BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

Robert Hooper
Chairman of the Board
Munir Kasti
Vice-Chairman

Special Meeting
Retirement Board Meeting Agenda
City Hall Conference Room 12
February 11, 2019 8:30am – 11:30am Time Certain

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

1. Agenda
2. Public Forum
3. Approve Minutes –February 11, 2019
4. Approval of Retirement Applications
5. Ratify Refunds and Rollovers
6. Approve Retirement Office Bills
7. Review and Discuss Draft Valuation - H&H Present
8. Review and Discuss Updated Experience Study and Rate of Return – ACTION ITEM
9. Discussion of RFP for Outsourcing of Retirement Administration
10. Discussion of RFP for Contractual Commitments
11. Schedule Next Meeting of the Retirement Board
12. Other Business
13. Adjourn

City of Burlington Vermont

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

Robert Hooper
Chairman of the Board
Munir Kasti
Vice-Chairman

Special Meeting
Retirement Board Meeting Agenda
City Hall Conference Room 12
April 29, 2019 8:30am – 11:30am Time Certain

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

1. Agenda
2. Public Forum
3. Approve Minutes –February 11, 2019
4. Approval of Retirement Applications
5. Ratify Refunds and Rollovers
6. Approve Retirement Office Bills
7. Review and Discuss Draft Valuation - H&H Present
8. Review and Discuss Updated Experience Study and Rate of Return – ACTION ITEM
9. Discussion of RFP for Outsourcing of Retirement Administration
10. Discussion of RFP for Contractual Commitments
11. Schedule Next Meeting of the Retirement Board
12. Other Business
13. Adjourn

Draft
February 11, 2019
Burlington Employees' Retirement Board
City Hall, Conference Room 12

Board Members Present:

- Ben O'Brien (Via Phone)
- Beth Anderson
- Robert Hooper
- Pat Robins
- Dan Gilligan
- Munir Kasti

Others Present:

- Stephanie Hanker
- Kim Sturtevant (9:23 enter)
- Jim Strouse (Phone)
- Rich Goodwin
- Barry Bryant

Called to order at 9:21am.

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

2. ***Public Forum***:
   No Public Present

3. ***Approve Minutes – January 15, 2019***
   Pat Robins moved to approve the minutes as presented. Dan Gilligan 2nd.
   Motion carries. 6-0

4. ***Approval of Retirement Application:***
   Munir Kasti moved to approve presented applications. Daniel Gilligan 2nd.
   Motion carries 6:0

5. ***Approve 2019 Cost of Living Increase for Retirees:***
   Bob Hooper recommended the implementation of a 2.9% increase for the 2019 cost of living or the maximum allowed under members that have a cap on cost of living increases effective 01/01/2019. Daniel Gilligan moved to approve moved to approve 2.9% or 2.75% cost of living increases as allowed under members CB agreements effective 01/01/2019. Pat Robins 2nd.
   Motion carries 6:0

6. ***Presentation – Performance Review – Dahab Associates:***
Barry Bryant presented the board with fund performance review for Qtr 4 (December 2018). Barry Bryant stated during the fourth quarter, the portfolio lost 9.2%, which was 0.2% greater than the Burlington Policy Index's return of -9.4% and ranked in the 76th percentile of the Public Fund universe. Over the trailing year, the portfolio returned -5.1%, which is 0.1% less than the benchmarks -5.0% performance, and ranked in the 69th percentile.

7. ***Presentation –Core Fixed Income Manager Search:***
Barry Bryant presented the Board with a Core Fixed Income Manager Search February 2019. 46 responses were received for the RFP. 26 were eliminated because they were not b eating the Bloomberg Barclays Aggregate Index in 2008, which demonstrates an ability to protect on the downside during extreme market stress. 9 were eliminated because their strategy did not have a 2008 track record. Therefore, Dahab was unable to verify their ability to protect on the downside during extreme market stress. 4 were eliminated because they were not beating the Bloomberg Barclays Aggregate Index on either a three-year or five-year annualized basis net of fees. 1 manager, PIMCO, was eliminated because they submitted a core plus strategy. 3 managers, Commerce Trust, New Century and WEDGE, were eliminated due to qualitative factors including holding below investment grade securities in their portfolios. This left 3 remaining respondents for consideration:
Garcia Hamilton & Associates – Fixed Income – Aggregate
John Institutional Management – Core Fixed Income
Ryan Labs Asset Management – Core Fixed Income

Barry Bryant stated he could bring them in on May 20, 2019 from 1-4:30pm. Barry will also send a copy of the RFP and responses

8. ***Other Business:***
Next Meeting time certain Monday March 11, 2019 1:00pm.

9. ***Adjourn:***
Bob Hooper moved to adjourn. Pat Robins 2nd. Motion carries 6:0 Meeting closed 11:35am.

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

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

April 2019
Retiree Approval List

Name	Class	Type	Monthly Amount	Effective Date
Bernard Kline	B	Disability Retirement	$3961.10	03/14/2019

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

Robert Hooper
Chairman of the Board
Munir Kasti
Vice-Chairman

Stephanie Hanker
Retirement Administrator
802-865-7097
TTY Dial 7-1-1

TO: Retirement Board Members

FROM: Stephanie Hanker

DATE: April 29, 2019

SUBJECT: Class "A and B" Refund's April 2019

Following our usual procedure, this is to notify you that checks have been processed for Class "A" or Class "B" employees who have requested a refund or rollover.

Ashley Bryce, a former Class B employee, took a refund of their retirement contributions in the gross amount of $10,710.85.

Patrick Mulligan, a former Class B employee, took a refund of their retirement contributions in the gross amount of $7,549.22.

Jessica Walker, a former Class B employee, took a refund of their retirement contributions in the gross amount of $7,782.52.

Egan Clark Sheldon, a former Class B employee, took a rollover of their retirement contributions in the gross amount of $17,334.03.

Heather Bowman, a former Class B employee, took a rollover of their retirement contributions in the gross amount of $5,340.64.

Barrie North, a former Class A employee, took a rollover of their retirement contributions in the gross amount of $5,793.87.

Stacy Brockmyre, a former Class B employee, took a rollover of their retirement contributions in the gross amount of $1,068.54.

Heather Bowman, a former Class B employee, took a refund of their retirement contributions in the gross amount of $21,217.76.

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM (BERS)
2018 EXPERIENCE STUDY

CURRENT AND PROPOSED ACTUARIAL ASSUMPTIONS

The current actuarial assumptions used in the 2017 BERS actuarial valuation plus the proposed changes in actuarial assumptions are compared as follows:

	Current Assumption	Proposed Assumption	Comments
Mortality (Non-Disabled)			
Class A	105% of the RP-2000 Mortality Table, combined table for non-annuitants and annuitants.	RP-2014 Mortality Table, separate tables for non-annuitants and annuitants.	The proposed table is consistent with the latest study published by the Society of Actuaries (SOA) for non-disabled lives.
Class B	Same as Class A.	RP-2014 Mortality Table, set forward 2 years, separate tables for non-annuitants and annuitants.	An age set forward is proposed for Class B, since mortality was greater than expected.
Mortality (Disabled)	105% of the RP-2000 Mortality Table, combined table for non-annuitants.	RP-2014 Disabled Mortality Table.	The proposed table is consistent with the latest study published by the SOA for disabled lives.
Mortality Improvement	Generational projection per Scale BB.	Generational projection per Scale MP-2018.	The proposed improvement scale is consistent with the latest study published by the SOA.
Retirement			
Class A	Age-based rates from age 45 to age 60.	Service-based rates from 15 years of service to 35 years of service. In addition, compulsory retirement is assumed at age 60.	Class A retirement suggests a change to a table based on years of service, rather than age.
Class B	Age-based rates from age 55 to age 70.	Age-based rates from age 55 to age 75.	Class B experience indicates that members are retiring later than expected, on average.
Turnover			
Class A	Age-based rates to age 54. 0% assumed at age 55+.	Service-based rates to 9 years of service. 0% assumed at 10+ years of service.	Class A retirement suggests a change to a table based on years of service, rather than age.
Class B	Select and ultimate age-based rates to age 69.	Select and ultimate age-based rates to age 54. (100% of the Vaughn table prior to 2 years of service; 100% of the Vaughn Table for 3+ years of service).	A select-and-ultimate table remains appropriate for Class B; however, the current rates should be updated.

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM (BERS)
2018 EXPERIENCE STUDY

CURRENT AND PROPOSED ACTUARIAL ASSUMPTIONS

The current actuarial assumptions used in the 2017 BERS actuarial valuation plus the proposed changes in actuarial assumptions are compared as follows:

		Current Assumption	Proposed Assumption	Comments
Disability				
	Class A	Age-based rates to age 54.	1985 Pension Disability Study (Class 2) Table.	Experience for both Class A and Class B indicates that there were fewer disabilities than expected, and the proposed tables contain lower assumed rates of disability.
	Class B	Age-based rates to age 64.	1985 Pension Disability Study (Class 1) Table.	See comment for Class A.
Inflation		3.00%.	2.60%.	The proposed assumption is consistent with Social Security's best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI, as published in the 2018 OASDI Trustees Report.
Cost of Living Adjustment		3.00% for members retiring on or prior to July 1, 2017, and 2.75% for members retiring after July 1, 2017.	2.60% for all members.	The proposed assumption is consistent with the recommended inflation assumption.
Rate of Compensation Increase				
	Class A	Age-based rates, grading down from 8.8% at age 25 to 3.8% at age 69+.	Service-based rates, grading down from 10.0% for <1 year of service to 3.5% for 20+ years of service.	Plan experience for both Class A and Class B suggests a change to rates based on years of service, rather than age. The proposed tables also include an updated long-term inflation assumption of 2.60%.
	Class B	Same as Class A.	Service-based rates, grading down from 6.6% for <1 year of service to 3.5% for 20+ years of service.	See comment for Class A.

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM (BERS)
2018 EXPERIENCE STUDY

CURRENT AND PROPOSED ACTUARIAL ASSUMPTIONS

The current actuarial assumptions used in the 2017 BERS actuarial valuation plus the proposed changes in actuarial assumptions are compared as follows:

	Current Assumption	Proposed Assumption	Comments
Payroll Growth	3.50%.	3.00%.	We recommend a reduction in this assumption, consistent with our recommendation to lower the inflation assumption.
COLA (Benefit Accrual Rate) Election			
Class A	85% of retiring members are assumed to elect the no COLA benefit accrual rate, and 15% of retiring members are assumed to elect the full COLA benefit accrual rate.	No change.	Applies to Police members hired prior to July 1, 2006, and Fire members hired prior to January 1, 2007.
Class B	Same as Class A.	75% of retiring members are assumed to elect the no COLA benefit accrual rate, and 25% of retiring members are assumed to elect the full COLA benefit accrual rate.	Applies to members hired prior to July 1, 2006 (for IBEW, hired prior to May 5, 2008).
Investment Return	8.00%, net of investment expenses.	7.10% or lower, net of investment expenses.	The proposed assumption is based on our updated capital market assumptions (H&H Investment Advisors, 2018). However, the final assumed long-term rate of return should be selected in consultation with the plan's investment advisor.

