities. The best performers were gold (+16%); iron ore (+24%); and lumber (+21%). Gold's first quarter gain was the highest in years and represented a massive flight to safety in the January/February period. Higher iron ore prices reflected renewed confidence in the global economy while lumber mirrored US gains in furniture making and homebuilding. Energy posted a turnaround of sorts. While gasoline prices rose 14%, natural gas prices plummeted 16% due to high inventories and a generally warm winter.
- Inflation or the lack of it remains a challenge for the Fed. Gas prices at the pump began to rise and there was a tiny increase in salaries. Import prices also ticked up as the US dollar fell in value against most other currencies. These changes were enough to nudge up the inflation rate, but probably not enough to satisfy the Fed. The March quarter's CPI increase was -0.1%.

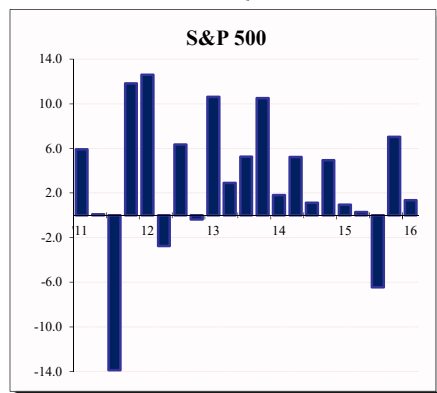
DOMESTIC EQUITIES

One Heck of a Ride

From the first trading day of the year until February 11th, the market was in free fall. The financial press was obsessed with China's economic slowdown and market mismanagement; European deflation; malaise or

worse among emerging markets; free-falling oil and related commodity prices; and the circus surrounding the US Presidential candidates. Most worrisome was the prospect of looming domestic and global recession. Jittery investors sold down stocks close to the point of a bear market. No stock sector was spared. Miraculously, China pulled its act together; the European Central Bank creatively expanded its quantitative easing program; emerging markets rose from the ashes in sync with firming commodity prices; and domestic economic statistics began to brighten. Further, geopolitical events tilted positive (e.g. the fragile Syrian cease fire and minor inroads against ISIS) and, importantly, the Fed made it clear that rate hikes were deferred. Investors were back to “risk-on” for the rest of the quarter. By March 31st, the US stock market pretty much ended where it started. The whole rapid fire sequence of events was startling as though a tornado had passed through and then put everything back into place.

In spite of all the volatility, the S&P 500 achieved a decent 1.3% return while the NASDAQ lost 2.4%. The more defensive DJIA added 2.2%. It



was clearly a value style quarter, with every value index trumping its growth counterpart. The Russell Large Cap Growth Index rose 0.7%, but was outpaced by the Russell Large Cap Value Index (+1.6%). Mid-cap and small-cap style differences were more pronounced, as the Russell Mid Cap Growth Index rose a modest 0.6% while the Russell Mid Cap Value Index added 3.9%. The

Russell Small Cap Growth Index lost 4.7% compared to the Russell Small Cap Value Index, which gained 1.7%. Investors focused on dividends, cyclical, defensive orientation and beaten down names and all favored value stocks. Real estate stocks (REITs), soon to be represented by their own S&P sector, performed at the top of the major indices; the NAREIT index rose 5.8%.

Below is a table demonstrating how negative all markets became by February 11th, only to be followed by a dramatic updraft between that date and quarter-end. This V-shaped market roller coaster ride, all within a 90-day period, was a new phenomenon:

Index	Jan 4 – Feb 11	Feb 12- Mar 31	Full quarter
S&P 500	-10.3	+13.0	+1.3
NASDAQ	-14.7	+14.3	-2.4
DJIA	-9.8	+13.3	+2.2
Russell 2000	-15.9	+17.1	-1.5

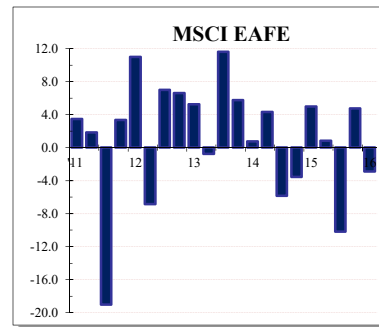
Most S&P sector returns were positive, but it was the defensive utility stocks that grabbed center stage, surging more than 16%. The commodity turnaround gave basic industry stocks a hefty 8.3% boost with a 4.4% lift to energy stocks, in particular. Diversified service stocks, ranging from internet providers to media, pushed ahead 6.5%. The financial sector was the worst performer, losing almost 4%, as banks contended with low lending rates and regulatory scrutiny. Weak sales for big-ticket consumer products and drug pricing concerns led to a modest slide in the non-durable consumer sector.

By quarter-end, the S&P dividend yield held steady at 2.1%. The average price/earnings ratio dropped slightly, to 22.9. Yet more than 50% of the index companies had P/E ratios north of 20, indicating that the current market is not cheap.

INTERNATIONAL EQUITIES

Developed Markets: Slow growth in Europe and Japan weighed heavily
Emerging Markets: A Welcome Commodity Bounce

The MSCI EAFE Index was off 2.9%. A combination of several factors



more than offset aggressive ECB moves, including: very slow economic growth; negative banking revelations; the overhang of a welcoming immigration policy; and ISIS terrorism. Germany, the biggest European player, lost 2.4%. Auto makers and chemical and pharmaceutical company Bayer contributed to the decline. While smaller in size, the Italian market tumbled almost 12% on the back of the banking sector's massive bad loans. The Swiss banking sector and especially UBS was that country's Achilles' heel, causing the Swiss market to fall 5.1%.

Australia continued its run up from Q4, adding more than 2%. This time, the country's stocks benefited from higher commodity prices rather than the prior quarter's positive banking news. Its currency strength proved no impediment. The Pacific Rim was a bifurcated market; Japanese stocks reversed field from the prior quarter, falling 6.4%. Investors were not encouraged by the BOJ decision to extend its negative interest rate policy. In addition, domestic consumer demand continued to be lethargic and a strengthening yen hurt exports. The rest of the Pacific developed markets fared far better. Singapore stood out with a gain of more than 5%.

Israel, long a market darling, lost its luster, dropping 10%. This was attributable to Israeli-Palestinian troubles and a falloff among tech shares. Finally, Canadian shares [Canada is technically not an EAFE country] took off like a rocket; its shares climbed 11.5% mainly because of commodity price gains, particularly in the energy sector.

