

**BURLINGTON RETIREMENT BOARD
CITY HALL, 1ST FLOOR BUSHOR CONF ROOM
OR
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
March 20, 2023**

MEMBERS PRESENT:

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

MEMBERS ABSENT:

Tom Chenette

OTHERS PRESENT:

Chris Rowlins
Richard Carey
Lynn Reagan
Julie Pierro
Hayley McClenahan

1.0 CALL TO ORDER

Robert Hooper called the Retirement Board meeting to order at 9:30 AM.

The agenda was adopted as presented.

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments
None.

3.0 APPROVE RETURN OF CONTRIBUTIONS

3.01 Approve Return of Contributions

Approve Return of Contributions	Amount	Effective Date of Benefit
MacKenzie Bolas, Class B	\$3,243.67	03/01/2023
Bridget O'Keefe, Class B	\$3,298.76	04/01/2023
Shelby Losier, Class B	\$24,169.24	04/01/2023
Thomas Musinski, Class B	\$3,793.30	03/01/2023

MOTION by David Mount, SECOND by Matthew Dow, to approve the return of contributions as presented.

VOTING: unanimous; motion carries (Kyle Blake absent for vote).

4.0 APPROVE RETIREMENT APPLICATIONS

4.01 Approve Retirement Applications

Approve Retirement Applications	Amount	Effective Date of Benefit	Actual First Payment Date
Eugene M. Bergman, Class B	\$6,131.47	06/01/2023	06/15/2023
Richard Hunt, Class B	\$409.17	04/01/2023	04/15/2023
David McCormick, Class B	\$2,803.16	05/01/2023	05/15/2023
Raymond Barrett, Jr., Class B	\$54.53	04/01/2023	04/15/2023
Eiko Balboa, Class B	\$404.01	02/01/2023	02/15/2023
Mary Jay Murphy-Bessler, Class B	\$100.32	04/01/2023	04/15/2023

Chief Administration Officer Schad noted that there were questions received about late service calculations, of which there are four in the above retirement applications. She noted that Lisa Heald will come to the next BERS meeting to review those calculations with the group.

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

VOTING: unanimous; motion carries.

5.0 DISABILITY RETIREMENT APPLICATION

5.01 Approve Disability Retirement Application

Approve Disability Retirement Applications	Amount	Effective Date of Benefit	Actual First Payment Date
James Fitzpatrick, Class B	\$TBD	06/01/2023	06/15/2023

Assistant Human Resources Director Reagan said that this application is for a current employee who has exhausted all possible leave options with the City and has been out of work since July. She noted that this employee met with the City medical examiner on March 1, and has been diagnosed with a condition that prevents him from performing his job requirements. She noted that the employee is a plant operator in

the wastewater department, which is a physical job that requires a significant amount of pushing, pulling, lifting, stooping, and other physical activities. She said that she believes that the member is eligible for disability retirement, but should be monitored over the two-year period until they apply for social security. She noted that the member is 58 and that though his condition has the option of having surgery, he has opted not to have surgery. Mr. Blake asked if the employee must pursue all medical and treatment options prior to qualifying for disability. Assistant City Attorney McClenahan clarified the requirements around disability for the first two years and then after two years.

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

VOTING: unanimous; motion carries.

6.0 ADMINISTRATIVE UPDATE

6.01 Administrative Update

Chief Administration Officer Schad noted that Lisa Heald is continuing to fill the Retirement Administrator role. She noted that the City is recruiting for a Director of Financial Operations position.

Chair Hooper asked whether there was an obligation for the BERS Board to weigh in on the DROP situation based on the State's fiduciary standards. Assistant City Attorney McClenahan replied that the BERS Board can issue recommendations to City Council, but it is ultimately the Council's decision and authority whether or not to implement the DROP. Chief Administration Officer Schad said that the City is still in discussions with the Police and Fire Departments and are still in the design phase. Mr. Blake recommended that a member of this board sit in on the meetings around the DROP, given that the BERS Board would likely issue a recommendation around the DROP to the City Council. Mr. Robins said that he would be willing to attend the DROP meetings as the BERS designee.

7.0 FIDUCIARY

7.01 Investment Portfolio and Performance Update as of 2/28/2023

Mr. Rawlins began by providing a recap of fourth quarter 2022 performance, noting that the portfolio returned over 7% at the end of 2022 and 6% in January of 2023. He noted that this didn't carry through February, given a stronger jobs market performance and sustained inflation. He noted that bonds still returned around 2% so far in 2023, the global equities market has softened somewhat. He noted rallying in the technology sector, and anticipated higher returns as interest rates (eventually) decrease.

