



BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

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

Stephanie Hanker
Retirement Administrator
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Retirement Board Meeting Agenda City Hall Conference Room 12 February 27, 2015 – 9:00 AM

1. Agenda
2. Consideration of Retirement Applications
3. Discussion of Actuarial Methods and Assumptions
4. Discussion of Cost Performance and Timeline Provided by Barry Bryant
5. Other Business
6. Adjourn

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February 27, 2015
Burlington Employees' Retirement Board
City Hall, Conference Room 12

Board Members Present: Jim Strouse (via phone) Matthew Dow
Bob Rusten Robert Hooper (via phone)
Daniel Gilligan Benjamin O'Brien (via phone)

Others Present: Stephanie Hanker (SH)
David Driscoll (via phone)

1. **Agenda:**

Jim Strouse stated the discussion about performance and timeline will be deferred until Barry Bryant attends the March meeting.

2. **Consideration of Retirement Applications:**

Bob Rusten moved to approve minutes as presented. Benjamin O'Brien 2nd.
Motion carries 6:0

3. **Discussion of Actuarial Methods and Assumptions:**

David Driscoll provided the Board with a spreadsheet showing 8% with both open and closed group, as well as, if the City contributed an additional 2.5 million annually. Bob Rusten asked if we did vote to go to the open group and added the additional amount would that keep pace increasing the funding level vs. closed group. David Driscoll stated over the course of 30 years you do get to levels of funded percentages that are comparable by the end of the 30 years projected using the closed. David stated as new employees come in under the new benefits these numbers will change from year to year taking into account the lesser benefit. Bob Rusten asked why are the past service cost so different between closed and open group methods. David Driscoll stated open group method re-measures the unfunded amount each year, long term level of unfunded liability and normal cost projected over future years then spreading over future years, not same snap shot method the closed group represents. Bob Rusten asked is there a way the 2.5 million additional contributions could be rolled into ARC so there is no ability for others to play with this amount. David Driscoll stated nothing that can be enacted that someone cannot undue if they have authority, the Board can make this part of the ordinance of City of Burlington, but, ordinances can be changed. Jim Strouse stated that is true with any funding method that we have

David Driscoll stated he hopes that people have good sense of the negative effective of having a poorly funded system. Bob Rusten stated that what David has said it would not be part of the formula, it would be the formula plus the additional contribution, and the council could disregard. Bob Rusten stated the Board should talk to legal about parameters that could be put on. Bob Rusten stated to look at the spreadsheet with the comparison of closed group method and open group method with 8% return on investments, showing City of Burlington contributions, Bob Rusten asked David Driscoll why the contribution amount differs from the 2014 valuation. David Driscoll stated the information used to create the spreadsheets was taken from the 2013 valuation. Bob Rusten asked if the Board did change the funding method, when would it be effective, 2015 or 2016. David Driscoll stated that it would be up to the system and governance. Bob Rusten asked David to prepare the spreadsheet with the 2014 valuation amounts. David stated that may take 1-2 weeks. Jim Strouse stated that the Board has looked at every possible way and it looks like the open group method is more favorable and realistic with the additional 2.5 million contribution and gets the fund in line with the funding objectives.

Bob Rusten made a motion the Board delay the decision for two weeks to get the projections using the 2014 valuation information, get an opinion from legal on how to structure the funding policy so the City Council cannot change the additional contribution annually, and Bob will speak with the Mayor for formal thoughts. Matt Dow 2nd. Motion passes 6:0

4. Other Business:

Bob Rusten stated a special meeting should be done for this discussion. March 16, 2015 was set to start at 8:30am. Jim Strouse asked Bob Rusten to invite the Mayor to this meeting.

Ben O'Brien moved to adjourn, Bob Rusten 2nd. Motion carries 6:0. Meeting Adjourned 9:35am.