Emerging Markets staged a remarkable 5.8% advance, easily surpassing the performance of US and developed markets. The increase was largely commodities-driven, with help provided by the ECB and the slow-moving Fed. Shares of Brazil's Bovespa Stock Exchange soared as investors returned to that market. Russia also provided a double digit gain (15.7%). As an oil-based economy, Russia benefited directly from a price increase of roughly \$10 per barrel. In Southeast Asia, India's market fell a moderate 2.5% due to Prime Minister Modi's difficulties passing economic reform legislation and a rise in the banking sector's non-performing loans. China gave back 4.8% amid a slowing economy, albeit from a very high level. Investors also gave thumbs down to the country's currency and retail trading tactics. The slow but steady effort to reorient the economy from export-driven to consumer-driven added to the uncertainty.

Latin American markets soared, largely stemming from commodity gains. The overall Latin American market rose more than 19%. Eastern European markets, especially Hungary (+17.3%) and Poland (+13.9%), profited from both the increased ECB stimulus and tackling the tremendous refugee problems early on.

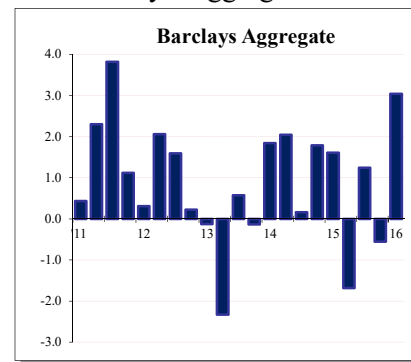
BOND MARKET

Solid Gains Throughout as Rates Decline

Early into the quarter, recession fears drove yields upward. But, rates tightened all along the yield curve in sync with bottoming oil prices;

ECB's added stimulus; a benign jobs market; and a deferred Fed rate hike. The result was a substantial Treasury rally and similar gains on the corporate side. Among Treasury instruments, the longer the maturity, the better the result. Three-to-five year maturities returned 2.5%. Seven-to-ten year bonds rose 4.7%. Twenty-year and longer issues jumped 8.5%!

The Barclays Aggregate Index earned 3.0% for the quarter, more than



most stock market indices. Treasuries, combined, added 3.2%. Corporates rose still more or 4.0%. Among corporates, industrials and utilities earned at or near 5%. Financial names were an also ran, with a 2.3% gain, as banks were under a serious regulatory and profitability cloud. Residential mortgage securities returned a lower 2.0%. However, commercial property bonds (CMBS) added 3.6%. Short-maturity asset-backed paper (ABS) rose 1.4%.

High yield bonds also participated in the rally, gaining 3.4%. Interestingly, it mattered little how risky the bond. BA-rated credits averaged 3.9%, while much lower quality CAA debt returned 3.7%. The very lowest-rated CA-D bonds gained only moderately more or 4.7%. Metals and mining bonds, reflecting the positive reversal in commodity prices, soared 12.6%. Despite rising oil prices, energy bonds earned only 2.8%; part of the rationale was that energy companies were still smarting from plummeting profits and some had already declared bankruptcy.

EM sovereign debt posted a very strong 5.0% return. Among regions, Latin America performed best. Its 6.7% advance was largely due to more favorable commodity prices.

CASH EQUIVALENTS

Still Zero

Treasury bills and related money market instruments continued to offer only a nominal return. One had to extend beyond two-years to achieve even a 1% yield.

MARKET SUMMARY

ECONOMIC STATISTICS

	CURRENT QTR	LAST QTR
GDP	0.5	1.4
Unemployment	5.0	5.0
CPI All Items Year/Year	0.90	0.70
Fed Funds Rate	0.50	0.50
Industrial Capacity	74.8	75.4
US Dollars per Euro	1.14	1.09

MAJOR INDEX QUARTER RETURNS

INDEX		PERFORMANCE
Russell 3000	1.0	
S&P 500	1.3	
Russell Mid	2.2	
Russell 2000	-1.5	
MSCI EAFE	-2.9	
MSCI Emg Mkts	5.8	
NCREIF ODCE	2.2	
Barclays Agg	3.0	
90 Day Tbills	0.1	

EQUITY RETURN DISTRIBUTIONS

QUARTER				TRAILING YEAR			
	VAL	COR	GRO		VAL	COR	GRO
LC	1.6	1.2	0.7	LC	-1.6	0.5	2.5
MC	3.9	2.2	0.6	MC	-3.4	-4.1	-4.8
SC	1.7	-1.5	-4.7	SC	-7.7	-9.8	-11.9

MARKET SUMMARY

- * Q1 GDP is estimated at 0.5%
- * Unemployment remains at 5%.
- * CPI increased by 0.9%, year over year.
- * Value stocks out performed their growth counterparts in particular, among the smaller cap sizes.
- * The US dollar weakened relative to the Euro.

INVESTMENT RETURN

On March 31st, 2016, the City of Burlington Employees Retirement System was valued at \$152,436,663, a decrease of \$102,799 from the December ending value of \$152,539,462. Last quarter, the account recorded a net withdrawal of \$1,719,013, which overshadowed the fund's net investment return of \$1,616,214. Barring income receipts during the first quarter, the portfolio's net investment return figure was the product of \$1,616,214 in realized and unrealized capital gains.

For the cumulative period since March 2006, the fund has recorded net withdrawals totaling \$14.3 million and posted net investment gains of \$56.0 million. For the period since March 2006, if the total fund returned a compound annual rate of 8.0% it would have been valued at \$220.4 million or \$67.9 million more than the actual value as of March 31st, 2016.

RELATIVE PERFORMANCE

Total Fund

In the first quarter, the total portfolio gained 1.1%, which was 0.4% below the Burlington Policy Index's return of 1.5% and ranked in the 42nd percentile of the Public Fund universe. Over the trailing year, the portfolio returned -2.6%, which was 1.2% less than the benchmark's -1.4% performance, and ranked in the 73rd percentile. Since March 2006, the portfolio returned 4.4% on an annualized basis and ranked in the 95th percentile.