City of Burlington Employees Retirement Plan
Asset Allocation Scenario Analysis

Scenario Study Results

10 Year Scenario															
LCAP	SMID CAP	INTL	EMRG	PE	RE	TIM	INT FI	CORE FI	Mean	SD	Shp	CTB%	50% TV	75% TV	95% TV
30	18	10	10	2	8	2	20	0	10.2	10.4	0.9	82.6	$1122.8mm	$842.3mm	$550.3mm
30	18	10	10	2	8	2	0	20	10.5	10.4	1.0	85.6	$1189.1mm	$890.6mm	$587.7mm

20 Year Scenario															
LCAP	SMID CAP	INTL	EMRG	PE	RE	TIM	INT FI	CORE FI	Mean	SD	Shp	CTB%	50% TV	75% TV	95% TV
30	18	10	10	2	8	2	20	0	7.7	11.9	0.5	43.2	$688.8mm	$488.1mm	$296.2mm
30	18	10	10	2	8	2	0	20	7.8	11.9	0.5	44.9	$705.8mm	$501.5mm	$301.4mm

Projection Scenario															
LCAP	SMID CAP	INTL	EMRG	PE	RE	TIM	INT FI	CORE FI	Mean	SD	Shp	CTB%	50% TV	75% TV	95% TV
30	18	10	10	2	8	2	20	0	6.4	13.1	0.3	25.9	$525.0mm	$358.6mm	$205.0mm
30	18	10	10	2	8	2	0	20	6.4	13.1	0.3	26.6	$532.8mm	$362.1mm	$206.8mm

The mixes differ in their fixed income allocation. The top allocation uses Intermediate Fixed Income, while the bottom mix uses Core Fixed Income.

The chance to beat % (CTB%) is based on a 7.5% actuarial assumption.

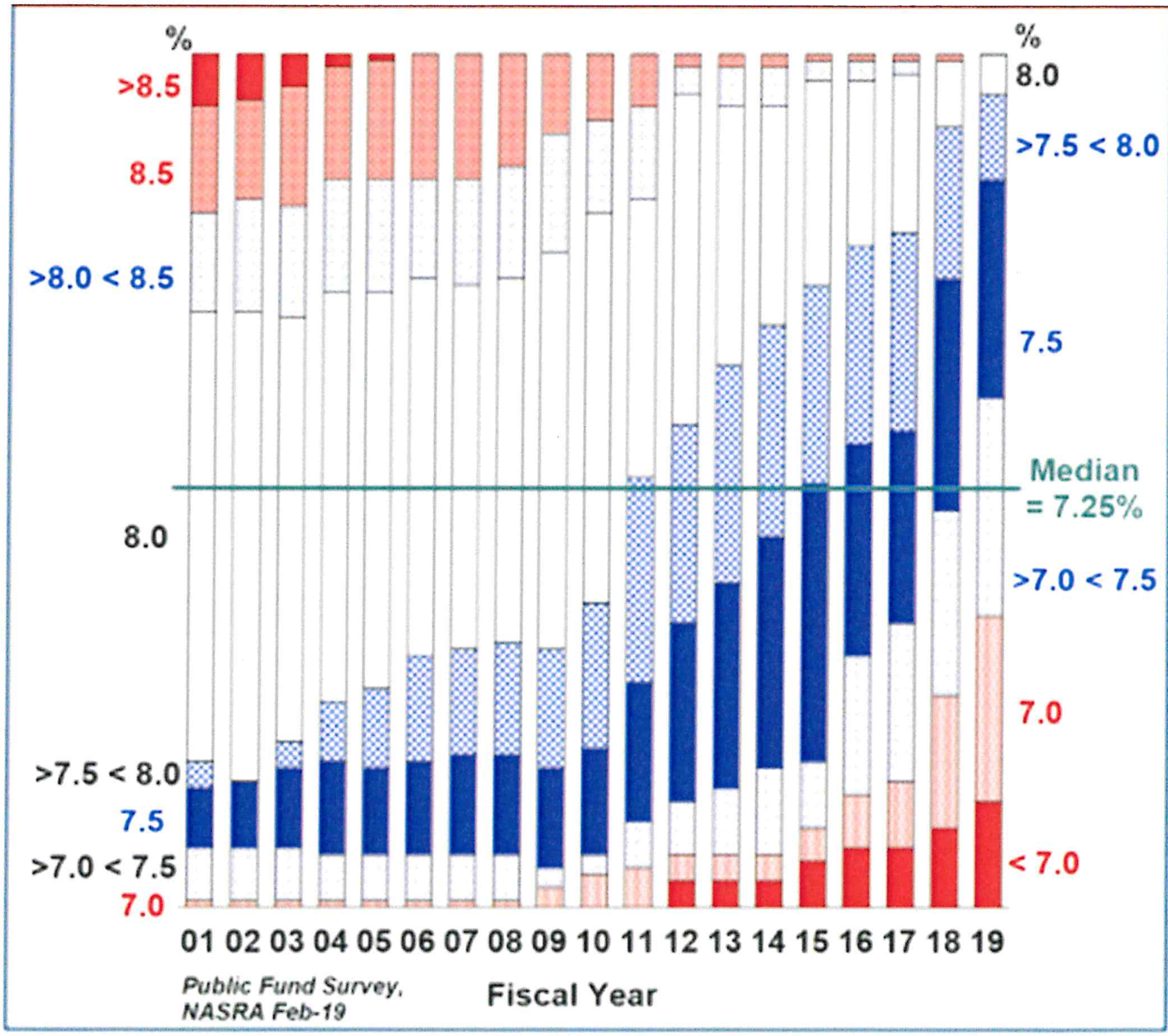
The index proxys used were: LCAP (S&P 500), SMID CAP (Russell 2500), INTL (MSCI EAFE), EMRG (MSCI Emerging Markets), PE (Cambridge Private Equity), RE (NCREIF ODCE), TIM (NCREIF Timber), INT FI (Bloomberg Barclays Intermediate Aggregate), CORE FI (Bloomberg Barclays Capital Aggregate).

City of Burlington Employees Retirement Plan
Asset Allocation Scenario Analysis

Scenario Statistics

	SAP5		R2500		EAFE		MSCIEM		CAMBPE		RE		TIM		INT FI		CORE FI	
Scenario Name	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
10 Year	14.2	14.1	14.9	17.6	8.4	17.3	10.4	19.7	14.2	5.3	7.3	7.4	3.9	3.5	1.9	2.4	3.5	3.1
20 Year	7.0	15.8	10.6	19.5	5.7	18.2	12.0	24.3	13.1	10.2	8.8	6.4	6.5	5.0	3.8	3.3	4.6	3.4
Projection	6.7	16.9	8.0	21.3	6.8	17.5	9.1	26.4	9.5	22.9	6.2	10.0	6.0	5.3	2.7	4.3	3.0	3.7

Change in Distribution of Public Pension Investment Return Assumptions FY 2001 to FY 2019 From the NASRA Public Fund Survey (February 2019)



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: Beth Anderson, Chief Administrative Officer
Rich Goodwin, Director of Financial Operations
Stephanie Hanker, Retirement Administrator

DATE: April 29, 2019

RE: Authorization for Contracts with Hooker & Holcombe (H&H) for Pension Outsourcing, and RFP for Oversight Project Management

Background:

The Pension System software, used to administer pension benefits, is the backbone of our benefits operations The system captures every member's, including active members, vested members and current retirees, histor of City service and personal information, including information regarding their spouse/domestic partner, and their beneficiaries – all necessary information to ensure proper calculation and payment of their pension benefits and survivorship benefits when they are eligible. This information was previously tracked manually, and in most case's member benefit data was stored on paper recipe cards.

The City's retirement administration was technologically outdated by having no platform, a lack of user interfaces, no redundancies or backup of information for all paper copies, and no reporting capabilities. The Microsoft Access database, which was last used to house our member census information was backed up dai but did not allow for reporting that is now required of the City. Temporary labor was used to assist in the manual process of entering all annual information for all members and to allow for backup and all other data be stored. The risk was extremely high in the event of a natural disaster, as the files in most cases can't be reproduced. The City's in-house solution required significant manual oversight. As presented to the Board, due to the importance of a system, a formal RFP process was initiated. Again, at the time it couldn't be over emphasized the system was primary a paper system, and put the City at great risk.

We had several goals in the implementation of a new system to include:

1) Cost efficiency- the goal is to implement a new solution, and reduce overall costs.
2) Accuracy – consolidation of member data and calculations in one pension administrative system to reduce the chance of corruption of the data and ultimately improve the accuracy of benefit calculations a timely payment:
3) Efficiency – to use current technology to automate processes and make staff more efficient in their wo
4) Customer service – to provide a level of service commensurate with other Cities with respect to the ability for members to access their individual information from the chosen software website and for the members to avail themselves of services through the web (change of address, request information, compl forms, etc.);
5) Security – the current technological web-based solution was required to comply with industry security standards to ensure the data is kept secure, accessible and confidential.

On October 18, 2016, we received approval to award contracts with Pension Technology Group (PTG) for Pension Administration System, and utilize LRWL, Inc. for Oversight Project Management.

The new system was successfully implemented over a period of one year, and we went live on September 01 2017. The completion of Phase 1 implementation has positioned the City to now look at the automation of calculations, and explore and address a higher level of improved customer service.

We received feedback from LRWL and confirmed the cost of the Phase 2, which is required to automate calculations will cost a minimum of $200,000, and require an investment of approximately 9 months – to one year.

Introduction:

To address the needs of Phase 2, the Burlington Employees' Retirement System (BERS) solicited proposals f pension administration outsourcing services on October 9, 2018. The proposal was to provide state-of-the-ar pension administration outsourcing services via a combination of both online tools and live support.

The outsourcing services related to its Defined Benefit Plan:

A. Online pension administration services (member self-service); and
B. In-person pension administration services through a Service Center capable of assisting participan with questions, forms, technology and other needs.

The deadline for RFP responses was November 20, 2018 below are the results.

Burlington Employees' Retirement System
Defined Benefit Plan Administration Vendor Selection Recommendation

After the completion of the development and posting of a detailed and focused Defined Benefit Plan Administration request for proposal (RFP), subsequent review of the respondent's service and cost proposal, evaluation team's recommendation is to select Hooker & Holcombe's (H&H's) proposal.

The rationale for recommending H&H is:

- H&H was the only respondent to the posted RFP
- H&H responded to all of the requirements stated within the RFP without exceptions
- Their thorough and thoughtfully prepared RFP response demonstrated that H&H understood: BERS' Pension Benefits Administration business and needs, the nature of the procurement, scope of services importance of service pricing and a well-defined performance and response time criteria
- Within their response, H&H clearly communicated the BERS' Pension Administration service solutio specifying its components at a detailed level and explained the BERS' scope of service rationale
- Their response and supporting documentation was organized as requested and highly professional in appearance and service content
- H&H detailed their set of well-developed proven methodologies and procedures

- H&H clearly communicated their understanding of BERS' retirement data and processes, as well as, importance of BERS' benefit calculation requirements
- H&H recognized the importance of the implementation process by illustrating their process and timeline, and clearly addressing questions about the process.

The evaluation team's driving reasons for outsourcing our pension administration services and selecting H& as our vendor are:

- Our ongoing commitment to providing the best service for our retirees
- H&H's higher level of service, experience and knowledge base
- Reduction in in-house administrative risks
- Streamline the Actuarial Reports required annually
- Unable to find an experienced pension administration resource driven by the complexity and number retirement plans
- Resulting lower costs.

It is important to note, when reviewing the cost proposals for H&H, the evaluation team found that H&H wa willing with negotiating waive its one time installation fee ($48,000) in return for a 3-year contract.

Additional benefits realized once migrated to H&H outsourcing service will include:

- Allows for the elimination of PTG services and associated cost
- Allows the City an opportunity to automate the calculations without a sizeable sunk cost of $200,000
- H&H provides more comprehensive services to our retirees than PTG
- H&H services cost less than PTG services and frees up more money
- Once transitioned to H&H, there will be the a small reduction in administrative payroll

The evaluation team realizes that implementing a new outsourced pension management system is a monume undertaking. Since this project is expected to require advanced project management skills along with an understanding, experience and knowledge of the various systems and options, we recommend that a RFP be created in an effort to procure an experienced pension consulting firm to assist in the oversight management the project. Additional reasons for procuring an experienced pension consulting firm are:

- Provide project support and oversight while minimizing use of BERS' staff and limiting disruption of daily ongoing operations
- Provide experienced oversight and proactive compliance with the project schedule
- Ensure risks and issues are being properly managed
- Review and track project requirements, specifications and designs fulfillment
- Facilitate development of and execution of solution system testing
- Oversee and ensure compliance with acceptance criteria
- Participate in project status meeting and offer valued experience and insight

The following pages provide a summary of the submitted H&H cost proposal.