Mr. Rawlins then spoke about the portfolio's performance specifically. He noted that the portfolio's asset allocation is currently on target. He noted that the portfolio was overall 2.5% down in February. He noted a 4.5% overall return for the fiscal year. Mr. Robins asked about the duration and length of the fixed-income portfolio. Mr. Rawlins replied that in February, the BERS Board implemented BlackRock in anticipation of interest rates raising in 2022. He said that since the BlackRock was implemented, the aggregate was down almost 10% (though BlackRock was down only around 3%, which protected the BERS portfolio during volatility). He noted the two active managers within the fixed-income asset allocation. He noted decreases in both the domestic and international equities markets for the month, though year-to-date performance showed growth.

Mr. Rawlins spoke specifically about the recent failing of Silicon Valley Bank, noting that it is an outlier in that it isn't a retail bank but one that specialized in the technology sector and venture capitalists. He noted that as tech startups typically rely on bonds with a longer duration, those bonds suffered due to high interest rates, causing an imbalance between liabilities and cash flow. He said that this will likely lead to

tighter underwriting standards, restrained lending, and less available credit. He said that where the SVB failing will impact BERS will likely be in the Mellon Small Cap Core, though there is a small amount of exposure.

7.02 Review of UBS Trumbull Properties Fund – Julie Pierro, Executive Director and Real Estate Investment Specialist

Ms. Pierro began by speaking about the news that broke overnight about UBS acquiring Credit Suisse. She said that these are Switzerland's two leading banks and that they are working with governments and international regulators and that there will be more news to follow. She said that she does not anticipate impacts to BERS and its holdings in the UBS Trumbull Properties Fund. She also noted that there was no investment by SVB in the UBS Trumbull Properties Fund.

She noted that the Trumbull Property Fund is part of the real estate private markets organization in the Asset Management Division of UBS. She said that the real estate team has been investing for over 40 years and that the Trumbull Property Fund's inception date was 1978. She noted that the fund has around \$17 billion in assets and can be considered an alternative for fixed-income. She said that having a low leverage profile for the fund was good during economic downturns, but they will look to increase their leverage as the market picks up. She said that the fund's return since inception is around 8.46% and the gross dividend yield is around 3.3%. She noted that the fund was completely restructured in 2020. She said that they have shifted from traditional office space to life science office spaces, have sold out of many of their mall holdings but are focused on other types of retail, and have holdings in self-storage and cold storage. She said that restructuring the fund has brought them closer to the performance of their closest competitor (Odyssey).

Ms. Pierro spoke about the redemption pool activity over the last several years. She noted that the balance as of January 2021 was \$8.2 billion, that there is \$3.3 billion in redemption funding, and that there were \$1.3 in new redemption requests between 2021 and 2023, and that the balance as of February 2023 is \$7 billion. She said that the transaction market has slowed and that because sales are generally how they fund redemption requests, the fund did not make redemption payments in January and does not anticipate making any in April. She said that as a result of that, they have extended their loyalty fee discount (25% for 4 years).

Mr. Blake asked about whether the fund has shifted focus and increased allocation for apartments. Ms. Pierro replied that the fund has always had a heavy focus on apartments and that their properties tend to be in large markets in well-leased areas. She said that though they recognize the importance of ESG, they are not an impact fund and don't have a focus on investing in affordable housing.

The BERS Board and Fiducient discussed the pros and cons of remaining in the UBS Trumbull Fund's redemption pool, alternatives such as getting out of the pool and taking the 25% discount, and the question of whether to get out of property altogether. Mr. Rawlins said that Fiducient believes that private real estate does have a role in the portfolio. Mr. Mount requested that Fiducient prepare an analysis on what returns are from Trumbull currently and what the returns would look like if the portfolio exits the redemption pool and takes the 25% fee discount. Mr. Blake asked if Fiducient could provide a comparison of other comparable real estate funds and what performance would look like were the BERS portfolio to diversify in their private real estate investment holdings. Mr. Rawlins said that they will put together that analysis and comparison.

9.0 ADJOURN

9.01 Motion to Adjourn

The meeting adjourned without objection at 11:03 AM.

RScty: AACoonradt