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	FYTD	1 Year	3 Year	5 Year	Since 03/06
Total Portfolio	1.1	-2.7	-2.6	2.9	4.6	4.4
<i>PUBLIC FUND RANK</i>	(42)	(81)	(73)	(98)	(97)	(95)
<i>POLICY INDEX</i>	1.5	-1.7	-1.4	3.6	4.3	----
Equity	0.4	----	----	----	----	----
<i>GLOBAL EQUITY RANK</i>	(43)	----	----	----	----	----
MSCI AC WORLD	0.4	-4.3	-3.8	6.1	5.8	4.6
ACWI EX US	-0.3	-9.4	-8.8	0.8	0.8	2.4
MSCI EAFE	-2.9	-8.6	-7.9	2.7	2.7	2.3
MSCI EMG MKTS	5.8	-12.4	-11.7	-4.2	-3.8	3.3
RUSSELL 3000	1.0	-0.5	-0.4	11.1	11.0	6.9
S&P COMPLETION	-0.9	-8.6	-9.0	8.0	8.4	6.6
Real Assets	0.0	----	----	----	----	----
REAL ASSETS IDX	0.8	-4.6	-1.7	0.9	1.6	2.7
NCREIF ODCE	2.2	9.5	13.7	13.6	13.3	6.4
NCREIF TIMBER	-0.3	2.4	2.9	7.7	6.6	6.6
BLP COMMODITY	0.4	-23.1	-19.6	-16.9	-14.1	-6.2
Fixed Income	2.5	----	----	----	----	----
<i>BROAD MARKET FIXED RANK</i>	(50)	----	----	----	----	----
GLOBAL AGGREGATE	5.9	5.8	4.6	0.9	1.8	4.3
GLOBAL AGG EX US	8.3	7.6	6.7	-0.3	0.4	3.9
BARCLAYS AGG	3.0	3.7	2.0	2.5	3.8	4.9

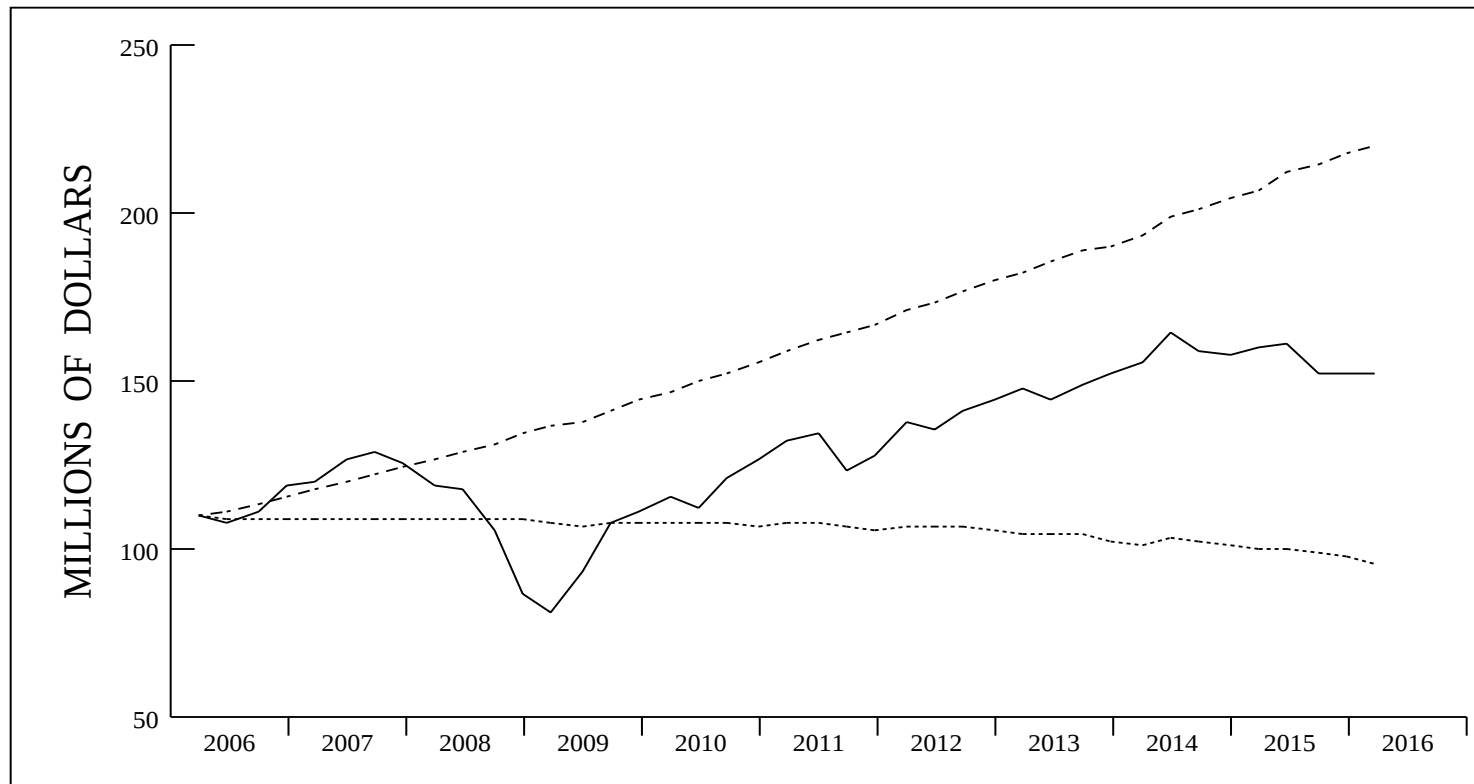
ASSET ALLOCATION

Equity	70.5%	\$ 107,469,645
Real Assets	2.2%	3,303,565
Fixed Income	28.2%	43,038,049
Cash	-0.9%	-1,374,596
Total Portfolio	100.0%	\$ 152,436,663

INVESTMENT RETURN

Market Value 12/2015	\$ 152,539,462
Contribs / Withdrawals	- 1,719,013
Income	0
Capital Gains / Losses	1,616,214
Market Value 3/2016	\$ 152,436,663