Type of Services	Services Provided	Fee
PensionEdge® Plus	▪ Interactive and informational website for plan administrators and participants ▪ Provide ability for plan participants to estimate and project retirement benefits ▪ Includes quarterly data feeds and quarterly data reconciliation	$48,000 (waived)
Benefit Outsourcing	▪ PensionEdge® Service Center assistance for all participants ▪ Accumulate, reconcile and maintain a comprehensive database for all participants includes maintaining data updates ▪ Interaction with participants to process benefit calculations and set up payment including: 1. Mail completed benefit election package to participant 2. Answer participant questions 3. Audit submitted forms and supporting documentation 4. Correspond with participant until forms are complete and in good order 5. Submit completed forms to sponsor for authorization 6. Initiate new retiree benefit payments with custodian ▪ Assist in the set-up of surviving spouse upon death of retiree ▪ Administer benefit payment maintenance ▪ QDRO processing ▪ Mailing of the following: 1. Letters to terminated vested participants with Accrued Benefits (includes preparation) 2. Letters to non-vested terminations (includes preparation) 3. Annual mailing to terminated vested participants one year prior to NRD (includes preparation) ▪ Pension income verifications ▪ Locate missing participants ▪ Monthly benefit payment register audit and reconciliation ▪ Retiree death audit review and action ▪ Annual terminated vested death audit	$69,300* On a time spent basis at hourly rates (currently $165 per hour)

Benefit Calculations	▪ Prepare final benefit calculations including optional forms of benefit and forms package ▪ Includes created of merged PDF for mailing and attaching to participant's online record ▪ Confirm participant and spousal information	$100.00 per calculation
Custodian	▪ Custody of assets ▪ Asset valuation of accessible funds ▪ Trust level statements ▪ Retiree death audit ▪ Calculation and remission of Federal and/or State taxes ▪ Check reporting ▪ Voids, stop payments, replacement checks	

*Billed hourly based on time spent, actual amount could be higher or lower. Amount was estimated assumin an average of 35 hours per month spent on the activities listed under Pension Outsourcing.

Implementation:

- Set-up will take approximately 9-12 months after execution of agreement.
- H&H is waiving their transition fee based upon the agreement of a 3 year contract. Otherwise, a one-tim transition fee for coding our systems would be $48,000. Early termination of contract (prior to end of 3 contract) by the City will result in pro-rated charge of transition fee.

Other Charges:

- **Special projects**: H&H is available to assist clients with special requests or ad hoc projects. Such proje are based on hourly rates. Before beginning special or ad hoc projects, H&H will provide BERS with an estimate of anticipated project costs based on the project scope. Work would begin as soon as the estima is approved.

  The 2019 hourly rates are provided below and are subject to change annually:

  - Consultants/Actuaries $260-$450
  - Analysts/Technicians $150-$260
  - Support/Administrative $100-$160

- **Educational services**: H&H's consultants and actuarial specialists are fully equipped to provide training defined benefit topics. As a pension administration client, H&H will train the BERS staff on how to use system, submit data/payroll. The WorkTrack feature is included in the price quote contained in the H&H proposal. H&H's Pension consultants also offer one-day on-site training or webinars on a variety of pension topics. The cost for additional pension education is $1,500 per day which includes travel and expenses.

Additionally, H&H's investment advisory group offers on-site seminars and internet-based webinars on a variety of topics designed to help plan sponsors and committees better understand their fiduciary responsibilities. They also provide participant education sessions on a variety of topics designed to help participants better understand investment options, navigate social security and be financially prepared for retirement. Sessions are taught by highly-experienced consultants and/or education specialists, depending or content. The cost for investment advisory education is $1,750 per day which includes travel expenses.

Cost Analysis:

As stated above, the cost of implementation with PTG to automate calculations will cost a minimum of $200,000, and they are unable to provide customer support. If the City elected to go this route, we would finance this amount over a year period. The Clerk/Treasurer's Office recommendation is to outsource pension administration to H&H, and termi our contract with PTG. We will migrate the data from PTG to H&H that will allow for automation of calculation, and provide our active, vested and retirement participant's full customer service. There will also be a reduction in administrative payroll by approximately 25% as all calculations will be automated by the new system, and less in-hou support will be required.

Below is a summary of service costs.

Seven Year Forecast by Fiscal Year

Current solution, no customer service or online tools	2019	2020	2021	2022	2023	2024	2025	Tota
Pension Technology Group (PTG)								
Maintenance Only	$24,000	$24,720	$30,000	$30,900	$31,827	$32,782	$33,765	$207,
Financing of Implementation Costs - Phase 1 ($200K)			$43,660	$43,660	$43,660	$43,660	$43,660	$218,
Total Costs	$24,000	$24,720	$73,660	$74,560	$75,487	$76,442	$77,425	$426,

Estimated Cost with Adding Online Calculations	2019	2020	2021	2022	2023	2024	2025	Tota
Pension Technology Group (PTG)								
A) Maintenance Only - with add on Calculations	$24,000	$24,720	$59,000	$60,770	$62,593	$64,471	$66,405	$361,
B) Financing of Implementation Costs - Phase 1			$43,660	$43,660	$43,660	$43,660	$43,660	$218,
Financng of Implementaion Costs - Phase 2 Data Calculations ($200K)		$21,830	$43,660	$43,660	$43,660	$43,660	$21,830	$218,
Total Costs	$24,000	$46,550	$146,320	$148,090	$149,913	$151,791	$131,895	$798,

Outsourced customer service center and online calculations	2019	2020	2021	2022	2023	2024	2025	Tota
Hooker and Holcombe (H&H)								
C) Customer Support and maintenance	$0	$17,325	$69,300	$71,379	$73,520	$75,726	$77,998	$385,
Pension Edge Plus		$0	$48,000	$49,440	$50,923	$52,451	$54,024	$254,
Implementation Costs(waved)	$0	$0	$0	$0	$0	$0	$0	
D) Implementation Management Consultant	$0	$50,000	$0	$0	$0	$0	$0	$50,
Financing of PTG Phase One implementation costs		$0	$43,660	$43,660	$43,660	$43,660	$43,660	$218,
Total Costs	$0	$67,325	$160,960	$164,479	$168,104	$171,837	$175,682	$908,

	2019	2020	2021	2022	2023	2024	2025	Tota
Cost full service vs. online calculations		$20,775	$14,640	$16,389	$18,190	$20,046	$43,787	$133,

A) *PTG provided FY 2021 projected maintence cost to increase for calculation oversight*
B) *Simple Amortization over 5 years at 3.5%. Assuming we use PTG to implement calculations*
C) *Projected live date of implementation April 2020, prorated*
D) *Projected management oversight to begin in April 2020*

Motions:

Board of Finance:

Based on the above, BERS respectfully requests that the Board of Finance recommend that the City Council authorize Beth Anderson, Chief Administrative Officer, to execute a contract, in substantial conformance with the bid, Hooker & Holcombe for pension outsourcing services in an amount up to $75,000 per year, for an interim contract of 3 years, subject to review by the City Attorney.

City Council:

B BERS respectfully requests that the City Council authorize Beth Anderson, Chief Administrative Officer, to execut contract, in substantial conformance with the bid, Hooker & Holcombe for pension outsourcing services in an amount to $75,000 per year, for an interim contract of 3 years, subject to review by the City Attorney.

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT

JUNE 30, 2018

hooker & holcombe

Table of Contents

Report Prepared By:

Steve A. Lemanski
Vice President, Practice Leader, Consulting Actuary
860.856.2073
SLemanski@hhconsultants.com

Robert P. Lessard
Team Leader, Actuarial Specialist
860.856.2106
RLessard@hhconsultants.com

Executive Summary

	June 30, 2018			June 30, 2017		
	Class A	Class B	Total	Class A	Class B	Total
Number of members						
Active employees	187	733	920	179	666	845
Terminated vested members	15	351	366	15	356	371
Vested in employee contributions only	9	119	128	9	115	124
Retired, disabled and beneficiaries	183	530	713	178	496	674
Total	394	1,733	2,127	381	1,633	2,014
Covered employee payroll	11,485,871	37,526,157	49,012,028	10,903,872	34,746,500	45,650,372
Average plan salary	61,422	51,195	53,274	60,915	52,172	54,024
Actuarial present value of future benefits	148,808,631	159,280,699	308,089,330	134,863,320	161,548,365	296,411,685
Actuarial accrued liability	123,430,832	137,839,385	261,270,217	115,558,431	136,852,540	252,410,971
Plan assets						
Market value of assets	80,065,219	108,944,823	189,010,042	75,014,835	100,456,464	175,471,299
Actuarial value of assets	82,027,416	111,614,786	193,642,202	78,582,438	105,234,035	183,816,473
Unfunded accrued liability	41,403,416	26,224,599	67,628,015	36,975,993	31,618,505	68,594,498
Funded ratio	66.5%	81.0%	74.1%	68.0%	76.9%	72.8%
Actuarially determined employer contribution (ADEC)						
Fiscal year ending	2020	2020	2020	2019	2019	2019
ADEC	5,550,825	4,289,794	9,840,619	4,805,619	5,378,047	10,183,666

Valuation Results and Highlights

Purpose of the Valuation

The purpose of the valuation is to develop the Actuarially Determined Employer Contribution (ADEC).

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

> Ultimate cost = Benefits Paid + Expenses Incurred – Investment Return – Employee Contributions

The actuarial cost method distributes this ultimate cost over the working lifetime of current plan participants. By means of this budgeting process, costs are allocated to both past and future years, and a cost is assigned to the current year. The current year's allocated cost, or normal cost, is the building block upon which the actuarially determined employer contribution is developed. The June 30, 2018 valuation produces the contribution for the fiscal year ending 2020.

Information Available in the Valuation Report

The Executive Summary is intended to emphasize the notable results of the valuation from the perspective of the Plan Sponsor. Supporting technical detail is documented in Results of the Valuation, Supporting Exhibits and Description of Actuarial Methods and Assumptions. A concise summary of the principal provisions of the Plan is outlined in Summary of Plan Provisions.

Changes Reflected in the Valuation

There were changes made to the Class A Fire provisions, as well as a COLA provision change for Class B. The net impact of these plan changes was a decrease in the unfunded liability and ADEC of $136,000 and $25,000, respectively. In addition, assumption changes proposed in the Experience Study for the period July 1, 2012 to June 30, 2017 have been reflected in this valuation. With respect to the investment rate of return, an assumption of 7.625% has been reflected. The impact of these assumption changes was a decrease in the unfunded liability and ADEC of $307,000 and $74,000, respectively.

Cash Contribution for Fiscal Year Ending 2020

	Class A	Class B
Normal Contribution Rate	13.5%	4.1%
Past Service Contribution	$3,892,364	$2,624,855

The City cost is:	2020 Fiscal Year
Class A	$5,550,825
Class B	4,289,794
Total	$9,840,619

Liability Experience During Period Under Review

The plan experienced a net actuarial gain on liabilities of approximately $1,343,000 since the prior valuation.

There were gains due to salary increases, as well as for turnover, disability and retirements. These were partially offset by mortality losses for the year.

Asset Experience During Period Under Review

	2018 Fiscal Year
Market Value Basis	9.6%
Actuarial Value Basis	7.1%

The Actuarial Value of assets, rather than the Market Value, is used to determine plan contributions. The Actuarial Value spreads the asset volatility over 10 years, thereby smoothing out fluctuations that are inherent in the Market Value.