INVESTMENT GROWTH

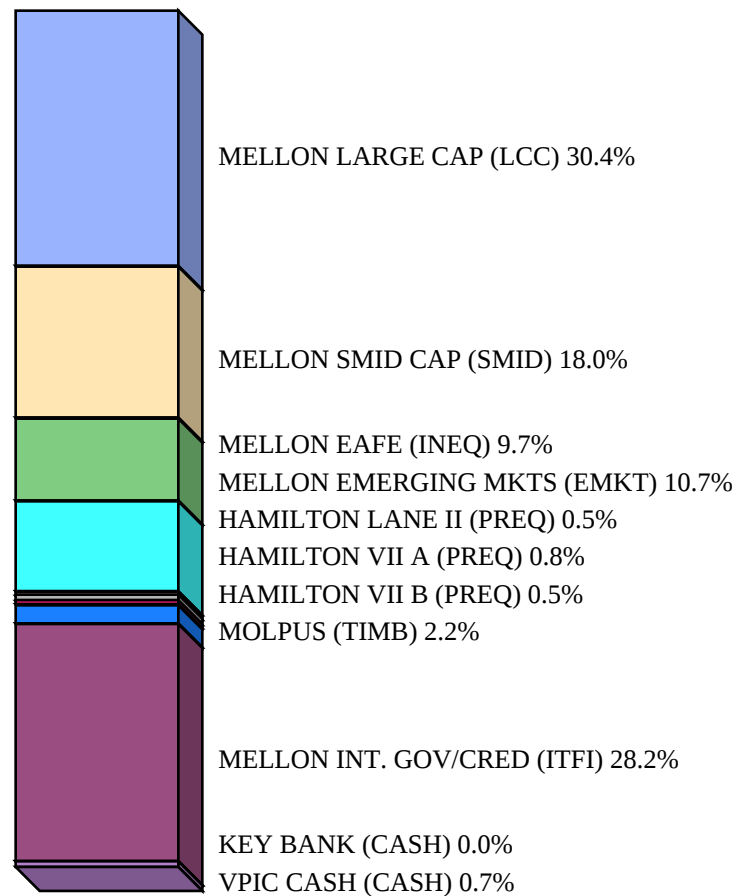


— ACTUAL RETURN
 - - - 8.0%
 0.0%

VALUE ASSUMING
 8.0% RETURN \$ 220,376,214

	LAST QUARTER	PERIOD 3/06 - 3/16
BEGINNING VALUE	\$ 152,539,462	\$ 110,693,872
NET CONTRIBUTIONS	- 1,719,013	- 14,274,725
INVESTMENT RETURN	1,616,214	56,017,516
ENDING VALUE	\$ 152,436,663	\$ 152,436,663
INCOME	0	10,287,127
CAPITAL GAINS (LOSSES)	1,616,214	45,730,388
INVESTMENT RETURN	1,616,214	56,017,516

MANAGER ALLOCATION AND TARGET SUMMARY



Name	Market Value	Percent	Target
Mellon Large Cap (LCC)	\$46,310,993	30.4	30.0
Mellon Smid Cap (SMID)	\$27,367,094	18.0	18.0
Mellon EAFE (INEQ)	\$14,854,610	9.7	10.0
Mellon Emerging Mkts (EMKT)	\$16,285,473	10.7	10.0
Hamilton Lane II (PREQ)	\$713,203	0.5	0.5
Hamilton VII A (PREQ)	\$1,179,871	0.8	0.9
Hamilton VII B (PREQ)	\$758,401	0.5	0.6
Molpus (TIMB)	\$3,303,565	2.2	2.0
Mellon Int. Gov/Cred (ITFI)	\$43,038,049	28.2	28.0
Cash (CASH)	\$-2,397,094	-1.6	0.0
Key Bank (CASH)	\$22,146	0.0	0.0
VPIC Cash (CASH)	\$1,000,352	0.7	0.0
Total Portfolio	\$152,436,663	100.0	100.0

INVESTMENT RETURN SUMMARY - ONE QUARTER

Name	Quarter Total Return	Market Value December 31st, 2015	Net Cashflow	Net Investment Return	Market Value March 31st, 2016
VPIC Portfolio (TOTL)	---	2,676,570	-1,676,272	54	1,000,352
Mellon Large Cap (LCC)	---	0	46,076,272	234,721	46,310,993
Mellon Smid Cap (SMID)	---	0	27,470,000	-102,906	27,367,094
Mellon EAFE (INEQ)	---	0	15,400,000	-545,390	14,854,610
Mellon Emerging Mkts (EMKT)	---	0	15,400,000	885,473	16,285,473
Hamilton Lane II (PREQ)	5.7	713,203	-38,549	38,549	713,203
Hamilton VII A (PREQ)	0.0	1,179,871	0	0	1,179,871
Hamilton VII B (PREQ)	9.1	758,401	-67,664	67,664	758,401
Molpus (TIMB)	0.0	3,303,565	0	0	3,303,565
Mellon Int. Gov/Cred (ITFI)	---	0	42,000,000	1,038,049	43,038,049
Cash (CASH)	---	-784,294	-1,612,800	0	-2,397,094
Key Bank (CASH)	---	144,692,146	-144,670,000	0	22,146
Total Portfolio	1.1	152,539,462	-1,719,013	1,616,214	152,436,663

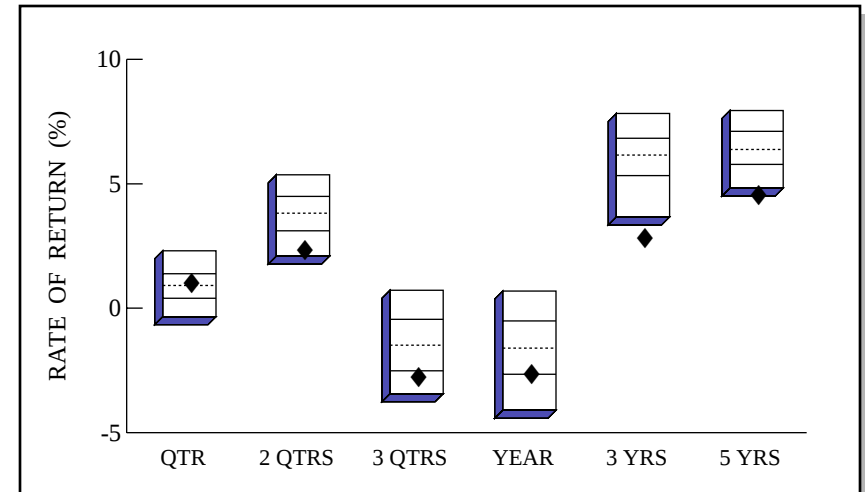
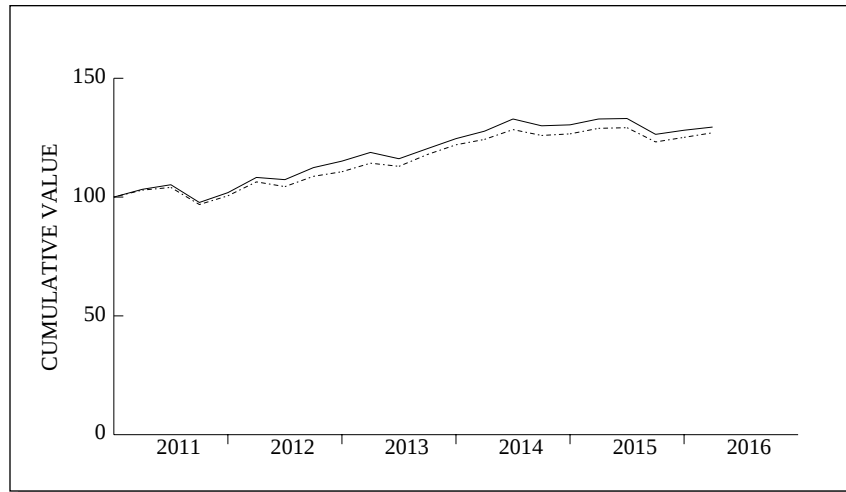
MANAGER PERFORMANCE SUMMARY