Certification

This report presents the results of the June 30, 2018 Actuarial Valuation for Burlington Employees' Retirement System (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarially Determined Employer Contribution (ADEC) for the fiscal year ending June 30, 2020. This report may not be appropriate for any other purpose.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

As required under Part II, Section 24-61 of the Burlington Code of Ordinances, experience studies are performed at least once in every five-year period. The assumptions in this report were based on a recent experience study covering the period July 1, 2012 to June 30, 2017.

In our opinion, the actuarial assumptions used in this report are reasonably related to the experience of the Plan and to reasonable long-term expectations.

In preparing this valuation, I have relied on employee data provided by the Plan Sponsor, and on asset and contribution information provided by the Trustee. I have audited neither the employee data nor the financial information, although I have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the *Summary of Plan Provisions* section of this report and the actuarial assumptions and methods detailed in the *Description of Actuarial Methods and Assumptions* section of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

I have no relationship with the employer or the Plan that would impair, or appear to impair, my objectivity in performing the work presented in this report. I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

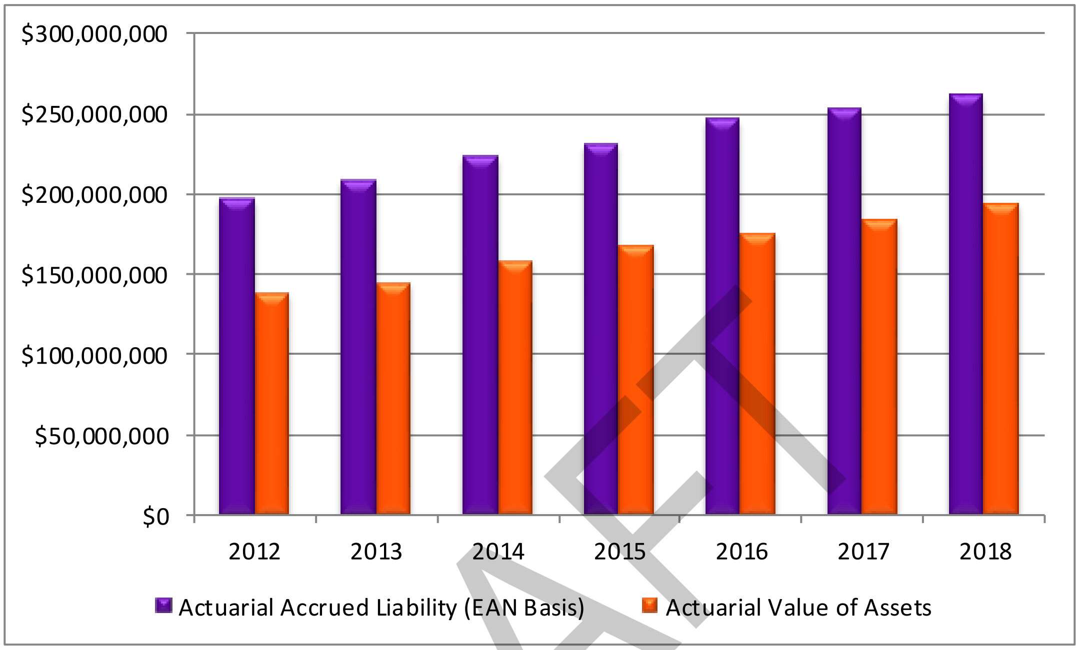
Steve A. Lemanski, FSA, FCA, MAAA
Enrolled Actuary 17-05506

April 26, 2019

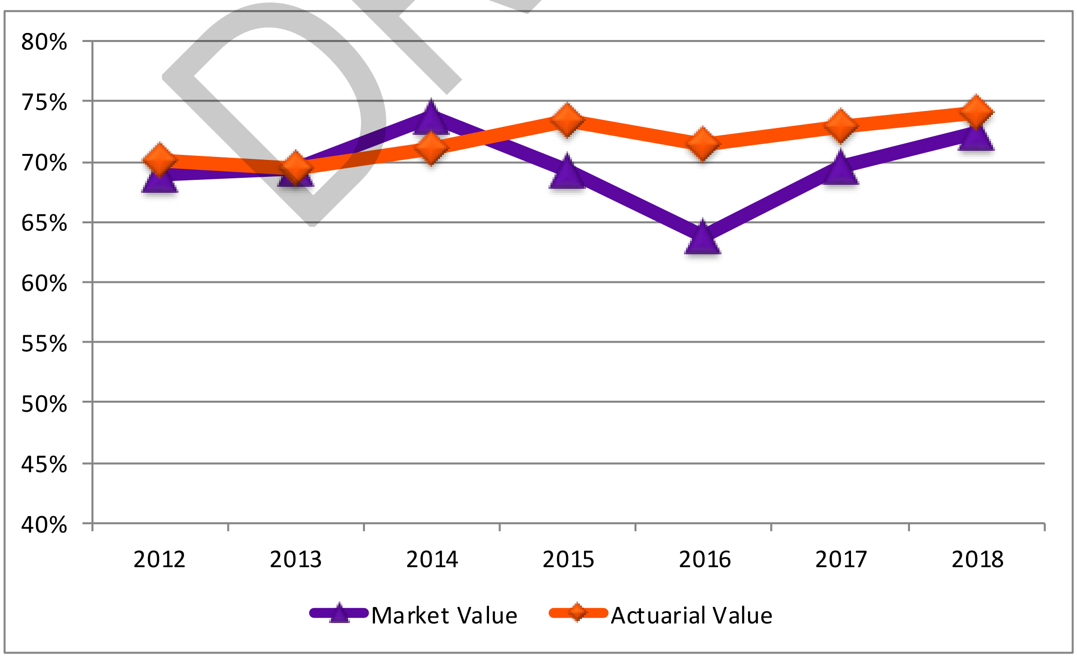
Development of Unfunded Accrued Liability and Funded Ratio

	June 30, 2018			June 30, 2017		
	Class A	Class B	Total	Class A	Class B	Total
Actuarial accrued liability for inactive members						
Retired, disabled and beneficiaries	$81,717,715	$76,503,725	$158,221,441	$79,082,146	$73,672,702	$152,754,848
Terminated vested members	1,053,477	8,043,021	9,096,497	939,222	7,198,353	8,137,575
Due refund of employee contributions only	107,573	297,701	405,274	100,380	285,830	386,210
Total	82,878,765	84,844,447	167,723,212	80,121,748	81,156,885	161,278,633
Actuarial accrued liability for active employees	40,552,067	52,994,938	93,547,005	35,436,683	55,695,655	91,132,338
Total actuarial accrued liability	123,430,832	137,839,385	261,270,217	115,558,431	136,852,540	252,410,971
Actuarial value of assets	82,027,416	111,614,786	193,642,202	78,582,438	105,234,035	183,816,473
Unfunded accrued liability	41,403,416	26,224,599	67,628,015	36,975,993	31,618,505	68,594,498
Funded ratio	66.5%	81.0%	74.1%	68.0%	76.9%	72.8%

Actuarial Accrued Liability vs. Actuarial Value of Assets



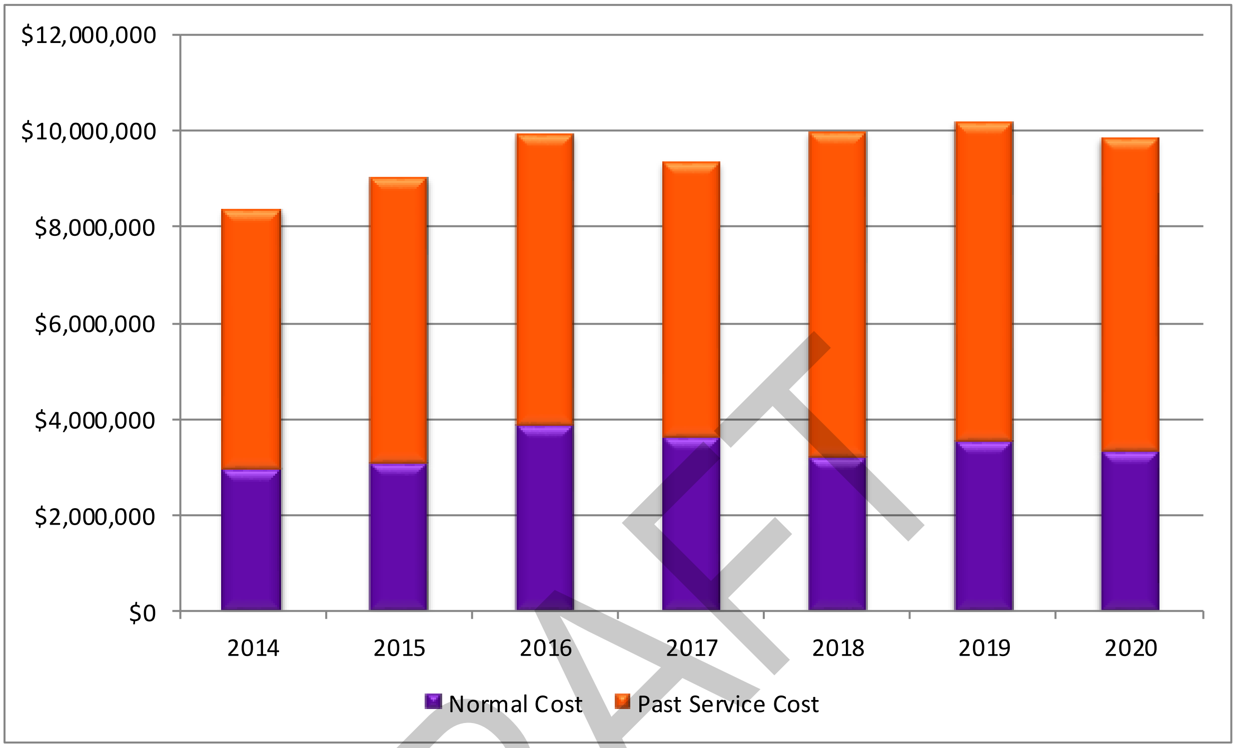
Funded Ratio



Determination of Normal Cost and Actuarially Determined Employer Contribution

	June 30, 2018		June 30, 2017	
	Cost	**Percent of payroll**	**Cost**	**Percent of payroll**
Gross normal cost	$6,223,953	12.1%	$6,200,159	13.1%
Estimated employee contributions	(2,997,351)	-5.8%	(2,813,315)	-5.9%
City's normal cost	3,226,602	6.3%	3,386,844	7.1%
Amortization of unfunded accrued liability	6,517,219	12.7%	6,678,282	14.1%
Contribution before adjustment as of the valuation date	9,743,821	19.0%	10,065,126	21.2%
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	51,353,510		47,419,400	
Fiscal year ending	2020		2019	
Adjustment for interest and inflation	96,798		118,540	
Actuarially determined employer contribution	9,840,619		10,183,666	

Actuarially Determined Employer Contribution



Actuarially Determined Employer Contribution per Group

	Class A	Class B BED	Class B School	Class B Other	Class B	Total
Gross normal cost	$2,920,685	$718,548	$851,374	$1,733,346	$3,303,268	$6,223,953
Estimated employee contributions	(1,310,529)	(411,373)	(371,097)	(904,352)	(1,686,822)	(2,997,351)
City's normal cost	1,610,156	307,175	480,277	828,994	1,616,446	3,226,602
Actuarial accrued liability	123,430,832	47,433,370	25,041,961	65,364,054	137,839,385	261,270,217
Actuarial value of assets	82,027,416	38,408,947	20,277,608	52,928,231	111,614,786	193,642,202
Unfunded accrued liability	41,403,416	9,024,423	4,764,353	12,435,823	26,224,599	67,628,015
Amortization of unfunded accrued liability	3,892,364	903,267	476,870	1,244,718	2,624,855	6,517,219
Contribution before adjustment as of the valuation date	5,502,520	1,210,442	957,147	2,073,712	4,241,301	9,743,821
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	11,913,902	9,071,778	8,835,654	21,532,176	39,439,608	51,353,510
City's normal cost as a percentage of payroll	13.5%	3.4%	5.4%	3.9%	4.1%	6.3%
Contribution as a percentage of payroll	46.2%	13.3%	10.8%	9.6%	10.8%	19.0%
Fiscal year ending June 30, 2020						
Adjustment for interest and inflation	48,305	9,216	14,408	24,869	48,493	96,798
Actuarially determined employer contribution	5,550,825	1,219,658	971,555	2,098,581	4,289,794	9,840,619

Determination of Actuarial Gain/Loss

The Actuarial Gain/Loss is the difference between the expected unfunded accrued liability and the actual unfunded accrued liability, without regard to any changes in actuarial methods, actuarial assumptions or plan provisions. This can also be referred to an Experience Gain/Loss, since it reflects the difference between what was expected and what was actually experienced.