Name	(Universe)	Quarter	FYTD	1 Year	3 Years	5 Years	Since 03/06 or Inception
Composite	(Public Fund)	1.1 (42)	-2.7 (81)	-2.6 (73)	2.9 (98)	4.6 (97)	4.4 (95) 03/06
<i>Policy Index</i>		<i>1.5 ---</i>	<i>-1.7 ---</i>	<i>-1.4 ---</i>	<i>3.6 ---</i>	<i>4.3 ---</i>	<i>--- ---</i>
Hamilton Lane II		5.7 ---	-5.0 ---	-0.6 ---	8.2 ---	9.7 ---	11.6 --- 12/10
<i>S&P Completion</i>		<i>-0.9 ---</i>	<i>-8.6 ---</i>	<i>-9.0 ---</i>	<i>8.0 ---</i>	<i>8.4 ---</i>	<i>9.7 ---</i>
Hamilton VII A		0.0 ---	2.1 ---	5.7 ---	15.8 ---	--- ---	13.3 --- 09/11
<i>S&P Completion</i>		<i>-0.9 ---</i>	<i>-8.6 ---</i>	<i>-9.0 ---</i>	<i>8.0 ---</i>	<i>8.4 ---</i>	<i>15.5 ---</i>
Hamilton VII B		9.1 ---	11.1 ---	9.3 ---	10.0 ---	--- ---	9.2 --- 09/11
<i>S&P Completion</i>		<i>-0.9 ---</i>	<i>-8.6 ---</i>	<i>-9.0 ---</i>	<i>8.0 ---</i>	<i>8.4 ---</i>	<i>15.5 ---</i>
Molpus		0.0 ---	6.8 ---	7.3 ---	6.7 ---	3.2 ---	3.0 --- 12/10
<i>NCREIF Timber</i>		<i>-0.3 ---</i>	<i>2.4 ---</i>	<i>2.9 ---</i>	<i>7.7 ---</i>	<i>6.6 ---</i>	<i>6.4 ---</i>

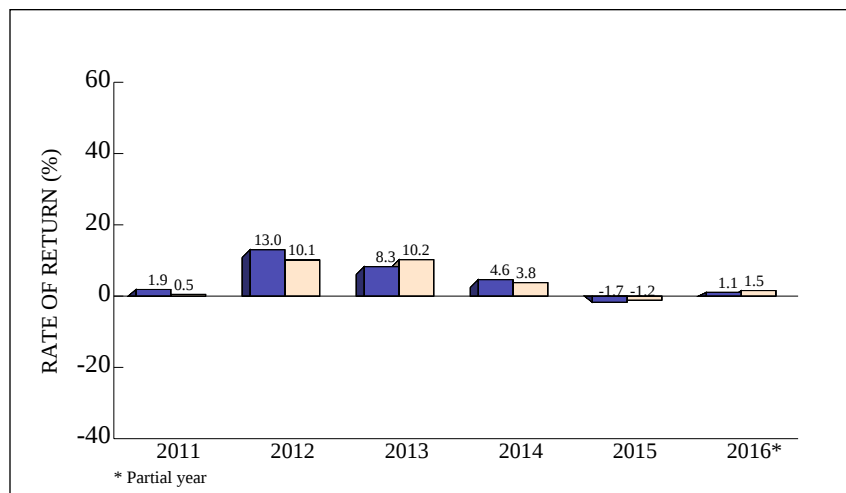
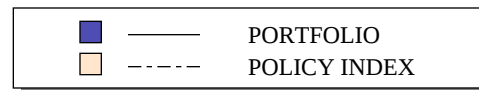
MANAGER VALUE ADDED

1 Quarter	Portfolio	Benchmark	1 Year
6.6 	Hamilton Lane Secondary Fund II	S&P Completion	8.4 
0.9 	Hamilton Lane Private Equity Fund VII Series A Offshore	S&P Completion	14.7 
10.0 	Hamilton Lane Private Equity Fund VII Series B Offshore	S&P Completion	18.3 
0.3 	Molpus Sustainable Woodlands Fund II	NCREIF Timber	4.4 
 -0.4	Total Portfolio	Policy Index	 -1.2

TOTAL RETURN COMPARISONS



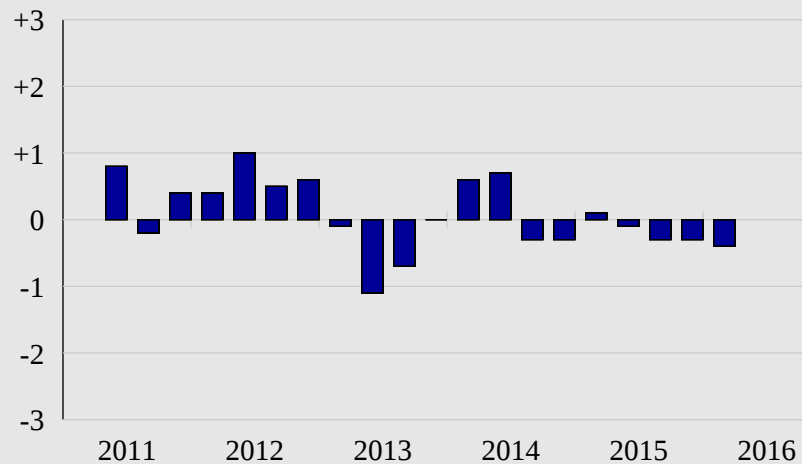
Public Fund Universe



* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED----- 3 YRS	5 YRS
RETURN	1.1	2.4	-2.7	-2.6	2.9	4.6
(RANK)	(42)	(93)	(81)	(73)	(98)	(97)
5TH %ILE	2.3	5.4	0.7	0.7	7.8	7.9
25TH %ILE	1.4	4.5	-0.5	-0.5	6.8	7.1
MEDIAN	0.9	3.8	-1.5	-1.6	6.2	6.4
75TH %ILE	0.4	3.1	-2.5	-2.7	5.3	5.8
95TH %ILE	-0.3	2.1	-3.4	-4.1	3.7	4.8
Policy	1.5	3.1	-1.7	-1.4	3.6	4.3

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY - 5 YEARS**COMPARATIVE BENCHMARK: BURLINGTON POLICY INDEX****VARIATION FROM BENCHMARK**

Total Quarters Observed	20
Quarters At or Above the Benchmark	10
Quarters Below the Benchmark	10
Batting Average	.500

RATES OF RETURN

Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
6/11	1.9	1.1	0.8	1.9	1.1	0.8
9/11	-7.1	-6.9	-0.2	-5.4	-5.9	0.5
12/11	4.2	3.8	0.4	-1.4	-2.4	1.0
3/12	6.3	5.9	0.4	4.9	3.3	1.6
6/12	-0.9	-1.9	1.0	3.9	1.4	2.5
9/12	4.7	4.2	0.5	8.8	5.6	3.2
12/12	2.4	1.8	0.6	11.5	7.5	4.0
3/13	3.2	3.3	-0.1	15.0	11.0	4.0
6/13	-2.3	-1.2	-1.1	12.4	9.7	2.7
9/13	3.7	4.4	-0.7	16.6	14.6	2.0
12/13	3.5	3.5	0.0	20.7	18.5	2.2
3/14	2.5	1.9	0.6	23.7	20.7	3.0
6/14	4.0	3.3	0.7	28.7	24.7	4.0
9/14	-2.2	-1.9	-0.3	25.9	22.3	3.6
12/14	0.3	0.6	-0.3	26.3	23.0	3.3
3/15	1.9	1.8	0.1	28.7	25.3	3.4
6/15	0.1	0.2	-0.1	28.8	25.5	3.3
9/15	-5.0	-4.7	-0.3	22.4	19.7	2.7
12/15	1.3	1.6	-0.3	24.1	21.6	2.5
3/16	1.1	1.5	-0.4	25.4	23.4	2.0

Private Equity Investor Report

Hamilton Lane Secondary Fund II LP

IRR Since Inception	15.88%	Annualized, Net of Fees
Market Value	\$ 713,203	Last Statement Date:12/31/2015
Initial Commitment	\$ 3,400,000	100.00%
Capital Committed	\$ 2,982,695	87.73%
Remaining Commitment	\$ 417,305	12.27%

Date	Contributions	% of Commitment	Recallable Distributions	% of Commitment	Distributions
Year 2009	\$ 518,361	15.25%	\$ (151,904)	-4.47%	\$ -
Year 2010	\$ 1,109,828	32.64%	\$ -	-	\$ (87,992)
Year 2011	\$ 607,254	17.86%	\$ (115,109)	-3.39%	\$ (361,234)
Year 2012	\$ 934,221	27.48%	\$ -	-	\$ (836,516)
2/26/2013	\$ 11,511	0.34%	\$ -	-	\$ (137,100)
3/8/2013	\$ 34,000	1.00%	\$ -	-	\$ -
3/29/2013	\$ 43,166	1.27%	\$ -	-	\$ -
6/10/2013	\$ -	-	\$ -	-	\$ (144,307)
8/14/2013	\$ -	-	\$ -	-	\$ (167,406)
9/26/2013	\$ 8,633	0.25%	\$ -	-	\$ (132,375)
10/18/2013	\$ -	-	\$ -	-	\$ (110,666)
11/14/2013	\$ -	-	\$ (17,266)	-0.51%	\$ (40,013)
1/14/2014	\$ -	-	\$ -	-	\$ (143,432)
3/5/2014	\$ -	-	\$ -	-	\$ (120,864)
3/31/2014	\$ -	-	\$ -	-	\$ (63,310)
5/28/2014	\$ -	-	\$ -	-	\$ (172,662)
6/27/2014	\$ -	-	\$ -	-	\$ (71,978)
8/14/2014	\$ -	-	\$ -	-	\$ (115,109)
9/11/2014	\$ -	-	\$ -	-	\$ (132,375)
10/15/2014	\$ -	-	\$ -	-	\$ (187,101)
11/21/2014	\$ -	-	\$ -	-	\$ (44,892)
12/30/2014	\$ -	-	\$ -	-	\$ (89,125)
2/26/2015	\$ -	-	\$ -	-	\$ (59,245)
4/20/2015	\$ -	-	\$ -	-	\$ (116,859)
7/17/2015	\$ -	-	\$ -	-	\$ (78,675)
11/20/2015	\$ -	-	\$ -	-	\$ (278,361)
1/28/2016	\$ -	-	\$ -	-	\$ (38,549)
Total	\$ 3,266,974	96.09%	\$ (284,279)	-8.36%	\$ (3,730,146)

Private Equity Investor Report
Hamilton Lane Private Equity Fund VII LP Series A Offshore

IRR Since Inception	11.20%	Annualized, Net of Fees
Market Value	\$ 1,179,871	Last Statement Date:12/31/2015
Initial Commitment	\$ 1,500,000	100.00%
Capital Committed	\$ 1,195,659	79.71%
Remaining Commitment	\$ 304,341	20.29%