Actuarial Gain / Loss		
Expected unfunded accrued liability June 30, 2018		
Expected unfunded accrued liability June 30, 2018		
Unfunded accrued liability June 30, 2017	68,594,498	
Gross normal cost June 30, 2017	6,200,159	
City and employee contributions for 2017-2018	(12,797,761)	
Interest at 8.00% to June 30, 2018	5,485,716	
Expected unfunded accrued liability June 30, 2018	67,482,612	
Actuarial (gain) / loss June 30, 2018	588,443	
Actual unfunded accrued liability June 30, 2018, prior to plan provision, assumption and method changes		68,071,055
Sources of (gain) / loss		
Assets	1,931,000	
Salary increases	(892,000)	
Retiree mortality	1,673,000	
Turnover, disability and retirements	(2,062,000)	
New entrants	308,000	
Data adjustments	(17,000)	
Other experience	(353,000)	
Total (gain) / loss (rounded to nearest $1,000)	588,000	
Assumption and method changes since prior valuation		(306,572)
Plan provision changes since prior valuation		(136,468)
Actual unfunded accrued liability June 30, 2018, after plan provision, assumption and method changes		67,628,015

Summary of Fund Activity		
	Market Value	**Actuarial Value**
1. Beginning value of assets June 30, 2017		
Trust assets	$175,471,299	$183,816,473
2. Contributions		
City contributions during year	9,172,822	9,172,822
Employee contributions during year	3,624,939	3,624,939
Total for plan year	12,797,761	12,797,761
3. Disbursements		
Benefit payments during year	15,616,191	15,616,191
Administrative expenses during year	385,309	385,309
Other disbursements	20,278	20,278
Total for plan year	16,021,778	16,021,778
4. Net investment return		
Net investment income (loss)	16,762,760	N/A
Expected return	N/A	13,913,073
Recognized gain / (loss)	N/A	(863,327)
Required adjustment due to corridor	N/A	0
Reversal of prior year required adjustment	N/A	0
Total for plan year	16,762,760	13,049,746
5. Ending value of assets June 30, 2018		
Trust assets: (1) + (2) - (3) + (4)	189,010,042	193,642,202
6. Approximate rate of return	9.6%	7.1%

Relationship of Actuarial Value to Market Value	
1. Market value 6/30/2018	$189,010,042
2. Gain / (loss) not recognized in actuarial value 6/30/2018	(4,632,160)
3. Preliminary actuarial value 6/30/2018: (1) - (2)	193,642,202
4. Preliminary actuarial value as a percentage of market value: (3) ÷ (1)	102.5%
5. Gain / (loss) recognized for corridor minimum / maximum	N/A
6. Actuarial value 6/30/2018 after corridor minimum / maximum: (3) + (5)	193,642,202
7. Actuarial value as a percentage of market value: (6) ÷ (1)	102.5%

Development of Market Value Gain / Loss for 2017-2018 Plan Year	
1. Market value 6/30/2017	$175,471,299
2. City contributions	9,172,822
3. Employee contributions	3,624,939
4. Benefit payments and other disbursements	15,636,469
5. Administrative expenses	385,309
6. Expected return at 8.00%	13,913,073
7. Expected value 6/30/2018: (1) + (2) + (3) - (4) - (5) + (6)	186,160,355
8. Market value 6/30/2018	189,010,042
9. Market value gain / (loss) for 2017-2018 plan year: (8) - (7)	2,849,687

Recognition of Gain / Loss in Actuarial Value

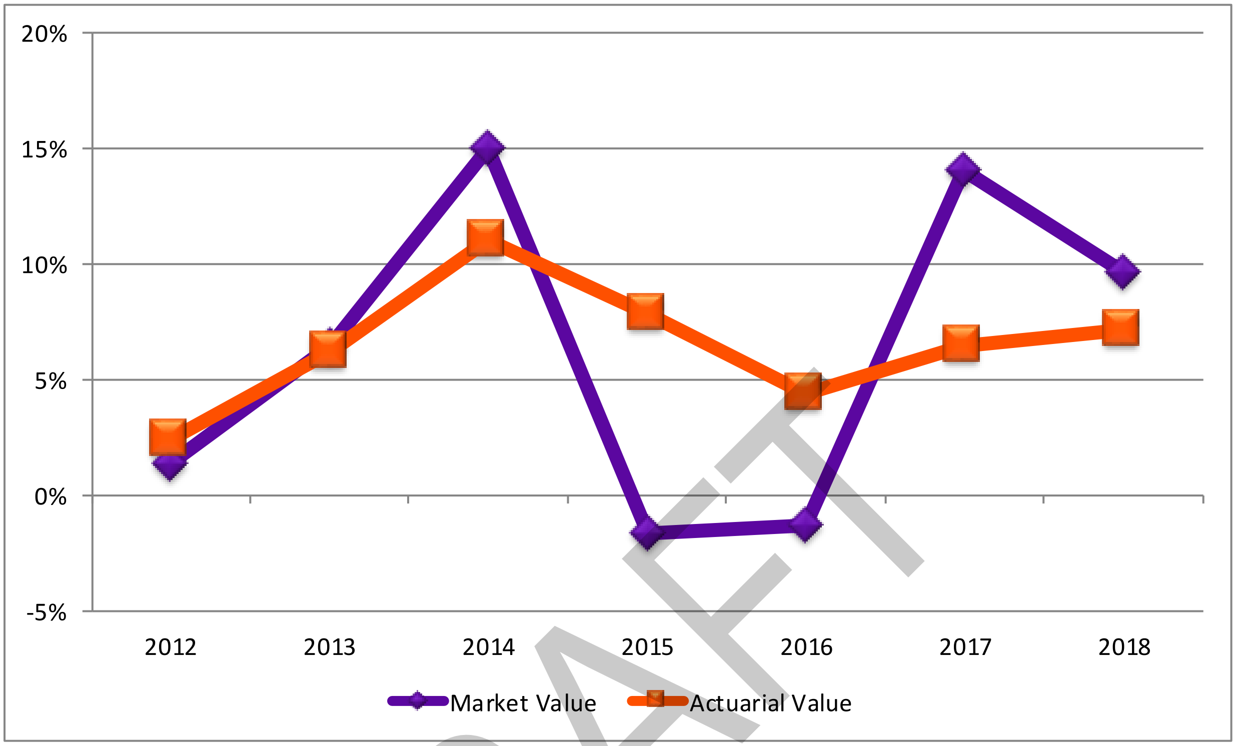
Year	(a) Gain / (loss)	(b) Total recognized as of 6/30/2017	(c) Recognized in current year: 10% of (a)	(d) Total recognized as of 6/30/2018: (b) + (c)	(e) Not recognized as of 6/30/2018: (a) - (d)
2012-2013	($498,233)	($249,116)	(49,823)	($298,939)	($199,294)
2013-2014	8,081,381	3,232,552	808,138	4,040,690	4,040,691
2014-2015	(13,616,950)	(4,085,085)	(1,361,695)	(5,446,780)	(8,170,170)
2015-2016	(14,912,281)	(2,982,456)	(1,491,228)	(4,473,684)	(10,438,597)
2016-2017	9,463,116	946,312	946,312	1,892,624	7,570,492
2017-2018	2,849,687	0	284,969	284,969	2,564,718
Total			(863,327)		(4,632,160)

DRAFT

Rate of Return on Market Value of Assets				
Period Ending	Average Annual Effective Rate of Return			
June 30	1 Year	3 Years	5 Years	10 Years
2009	-19.6%	-4.4%	0.6%	N/A
2010	18.6%	-4.0%	2.7%	N/A
2011	21.2%	4.9%	4.7%	N/A
2012	1.4%	13.4%	1.7%	N/A
2013	6.5%	9.4%	4.5%	N/A
2014	15.0%	7.5%	12.3%	6.3%
2015	-1.7%	6.4%	8.2%	5.4%
2016	-1.3%	3.7%	3.8%	4.2%
2017	14.1%	3.4%	6.3%	3.9%
2018	9.6%	7.3%	6.9%	5.7%

Rate of Return on Actuarial Value of Assets				
Period Ending	Average Annual Effective Rate of Return			
June 30	1 Year	3 Years	5 Years	10 Years
2009	0.9%	6.2%	4.6%	N/A
2010	1.2%	3.2%	4.9%	N/A
2011	4.4%	2.2%	4.8%	N/A
2012	2.4%	2.7%	3.3%	N/A
2013	6.2%	4.3%	3.0%	N/A
2014	11.0%	6.5%	5.0%	4.8%
2015	7.8%	8.3%	6.3%	5.6%
2016	4.4%	7.7%	6.3%	5.6%
2017	6.5%	6.2%	7.2%	5.2%
2018	7.1%	6.0%	7.3%	5.1%

Actual Rate of Return on Assets



DRAFT

Amortization of Unfunded Liability

Schedule of Amortization Bases - Total					
	Date established	Original amount	Amortization installment	Years remaining	Present value of remaining installments as of June 30, 2018
Initial base	June 30, 2004	$10,020,499	$882,922	16	$8,259,148
2005 base	June 30, 2005	13,325,808	1,253,735	17	12,061,872
2006 base	June 30, 2006	7,669,440	716,956	18	7,075,134
2007 base	June 30, 2007	(2,444,427)	(227,997)	19	(2,302,380)
2008 base	June 30, 2008	(2,492,739)	(232,292)	20	(2,395,396)
2009 base	June 30, 2009	12,784,050	1,190,268	21	12,510,400
2010 base	June 30, 2010	8,547,645	795,163	22	8,504,334
2011 base	June 30, 2011	6,255,018	572,034	23	6,216,015
2012 base	June 30, 2012	3,602,242	334,575	24	3,688,949
2013 base	June 30, 2013	5,490,961	500,336	25	5,590,644
2014 base	June 30, 2014	1,295,623	120,161	26	1,359,175
2015 base	June 30, 2015	(2,956,424)	(274,001)	27	(3,134,312)
2016 base	June 30, 2016	10,621,866	983,782	28	11,370,350
2017 base	June 30, 2017	(1,422,825)	(131,697)	29	(1,536,651)
2018 base	June 30, 2018	360,733	33,274	30	360,733
Total			6,517,219		67,628,015

Schedule of Amortization Bases - Class A					
	Date established	**Original amount**	**Amortization installment**	**Years remaining**	**Present value of remaining installments as of June 30, 2018**
Initial base	June 30, 2004	$3,698,048	$325,006	16	$3,040,216
2005 base	June 30, 2005	6,655,535	621,973	17	5,983,851
2006 base	June 30, 2006	2,588,959	241,706	18	2,385,232
2007 base	June 30, 2007	(1,715,997)	(160,055)	19	(1,616,279)
2008 base	June 30, 2008	713,490	66,488	20	685,626
2009 base	June 30, 2009	3,308,275	308,019	21	3,237,459
2010 base	June 30, 2010	3,969,991	369,317	22	3,949,875
2011 base	June 30, 2011	3,564,353	326,932	23	3,552,608
2012 base	June 30, 2012	2,191,929	203,586	24	2,244,689
2013 base	June 30, 2013	2,337,776	207,689	25	2,320,664
2014 base	June 30, 2014	2,892,368	268,249	26	3,034,240
2015 base	June 30, 2015	(50,538)	(4,684)	27	(53,578)
2016 base	June 30, 2016	4,439,699	411,198	28	4,752,549
2017 base	June 30, 2017	2,901,660	268,578	29	3,133,793
2018 base	June 30, 2018	4,752,471	382,996	30	4,752,471
Total			3,836,998		41,403,416