Date	Contributions	% of Commitment	Recallable Distributions	% of Commitment	Distributions
7/27/2011	\$ 172,500	11.50%	\$ -	-	\$ -
9/27/2011	\$ 52,500	3.50%	\$ -	-	\$ -
11/15/2011	\$ 52,500	3.50%	\$ -	-	\$ -
12/30/2011	\$ 67,947	4.53%	\$ -	-	\$ -
4/24/2012	\$ 83,394	5.56%	\$ -	-	\$ (32,311)
6/24/2012	\$ 52,500	3.50%	\$ -	-	\$ -
8/23/2012	\$ 45,000	3.00%	\$ -	-	\$ (3,692)
10/15/2012	\$ 67,500	4.50%	\$ -	-	\$ (23,932)
11/21/2012	\$ 80,250	5.35%	\$ -	-	\$ -
3/12/2013	\$ 48,750	3.25%	\$ -	-	\$ (27,930)
2/14/2014	\$ 61,500	4.10%	\$ -	-	\$ -
5/20/2014	\$ 187,500	12.50%	\$ -	-	\$ (151,650)
7/14/2014	\$ 50,522	3.37%	\$ -	-	\$ (19,283)
1/6/2015	\$ 145,117	9.67%	\$ -	-	\$ (88,738)
12/8/2015	\$ 28,179	1.88%	\$ -	-	\$ (51,519)
Total	\$ 1,195,659	79.71%	\$ -	0.00%	\$ (399,055)

Valuations of non-public securities are provided by Hamilton Lane, based on current market and company conditions.

Private Equity Investor Report
Hamilton Lane Private Equity Fund VII LP Series B Offshore

IRR Since Inception	7.48%	Annualized, Net of Fees
Market Value	\$ 758,401	Last Statement Date:12/31/2015
Initial Commitment	\$ 1,000,000	100.00%
Capital Committed	\$ 823,725	82.37%
Remaining Commitment	\$ 176,275	17.63%

Date	Contributions	% of Commitment	Recallable Distributions	% of Commitment	Distributions
7/27/2011	\$ 160,000	16.00%	\$ -	-	\$ -
9/27/2011	\$ 35,000	3.50%	\$ -	-	\$ -
12/28/2011	\$ 50,723	5.07%	\$ -	-	\$ -
4/24/2012	\$ 56,445	5.64%	\$ -	-	\$ (22,962)
6/24/2012	\$ 50,000	5.00%	\$ -	-	\$ -
8/23/2012	\$ 50,000	5.00%	\$ -	-	\$ (2,909)
11/21/2012	\$ 30,000	3.00%	\$ -	-	\$ (16,671)
1/3/2013	\$ 40,000	4.00%	\$ -	-	\$ -
8/12/2013	\$ 100,000	10.00%	\$ -	-	\$ (35,860)
2/14/2014	\$ 44,000	4.40%	\$ -	-	\$ -
5/20/2014	\$ 80,000	8.00%	\$ -	-	\$ (49,323)
7/14/2014	\$ 45,512	4.55%	\$ -	-	\$ (3,495)
12/8/2014	\$ 16,254	1.63%	\$ -	-	\$ (29,570)
1/20/2015	\$ 65,791	6.58%	\$ -	-	\$ (11,610)
8/3/2015	\$ -	-	\$ -	-	\$ (9,735)
3/23/2016	\$ -	-	\$ -	-	\$ (67,664)
Total	\$ 823,725	82.37%	\$ -	0.00%	\$ (249,799)

Valuations of non-public securities are provided by Hamilton Lane, based on current market and company conditions.

Timber Investor Report

Molpus Sustainable Woodlands Fund II, LP

IRR Since Inception	2.58%	Annualized, Net of Fees
Market Value	\$ 3,303,565	Last Appraisal Date: 12/31/2015
Initial Commitment	\$ 3,400,000	100.00%
Capital Committed	\$ 3,400,000	100.00%
Remaining Commitment	\$ -	0.00%

Date	Contributions	% of Commitment	Recallable Distributions	% of Commitment	Distributions
2/28/2009	\$ 510,000	15.00%	\$ -	-	\$ -
9/30/2009	\$ 2,890,000	85.00%	\$ -	-	\$ -
4/30/2010	\$ -	-	\$ -	-	\$ (19,365)
6/30/2010	\$ -	-	\$ -	-	\$ (67,116)
12/31/2010	\$ -	-	\$ -	-	\$ (28,663)
6/30/2011	\$ -	-	\$ -	-	\$ (19,109)
12/31/2011	\$ -	-	\$ -	-	\$ (38,218)
12/31/2012	\$ -	-	\$ -	-	\$ (47,772)
6/25/2013	\$ -	-	\$ -	-	\$ (76,435)
12/31/2013	\$ -	-	\$ -	-	\$ (114,653)
3/31/2014	\$ -	-	\$ -	-	\$ (47,772)
9/30/2014	\$ -	-	\$ -	-	\$ (47,772)
12/31/2014	\$ -	-	\$ -	-	\$ (28,663)
3/31/2015	\$ -	-	\$ -	-	\$ (38,218)
9/30/2015	\$ -	-	\$ -	-	\$ (47,772)
12/31/2015	\$ -	-	\$ -	-	\$ (47,772)
Total	\$ 3,400,000	100.00%	\$ -	0.00%	\$ (669,300)