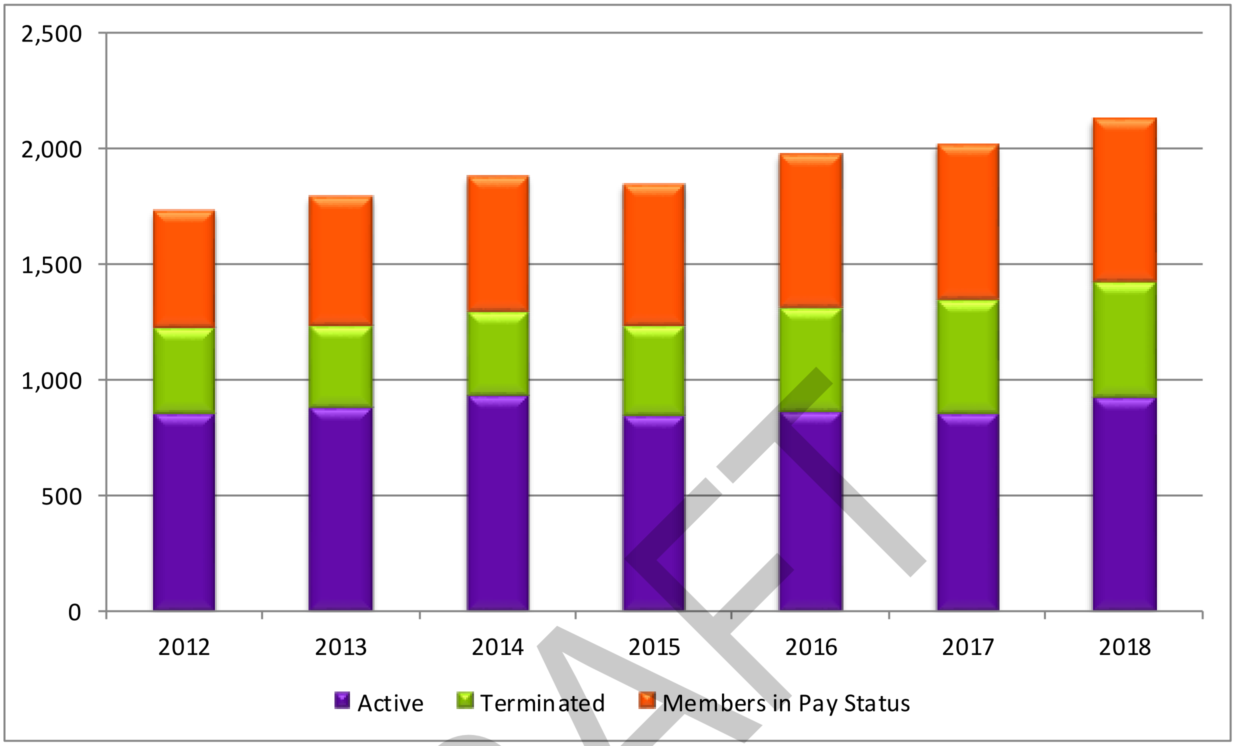
Schedule of Amortization Bases - Class B					
	Date established	**Original amount**	**Amortization installment**	**Years remaining**	**Present value of remaining installments as of June 30, 2018**
Initial base	June 30, 2004	$6,322,451	$557,916	16	$5,218,932
2005 base	June 30, 2005	6,670,273	631,762	17	6,078,021
2006 base	June 30, 2006	5,080,481	475,250	18	4,689,902
2007 base	June 30, 2007	(728,430)	(67,942)	19	(686,101)
2008 base	June 30, 2008	(3,206,229)	(298,780)	20	(3,081,022)
2009 base	June 30, 2009	9,475,775	882,249	21	9,272,941
2010 base	June 30, 2010	4,577,654	425,846	22	4,554,459
2011 base	June 30, 2011	2,690,665	245,102	23	2,663,407
2012 base	June 30, 2012	1,410,313	130,989	24	1,444,260
2013 base	June 30, 2013	3,153,185	292,647	25	3,269,980
2014 base	June 30, 2014	(1,596,745)	(148,088)	26	(1,675,065)
2015 base	June 30, 2015	(2,905,886)	(269,317)	27	(3,080,734)
2016 base	June 30, 2016	6,182,167	572,584	28	6,617,801
2017 base	June 30, 2017	(4,324,485)	(400,275)	29	(4,670,444)
2018 base	June 30, 2018	(4,391,738)	(349,722)	30	(4,391,738)
Total			2,680,221		26,224,599

Member Data

The data reported by the Plan Sponsor for this valuation includes 920 active employees who met the Plan's minimum age and service requirements as of June 30, 2018.

Member Data					
	Active	Terminated vested	Due refund of contributions	Members in pay status	Total
Total members June 30, 2017	845	371	124	674	2,014
Adjustments	+1	-1	0	+1	+1
Retirements	-22	-14	N/A	+36	0
Disabilities	-2	N/A	N/A	+2	0
Terminations					
Vested	-10	+10	N/A	N/A	0
Lump sum payments	-30	0	0	N/A	-30
Due contributions only	-2	N/A	+2	N/A	0
Deaths					
With death benefit	0	0	0	-2	-2
Without death benefit	0	0	0	0	0
Transfers	0	0	0	N/A	0
Rehires	+2	0	0	N/A	+2
New beneficiaries	N/A	N/A	N/A	+2	+2
New entrants	+138	N/A	+2	N/A	+140
Total members June 30, 2018	920	366	128	713	2,127

Member Counts by Status



Member Data				
	Active	Terminated vested	Due refund of contributions	Members in pay status
Average age				
June 30, 2017	45.3	53.8	37.7	68.5
June 30, 2018	44.4	54.4	38.7	69.2
Average service				
June 30, 2017	10.4	N/A	N/A	N/A
June 30, 2018	9.7	N/A	N/A	N/A
Covered employee payroll				
June 30, 2017	$45,650,372	N/A	N/A	N/A
June 30, 2018	49,012,028	N/A	N/A	N/A
Total annual benefits				
June 30, 2017	N/A	$1,792,334	N/A	$14,944,747
June 30, 2018	N/A	1,808,401	N/A	15,882,875

Member Data - Class A					
	Active	Terminated vested	Due refund of contributions	Members in pay status	Total
Total members June 30, 2017	179	15	9	178	381
Adjustments	+1	0	-1	0	0
Retirements	-2	-1	N/A	+3	0
Disabilities	-2	N/A	N/A	+2	0
Terminations					
Vested	-1	+1	N/A	N/A	0
Lump sum payments	-2	0	0	N/A	-2
Due contributions only	-1	N/A	+1	N/A	0
Deaths					
With death benefit	0	0	0	0	0
Without death benefit	0	0	0	0	0
Transfers	0	0	0	N/A	0
Rehires	0	0	0	N/A	0
New beneficiaries	N/A	N/A	N/A	0	0
New entrants	+15	N/A	0	N/A	+15
Total members June 30, 2018	187	15	9	183	394

Member Data - Class B					
	Active	Terminated vested	Due refund of contributions	Members in pay status	Total
Total members June 30, 2017	666	356	115	496	1,633
Adjustments	0	-1	+1	+1	+1
Retirements	-20	-13	N/A	+33	0
Disabilities	0	N/A	N/A	0	0
Terminations					
Vested	-9	+9	N/A	N/A	0
Lump sum payments	-28	0	0	N/A	-28
Due contributions only	-1	N/A	+1	N/A	0
Deaths					
With death benefit	0	0	0	-2	-2
Without death benefit	0	0	0	0	0
Transfers	0	0	0	N/A	0
Rehires	+2	0	0	N/A	+2
New beneficiaries	N/A	N/A	N/A	+2	+2
New entrants	+123	N/A	+2	N/A	+125
Total members June 30, 2018	733	351	119	530	1,733

Member Data - Class B - Burlington Electric Department					
	Active	Terminated vested	Due refund of contributions	Members in pay status	Total
Total members June 30, 2017	97	74	2	136	309
Adjustments	0	0	0	+1	1
Retirements	-3	-3	N/A	+6	0
Disabilities	0	0	N/A	0	0
Terminations					
Vested	0	0	N/A	N/A	0
Lump sum payments	-2	0	0	N/A	-2
Due contributions only	0	N/A	0	N/A	0
Deaths					
With death benefit	0	0	0	-1	-1
Without death benefit	0	0	0	0	0
Transfers	0	0	0	N/A	0
Rehires	0	0	0	N/A	0
New beneficiaries	N/A	N/A	N/A	+1	+1
New entrants	+7	N/A	0	N/A	+7
Total members June 30, 2018	99	71	2	143	315

Member Data - Class B - Burlington School District					
	Active	Terminated vested	Due refund of contributions	Members in pay status	Total
Total members June 30, 2017	184	75	76	121	456
Adjustments	0	-1	0	0	-1
Retirements	-5	-1	N/A	+6	0
Disabilities	0	0	N/A	0	0
Terminations					
Vested	-4	+4	N/A	N/A	0
Lump sum payments	-13	0	0	N/A	-13
Due contributions only	0	N/A	0	N/A	0
Deaths					
With death benefit	0	0	0	-1	-1
Without death benefit	0	0	0	0	0
Transfers	0	0	0	N/A	0
Rehires	+1	0	0	N/A	1
New beneficiaries	N/A	N/A	N/A	+1	+1
New entrants	+68	N/A	+2	N/A	+70
Total members June 30, 2018	231	77	78	127	513

Member Data - Class B - Others					
	Active	Terminated vested	Due refund of contributions	Members in pay status	Total
Total members June 30, 2017	385	207	37	239	868
Adjustments	0	0	0	0	0
Retirements	-12	-9	N/A	+21	0
Disabilities	0	0	N/A	0	0
Terminations					
Vested	-5	+5	N/A	N/A	0
Lump sum payments	-13	0	0	N/A	-13
Due contributions only	-1	N/A	+1	N/A	0
Deaths					
With death benefit	0	0	0	0	0
Without death benefit	0	0	0	0	0
Transfers	0	0	0	N/A	0
Rehires	+1	0	0	N/A	1
New beneficiaries	N/A	N/A	N/A	0	0
New entrants	+48	N/A	0	N/A	+48
Total members June 30, 2018	403	203	38	260	904

Description of Actuarial Methods

Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in the recognition of differences between the actual return on Market Value and expected return on Market Value over a 10-year period at 10% per year.

Actuarial Cost Method

Changes in Actuarial Cost Method: None.

Description of Current Actuarial Cost Method: Entry Age Normal (level percentage of salary)

Normal Cost: Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The normal cost for each participant is expected to remain a level percentage of the employee's salary. The normal cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Past Service Liability: The present value of future benefits that relates to service before the valuation date is the total past service liability. The unfunded past service liability is the difference between the total past service liability and any assets (including accumulated member contributions).

Unfunded accrued liabilities as of June 30, 2004 were amortized over a closed 30-year period. Future changes in the unfunded accrued liability will be amortized separately, assuming a new 30-year amortization each valuation.

Experience Gains and Losses: All experience gains and losses (the financial effect of the difference between the actual experience during the prior period and the result expected by the actuarial assumptions for that prior period) appear directly in the past service liability and are amortized at the same rate the plan is amortizing the remaining unfunded past service liability.

Description of Actuarial Assumptions

Changes in Actuarial Assumptions

The valuation reflects changes in the actuarial assumptions listed below. (The assumptions used before and after these changes are more fully described in the next section.)

- Investment rate of return
- Rate of compensation increase
- Inflation
- Mortality
- Retirement
- Termination prior to retirement
- Disability
- Cost of living increases
- Accrual rate election
- Payroll growth

The assumptions indicated were changed to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan.

Investment rate of return (net of investment-related and administrative expenses)

7.625%. (Prior: 8.00%)

Rate of compensation increase (including inflation)

Class A

Completed Years of Service	Rate
<1	10.0%
1	8.5%
2	7.3%
3	6.3%
4	5.9%
5	5.6%
6	5.4%
7	5.2%
8	5.0%
9	4.8%
10	4.7%
11	4.6%
12	4.5%
13	4.4%
14	4.3%
15	4.2%
16	4.0%
17	3.8%
18	3.7%
19	3.6%
20+	3.5%

Class B

Completed Years of Service	Rate
<1	6.6%
1	6.0%
2	5.5%
3	5.1%
4	4.9%
5	4.7%
6	4.5%
7	4.4%
8	4.3%
9	4.3%
10	4.2%
11	4.2%
12	4.1%
13	4.0%
14	3.9%
15	3.8%
16	3.8%
17	3.8%
18	3.7%
19	3.6%
20+	3.5%

Rate of compensation increase (including inflation) (continued)

Prior: Graded scale (sample rates shown below):

Age	Class A&B
25	8.8%
30	7.0%
35	5.6%
40	4.9%
45	4.6%
50	4.3%
55	4.0%
59	3.9%
60	3.9%
65	3.8%
69	3.8%

For Class A Firemen and Class B AFSCME employees, salary increases rates as described above were reduced by 2% during fiscal year 2015-2016, 1.5% during fiscal 2016-2017, 0.5% during fiscal 2017-2018 and 0.25% during fiscal 2018-2019 to reflect lower short term salary increase per the collective bargaining agreements in place.

The assumption was changed to better reflect anticipated experience.

The actuarial assumption in regards to rate of compensation increases shown above are based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017.

Inflation

2.60%. (Prior: 3.00%)

This assumption is consistent with the Social Security Administration's current best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI, as published in the 2018 OASDI Trustees Report.

The assumption was changed to better reflect anticipated experience.

Mortality

Class A (Non-Disabled): RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2018.

Class B (Non-Disabled): RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2018, set forward 2 years.

Class A and B (Disabilities): RP-2014 Adjusted to 2006 Disabled Mortality Table, projected to the valuation date with Scale MP-2018.

Prior: 105% of the probabilities in the RP-2000 Mortality Table with separate male and female rates, with no adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB.

Mortality Improvement

Projected to date of decrement using Scale MP-2018 (generational).

Prior: Projected to date of decrement using Scale BB (generational).

We have selected this mortality assumption because it is based on the latest published pension mortality study released by the Society of Actuaries.

The mortality assumption was changed to better reflect anticipated experience.

Retirement age

Class A

Completed Years of Service	Rate
<15	0%
15-18	5%
19	15%
20-23	25%
24	30%
25	75%
26-29	50%
30-34	75%
35+	100%

Compulsory retirement is assumed at age 60.

Class B

Age	Rate
55-59	5.0%
60	7.5%
61	12.5%
62	18.0%
63	22.5%
64-65	25.0%
66-69	30.0%
70-74	50.0%
75+	100.0%

Retirement age (continued)

Prior:

Class A	
Age	**Rate**
45-46	15%
47-48	30%
49-51	5%
52	18%
53-59	20%
60	100%

Class B	
Age	**Rate**
55-59	5%
60	10%
61	15%
62	20%
63-65	25%
66	20%
67	25%
68	20%
69	25%
70	100%

Termination prior to retirement

Class A

Completed Years of Service	Rate
<1	8.0%
1	7.0%
2	6.0%
7	5.0%
8	4.5%
9	4.0%
10+	0.0%

Class B: 100% of the Vaughn Select & Ultimate Withdrawal Table for service prior to 3 years, and 130% of the Vaughn Select & Ultimate Withdrawal Table thereafter.

Sample rates

	Completed Years of Service			
Age	**0**	**1**	**2**	**3+**
20	29.8%	25.0%	21.0%	24.18%
25	27.8%	22.5%	18.5%	17.68%
30	25.8%	20.0%	16.0%	13.13%
35	23.8%	17.8%	13.8%	10.27%
40	21.8%	15.8%	11.8%	8.45%
45	19.8%	14.1%	10.1%	7.15%
50	17.8%	12.6%	8.6%	5.85%
55	0.0%	0.0%	0.0%	0.00%

Termination prior to retirement (continued)

Prior:

Class A	
Sample Rates	
Age	Rate
20	14.0%
25	7.0%
30	6.0%
35	6.0%
40	5.0%
45	4.0%
50	3.0%
55	0.0%

Class B		
Sample Rates		
	Years of Service	
Age	0-2	3+
20	27.5%	15.0%
25	27.5%	15.0%
30	22.0%	12.0%
35	22.0%	10.0%
40	16.5%	4.0%
45	16.5%	4.0%
50	16.5%	4.0%
55	16.5%	4.0%
60	16.5%	4.0%
65	16.5%	4.0%
70	0.0%	0.0%

Disability

Class A: 1985 Pension Disability Study Class 2 Table for Males and Females.

Class B: 1985 Pension Disability Study Class 1 Table for Males and Females.

Prior:

Class A	
Age	Rate
20	2.0%
25	2.4%
30	2.9%
35	3.8%
40	5.0%
45	7.4%
50	12.5%
55	0.0%

Class B	
Age	Rate
20	0.08%
25	0.09%
30	0.12%
35	0.14%
40	0.20%
45	0.29%
50	0.49%
55	0.90%
60	1.73%
65	0.00%

The actuarial assumptions in regards to rates of decrement shown above are based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017.

The assumptions were changed to better reflect anticipated experience.

Administrative expenses

Currently, there is no expense load assumed for administrative expenses.

Cost of living increases

2.60%.

Prior: Cost of living increases averaging 3% per year were assumed. For employees retiring after July 1, 2017, cost of living increases were capped at 2.75%

This assumption was changed to be consistent with the inflation assumption.

Accrual rate election

Class A: 85% of retiring members are assumed to elect the no COLA accrual rate and 15% of retiring members are assumed to elect the full COLA accrual rate.

Class B: 75% of retiring members are assumed to elect the no COLA accrual rate and 25% of retiring members are assumed to elect the full COLA accrual rate.

Prior: All: 85% of retiring members are assumed to elect the no COLA accrual rate and 15% of retiring members are assumed to elect the full COLA accrual rate.

The assumption was changed to better reflect anticipated experience.

Payroll growth

3.00% per year.

Prior: 3.50% per year.

This assumption was changed to be consistent with the lowering of the inflation assumption.

Percent of active employees married

80%.

Spouse's age

Husbands are assumed to be 3 years older than wives.

The assumption changes decreased liabilities by about 0.1%.

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Plan identification

Single-employer pension plan

Effective date

July 1, 1954.

Average Final Compensation (AFC)

For Class A Police non-union employees, Class A Police employees hired after January 10, 2011, Class A Fire employees hired after October 7, 2011 Class B AFSCME Local 1343 employees hired after June 7, 2011, Class B IBEW Local 300 employees hired after October 30, 2012 or any employees hired on or after January 1, 2018, it is the average earnable compensation during the highest 5 non-overlapping 12-month periods. For all others, it is the average earnable compensation during the highest 3 non-overlapping 12-month periods.

Membership eligibility

Regular employees of the City of Burlington excluding elective officers other than the mayor and excluding teachers other than certain teachers employed prior to July 1, 1947.

Membership classification

Class A

Members of the Fire and Police Departments not including clerical employees.

Class B

All other members.

Service retirement

Eligibility

Class A

For Police employees hired before July 1, 2006, age 42 and 5 years of creditable service. For Police employees hired after January 10, 2011, age 40 and 20 years of creditable service. For other Police Union employees, age 45 and 5 years of creditable service. For Fire employees hired after October 7, 2011, age 45 and 20 years of creditable service. For Fire Union employees hired on or before October 7, 2011, age 45 and 5 years of creditable service. For all others, age 42 and 5 years of creditable service. Compulsory at age 60.

Class B

Age 55 and 5 years of creditable service.

Service retirement (continued)

Amount of Benefit

Class A

For Fire employees hired before January 1, 2007 and Police employees hired before July 1, 2006, 2.75% of AFC times creditable service not in excess of 25 years plus 0.50% of AFC times creditable service between 25 and 35 years. For Police employees hired after January 10, 2011, 2.50% of AFC times creditable service not in excess of 20 years plus 5.00% of AFC times creditable service between 20 and 25 years. For Fire employees hired after January 10, 2011, 3.00% of AFC times creditable service not in excess of 25 years plus 0.50% of AFC times creditable service between 25 and 35 years. For all others, 2.65% of AFC times creditable service not in excess of 25 years plus 0.50% of AFC times creditable service between 25 and 35 years. Benefit increased by Cost of Living Adjustment detailed below.

In lieu of this benefit, at the time of retirement, a member hired prior to July 1, 2006 may choose either (i) an accrual rate of 3.25% for the first 25 years of creditable service, plus an accrual of 0.50% for creditable service between 25 and 35 years, and a Cost of Living Adjustment equal to one half of the Cost of Living Adjustment detailed below, or (ii) an accrual rate of 3.80% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 3.60% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual rate of 0.50% for creditable service between 25 and 35 years, and no Cost of Living Adjustment.

A Fire employee hired on or after January 1, 2007 or a Police employee hired on or after July 1, 2006 may only select a benefit with a full Cost of Living Adjustment. Any Fire employee hired after October 5, 2015 cannot receive a pension that exceeds 90% of the employee’s average final compensation.

For Police employees hired after January 10, 2011, the above benefits based on AFC and creditable service at retirement are reduced actuarially for the period of time by which retirement precedes age 50.

For all other Police employees, prior to age 55, the above benefit based on AFC and creditable service at retirement is reduced actuarially for the period of time by which retirement precedes the earlier of 25 years of creditable service and age 55. For employees who terminate with 20 to 25 years of creditable service the above benefit based on AFC and creditable service at retirement is reduced by 1.82% for each year that creditable service is less than 25 years.

For Fire employees hired after January 10, 2011, prior to age 55, the above benefit based on AFC and creditable service at retirement is reduced actuarially for the period of time by which retirement precedes the earlier of 25 years of creditable service and age 55. For employees who terminate with 20 to 25 years of creditable service the above benefit based on AFC and creditable service at retirement is reduced by 1.82% for each year that creditable service is less than 25 years.

For Fire employees hired on or before January 10, 2011 who retire on July 1, 2013 or later, the above benefit based on AFC and creditable service at retirement is reduced actuarially for the period of time by which retirement precedes the earlier of 25 years of creditable service and age 55. For employees who terminate with 20 to 25 years of creditable service and have attained age 48, the above benefit based on AFC and creditable service at retirement is reduced by 1.82% for each year that creditable service is less than 25 years. Employees that retire at age 50 with at least 20 years of creditable service receive an unreduced benefit.

Service retirement (continued)

Class B

For employees hired prior to July 1, 2006: Age 65 and older, the greater of (i) 1.60% of AFC (at age 65) times creditable service not in excess of 25 years plus 0.50% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

For employees hired on or after July 1, 2006: Age 65 and older, the greater of (i) 1.40% of AFC (at age 65) times creditable service not in excess of 25 years plus 0.50% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

In lieu of this benefit, at the time of retirement, a member may choose (i) an accrual rate of 1.90% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 1.80% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual of 0.50% for creditable service in excess of 25 years, and a Cost of Living Adjustment equal to one-half of the Cost of Living Adjustment detailed below, or (ii) an accrual rate of 2.20% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 2.00% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual of 0.50% for creditable service in excess of 25 years, and no Cost of Living Adjustment.