APPENDIX - MAJOR MARKET INDEX RETURNS

Equity	Style	QTR	FYTD	1 Year	3 years	5 Years
Russell 3000	Broad Equity	1.0	-0.5	-0.4	11.1	11.0
S&P 500	Large Cap Core	1.3	1.5	1.8	11.8	11.6
Russell 1000	Large Cap Core	1.2	0.4	0.5	11.5	11.4
Russell 1000 Growth	Large Cap Growth	0.7	2.4	2.5	13.6	12.4
Russell 1000 Value	Large Cap Value	1.6	-1.7	-1.6	9.4	10.2
Russell 2000	Small Cap	-1.5	-10.1	-9.8	6.8	7.2
Russell 2000 Growth	Small Cap Growth	-4.7	-13.6	-11.9	7.9	7.7
Russell 2000 Value	Small Cap Value	1.7	-6.6	-7.7	5.7	6.7
MSCI EAFE	Developed Markets	-2.9	-8.6	-7.9	2.7	2.7
MSCI EAFE Growth	Developed Markets Growth	-2.0	-4.5	-3.4	4.2	4.1
MSCI EAFE Value	Developed Markets Value	-3.8	-12.8	-12.4	1.1	1.4
MSCI Emerging Markets	Emerging Markets	5.8	-12.4	-11.7	-4.2	-3.8
MSCI All Country World	Global Equity	0.4	-4.3	-3.8	6.1	5.8
MSCI All Country World Ex US	Global Equity (ex. US)	-0.3	-9.4	-8.8	0.8	0.8
Fixed Income	Style	QTR	FYTD	1 Year	3 years	5 Years
Barclays Aggregate Index	Core Fixed Income	3.0	3.7	2.0	2.5	3.8
Barclays Gov/Credit	Gov/Credit	3.5	3.9	1.8	2.4	4.0
Barclays Capital Gov't Bond	Treasuries	3.1	3.9	2.3	2.1	3.4
Barclays Capital Credit Bond	Corporate Bonds	3.9	3.9	0.9	2.9	5.0
Intermediate Aggregate	Core Intermediate	2.3	2.9	2.2	2.1	3.1
Intermediate Gov/Credit	Gov / Credit Intermediate	2.4	2.7	2.1	1.8	3.0
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.9	0.8	0.9	0.8	0.8
Citi High Yield BB & B Index	High Yield Bonds	3.0	-4.0	-3.7	1.7	4.8
Barclays Global Ex US	International Treasuries	8.9	9.2	7.6	-0.1	0.1
Citi World Gov't Bond Index	International Fixed Income	7.1	7.6	5.9	0.5	1.2
Barclays Global Aggregate	International Fixed Income	5.9	5.8	4.6	0.9	1.8
Barclays Global Aggregate Ex US	International Fixed Income	8.3	7.6	6.7	-0.3	0.4
Alternative Assets	Style	QTR	FYTD	1 Year	3 years	5 Years
MSCI US REIT Index	REITs	6.3	16.2	4.1	10.4	11.8
NCREIF NFI-ODCE Index	Real Estate	2.2	9.5	13.7	13.6	13.3
NCREIF Timber Index	Timber	-0.3	2.4	2.9	7.7	6.6
Bloomberg Commodity Index	Commodities	0.4	-23.1	-19.6	-16.9	-14.1
HFRI FOF Composite	Hedge Funds	-2.8	-5.6	-5.4	1.9	1.3

APPENDIX - DISCLOSURES

- * The Burlington Policy Index was constructed as follows:

For periods since December 31, 2015:

30% S&P 500	18% Russell 2500	10% MSCI EAFE
10% MSCI EM	28% BC Intermediate Gov/Cred	
2% S&P Completion Index	2% NCREIF Timberland	

For periods through December 31, 2015, this index uses the returns of the Manager Shadow Index.

- * The Burlington Manager Shadow index is the weighted average of each manager portfolio's beginning value multiplied by its current quarter benchmark return.
- * The Real Assets Blended Index is comprised of equal parts:
NCREIF ODCE NCREIF Timber Bloomberg Commodities (Formerly known as Dow Jones UBS Commodities)
- * All values for the Pooled Cash account since June 2012 are subject to change. Audited statements are not provided for this account.
- * Dahab Associates utilizes data provided by a custodian and other vendors it believes are reliable. However, it cannot assume responsibility for errors and omissions therefrom.
- * All returns were calculated on a time-weighted basis, and are gross of fees unless otherwise noted.
- * All returns for periods greater than one year are annualized.
- * Dahab Associates uses the modified duration measure to present average duration.
- * All values are in US dollars.

May 19, 2016
Burlington Employees' Retirement Board –
City Hall, Conference Room 12

Board Members Present:

- Jim Strouse
- Matthew Dow
- Benjamin O'Brien (Via Phone)
- Daniel Gilligan
- Bob Hooper
- Munir Kasti
- Bob Rusten
- Jeff Wick

Others Present:

- Stephanie Hanker
- Kim Sturtevant (Via Phone, In person 9:30)
- Barry Bryant – Dahab Associates (Via Phone)
- Springer Harris – Member of Public

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 04/21/2016 & 05/05/2016:**

Bob Hooper moved to approve minutes as presented. Munir Kasti 2nd.
Motion carries 8:0

4. **Ratify/Approve Refunds and Rollovers:**

Munir Kasti moved to approve the refunds and rollovers as presented. Bob Hooper 2nd. Motion carries 8:0

5. **Approval of Retirement Applications:**

Bob Hooper moved to approve the presented retirement applications.
Matthew Dow 2nd. Motion carries 8:0

6. **Performance Presentation – Dahab:**

Barry Bryant presented the first quarter performance. Barry Bryant stated as of March 31, 2016 the City of Burlington Employees Retirement System

was valued at \$152,436,663.00, a decrease of \$102,799.00 from the December ending value of \$152,539,462.00. Barry Bryant stated last quarter, the account recorded a net withdrawal of \$1,719,013.00, which overshadowed the fund's net investment return of \$1,616,214.00. Barry Bryant stated in the first quarter, the total portfolio gained 1.1%, which was 0.4% below the Burlington Policy Index's return of 1.5% and ranked in the 42nd percentile of the Public Fund universe. Barry Bryant stated the portfolio, over the trailing year, returned -2.6%, which was 1.2% less than the benchmark's -1.4% performance, and ranked in the 73rd percentile.

7. Discussion Regarding Real Estate Manager Vendors:

Barry Bryant provided the Board with a summary of the information presented by the potential real estate managers on May 05, 2016. Jeff Wick stated would prefer going with a core strategy and not a core plus strategy, to go safe at first then take some of the equity later and go with a core plus strategy. Bob Rusten asked if it was possible to do 5% in core plus and 10% in a core strategy, that way balancing the risk but still not leaving all the potential benefit off the table. Matthew Dow stated he agreed with Bob's strategy if possible. Daniel Gilligan stated when it comes to a bond substitute core is the truest to that but would prefer to split the 15% and make as much as we can. Jim Strouse stated he is leaning with a core strategy as a bond substitute, when a decision was made to get out of VPIC the Board opted for a more simplistic approach, so he would go with core now and look down the road at possible different strategies. Bob Hooper stated he would like to move forward with core and decide later about core plus. Bob Rusten stated he would go in the direction everyone is comfortable with and is good with core. Daniel Gilligan stated he would like to go with a core strategy through UBS because the fees are good. Benjamin O'Brien stated if it is a core strategy he would like to go with UBS. Jeff Wick moved to move \$15 million into the UBS core strategy for real estate. Bob Rusten 2nd. Motion carries 8:0.

8. Review Valuation:

Bob Rusten moved to accept the final valuation provided to the Board by Buck Consultants. Bob Hooper 2nd. Motion carries 7:0

9. Other Business:

No other business

10. Adjourn:

Jeff Wick moved to adjourn. Matthew Dow 2nd. Motion carries 7:0
Meeting adjourns 9:55am.