Except for employees detailed below, prior to age 65, the above benefit based on AFC and creditable service at retirement reduced by 2% for each year that retirement precedes age 65. For Class B IBEW employees hired before May 1, 2008, who elect a contribution rate of 4% is elected the early reduction factor is 2% for each year the retirement precedes age 65. For Class B IBEW employees hired before May 1, 2008, who elect a contribution rate of 3% the benefit is reduced by a factor which varies with age. The factor equals 1 at 65 and .4 at 50.

For Class B IBEW employees hired after May 4, 2008, the benefit is reduced by a factor which varies by age. The factor equals 1 at 65 but is equal to .356 at age 55.

For Class B AFSCME Local 1343 employees hired before January 1, 2006 that meet the Rule of 82 by December 7, 2011 but retire later than December 7, 2011, the reduction is 4% per year at ages 55 to 59 for each year under age 65, and the standard 2% per year reduction for ages 60 to 65. For other Class B AFSCME Local 1343 employees retiring after December 7, 2011, there will be full actuarial reduction from ages 55 to 59 and the standard 2% per year reduction for ages 60 to 65.

Cost of Living Adjustment

Benefits increase annually by changes in the Consumer Price Index of more than 1%. For Class A Fire employees retiring after October 5, 2015, Class A Police employees retiring after August 29, 2016, Class B AFSCME employees retiring after October 30, 2015, Class B IBEW employees retiring after March 9, 2016, and Class B Non-Union and Burlington School District employees retiring after July 1, 2017, the maximum annual increase is 2.75%. For all other participants, the maximum annual increase is 5%. Increases are not applicable to deferred vested benefit prior to commencement, survivor income benefit, disability benefit prior to normal retirement age or members who choose to have no cost of living adjustment. For all employees retiring after July 1, 2017, the maximum annual increase is 2.75%. Class B employees that retire after July 1, 2018 will not receive a cost of living adjustment prior to age 65 unless the BERS is at least 81% funded. For Class A Police employees who retire after February 1, 2019 and Fire employees who retire after March 28, 2019, the retirement COLA will be determined annually by the BERS Board equal to the CPI-U Northeast Region, with a maximum COLA of 2.75%, except that if the Class A funding level of the BERS falls below 73%, the BERS Board may reduce or vote for no COLA for the upcoming year.

Service Adjustment

Class A service for calculation of benefits shall be adjusted such that any Class A employee shall be granted 1.07 years of credit for each year in which the employee worked prior to July 1, 1996, and 1.17 years thereafter, in a position regularly assigned a workweek consisting on average of fifty-three or more hours of work per week.

Disability Retirement

Eligibility

All Members. Permanently disabled. Class B AFSCME Local 1343 employees must have 2 years of creditable service to be eligible for disabilities that are not work-related. Class A Fire employees hired after October 7, 2011 must have 1 year of creditable service to be eligible for disabilities that are not work-related. All other employees are immediately eligible.

Amount of Benefit

A benefit payable until normal service retirement eligibility (Class A - age 55 and 5 years of creditable service, Class B - age 65 and 5 years of creditable service). For Class A Fire employees hired after October 7, 2011, it is equal to 66 2/3% of the member's earnable compensation less workmen's compensation. For Class B IBEW employees hired after October 20, 2012, it is equal to 66 2/3% of the member's earnable compensation less workmen's compensation. For Class B AFSCME employees, it is equal to 66 2/3% of the member's earnable compensation less workmen's compensation and Social Security. For all others, it is equal to 75% of the member's earnable compensation less workmen's compensation and, in the case of Class B, less Social Security.

After normal service retirement eligibility, a service retirement benefit based on AFC at retirement and creditable service at normal service retirement eligibility, including the period while permanently disabled and receiving a disability benefit from the System.

Accidental Death

Eligibility

Class A only. Death due to accident while in the performance of duty.

Amount of Benefit

A benefit to the spouse until death or remarriage of the greater of (i) 55% of AFC, and (ii) the participant's current accrued retirement benefit. Upon death or remarriage of the spouse, the benefit will be payable to children until age 21.

Survivor Income

Eligibility

All Members. Death in active service.

Amount of Benefit

Class A

30% of compensation during the July preceding death payable to spouse until earlier of death or 2nd anniversary of remarriage. An additional 5% per unmarried child under 21 (maximum additional 10%) is payable until benefits cease or children no longer eligible. If there is no spouse or spouse dies, the benefit is payable to unmarried children under age 21 until earlier of death, marriage or age 21.

Survivor Income (continued)

Class B

30% of compensation during the July preceding death payable to spouse until earlier of death, 2nd anniversary of remarriage or age 62. Upon the spouse's attainment of age 62 (if not remarried) a benefit based on the 50% Joint and Survivor form of payment will be paid to the spouse for life. If there is no spouse or spouse dies, the benefit is payable to unmarried children under age 21 until earlier of death, marriage or age 21.

Return of Contributions

Accumulated contributions returned upon separation with no vested benefits under the plan or upon death with no accidental death benefit payable. Interest will accrue on these contributions at a rate of 5.5% until December 31, 2017 and 2.0% thereafter, or at a higher rate as may be set by the Retirement Board. Interest will only accrue on contributions made after June 30, 1980.

Upon death of a retired member, the excess of his contribution at retirement over the benefits paid will be paid to his beneficiary or estate.

Vested Retirement

Eligibility

5 years of creditable service.

Vesting percentage.

100% after 5 years.

Amount of Benefit

Class A

Vesting percentage times the benefit calculated using AFC and creditable service at termination. The benefit is payable commencing at age 55. Member may elect early receipt with reduction as for service retirement prior to age 55.

Class B

Vesting percentage times the benefit calculated using AFC and creditable service at termination. The benefit is payable commencing at age 65. Member may elect early receipt with reduction as for service retirement prior to age 65.

Survivor Spouse's Pension

Eligibility

All Members. Death of a terminated member entitled to a vested retirement benefit prior to commencement of such benefit.

Amount of Benefit

50% of reduced accrued benefit reflecting the 50% Joint and Survivor form of payment (ages as of date payments commence) payable at member's early retirement date. Spouse may elect to receive payments later than member's early retirement date with no reduction for receipt at member's 65th birthday.

Offsets on Benefits

Disability and accidental death benefits are offset by workmen's compensation paid for the same disability or death.

Contributions

By Members

Class A

11.0% of earnable compensation for Class A employees for the first 35 years of creditable service, and none thereafter.

Class A employees shall contribute to the BERS a percentage of their salary. The total contribution required from both the City and employees will be based on the annual system valuation prepared by the City's actuaries. Effective retroactive to July 1, 2018, employees shall contribute a percentage so that all employees are contributing 28% (and the City is contributing 72%) of the total contribution required. For Fiscal Year 2019, this means that each Class A employee contributes 12.69% of the employee's base pay. The individual employee contribution for each subsequent fiscal year will be determined prior to the beginning of the fiscal year.

Effective July 1, 2020, employees shall contribute a percentage so that all employees are contributing 29% (and the City is contributing 71%) of the total contribution required.

Effective July 1, 2021, employees shall contribute a percentage so that all employees are contributing 30% (and the City is contributing 70%) of the total contribution required.

Class B

Member contributions for Class B employees, who elected to continue to be eligible for early retirement benefits at 2% per year deduction between ages 55 and 65, in accordance with the 2006-2009 collective bargaining agreement will be 4.8% in fiscal year 2016-2017, and 5.2% beginning with fiscal year 2017-2018. Member contributions for all other Class B employees will be will be 3.8% in fiscal year 2016-2017, and 4.2% beginning with fiscal year 2017-2018.

Class B employees shall contribute to the BERS a percentage of their annual salary. The total contribution required from both the City and employees will be based on the annual system valuation prepared by the City's actuaries.

Effective retroactive to July 1, 2018, employees shall contribute a percentage so that all employees are contributing 28% (and the City is contributing 72%) of the total contribution required. For Fiscal Year 2019, this shall mean that the contribution rate for a Class B employee is 4.41% of the employee's base pay.

Effective July 1, 2020, employees shall contribute a percentage so that all employees are contributing 29% (and the City is contributing 71%) of the total contribution required.

Effective July 1, 2021, employees shall contribute a percentage so that all employees are contributing 30% (and the City is contributing 70%) of the total contribution required.

Notwithstanding the above, an individual Class B employee's contribution shall not exceed 5.6% of their eligible wages in Fiscal Year 2019, 5.8% in Fiscal Year 2020, 6.2% in Fiscal Year 2021, or 7% in Fiscal Year 2022.

Draft
April 29, 2019
Burlington Employees' Retirement Board
City Hall, Conference Room 12

Board Members Present:

- Ben O'Brien
- Beth Anderson
- Robert Hooper
- Munir Kasti
- David Mount
- Pat Robins (9:00)
- Matthew Dow (8:50)

Others Present:

- Stephanie Hanker
- Rich Goodwin
- Steve Lemanski

Called to order at 8:30am

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

2. ***Public Forum***:
   No Public Present

3. ***Approve Minutes – February 11, 2019***
   Benjamin O'Brien moved to approve the minutes as presented. Munir Kasti 2nd. Motion carries. 5-0

4. ***Approval of Retirement Application:***
   Benjamin O'Brien moved to approve presented applications. Munir Kasti 2nd. Motion carries 5:0

5. ***Ratify Refunds and Rollovers -***
   Munir Kasti moved to ratify the presented refunds and rollovers. Beth Anderson 2nd. Motion carries 5:0

6. ***Approve Retirement Office Bills:***
   No Bills presented

7. ***Review and Discuss Draft Valuation:***

Steve Lemanski presented a draft valuation for date ending June 30, 2018 to the Board.

8. ***Review and Discuss Updated Experience Study and Rate of Return:***
   Steve Lemanski presented the Board with a handout, Target Allocation and Expected Rate of Return. Beth Anderson stated Barry provided a national graph and the median rate of return showed to be 7.25% at the time of the study. Beth Anderson stated that the Board can lower the rate at this time and spend time analyzing how to reduce the rate lower over the next couple of years and the impact of the further reduction. Benjamin O'Brien stated she would prefer incremental reductions as it could have an impact on employees, and he would be comfortable with a 50 point reduction now then revisit to have a plan to lower. Steve Lemanski suggested to lower to 7.5% now then have a five year plan to reduce to 7.0%.
   Benjamin O'Brien moved to lower the assumed rate of return to 7.5% for the upcoming fiscal year. David Mount 2nd. Motion carries 7:0
   Munir Kasti moved the Board to encourage the City to have the direct rate smoothing model complete by September 2019. Pat Robins 2nd. Motion carries 7:0
   Munir Kasti moved to accept valuation with the change to the assumption of rate of return of 7.5% and the recommended changes from the experience study. Beth Anderson 2nd. Motion carries 7:0

9. ***Discussion of RFP for Outsourcing of Retirement Administration:***
   Beth Anderson, Richard Goodwin and Stephanie Hanker provided a memo to the Board requesting authorization to enter into a contract with Hooker and Holcombe for Pension Outsourcing and approval to issue a RFP for Oversight Project Management. Beth Anderson stated an RFP was issued and H&H responded. Beth Anderson stated there would be an increase of cost. Beth Anderson stated a demo can be made to the Board. Benjamin O'Brien asked if there would still be an employee available to answer questions face to face. Beth Anderson stated yes.

10. ***Discussion of RFP for Contractual Commitments:***
    Beth Anderson stated that to keep with the City's policy, an RFP should be issued this summer for investment management services.

11. ***Schedule Next Meeting of the Retirement Board:***
    May 20, 2019 1-4pm.

12. ***Other Business:***
    No other business

13. ***Adjourn***:
    Benjamin O'Brien moved to adjourn. Pat Robins 2nd. Exit 10:00am