**BURLINGTON RETIREMENT BOARD**

**REMOTE MEETING WITH CALL-IN**

**BURLINGTON, VERMONT**

**MINUTES OF MEETING**

**Final**

**June 29, 2021**

**MEMBERS PRESENT:** Robert Hooper, Chairperson

Munir Kasti, Vice-Chairperson

 Patrick Robins

 David Mount

 Ben O’Brien

 Daniel Gilligan

 Matthew Dow

 Katherine Schad

 **OTHERS PRESENT:**  Rich Goodwin

 Chris Rowlins

 Kate Pizzi

 Jim Strouse

 Justin St. James

 Joel Hainsfurther

 Oakley Duryea

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**1.0       CALL TO ORDER**

Robert Hooper called the Retirement Board meeting to order.

**The agenda was adopted without objection.**

**2.0      PUBLIC FORUM (VERBAL)**

2.01 Verbal Comments

None at this time.

**2a.0 APPROVE MEETING MINUTES**

* May 17, 2021

**MOTION by Ben O’Brien, SECOND by Katherine Schad, to approve the May 17, 2021 minutes as amended.**

**VOTING: unanimous; motion carries.**

**3.0 APPROVE RETIREMENT APPLICATIONS**

3.01 Approve Retirement Applicants

* Betty Gelles, Class B, $278.69
* Brenda Woods, Class B, $323.63
* Ethan Thibault, Class A, $1,656.11
* James Evans, Class B, $41.37
* John Van Vught, Class B, $171.78
* Sandra Niquette, Class B, $396.22

**MOTION by Munir Kasti SECOND by Katherine Schad to approve the retirement applications as presented.**

**DISCUSSION:**

* **Mr. O’Brien noted that in the Thibault application there is no end date on the employment. Finance Director Goodwin replied that there should be a termination date, and he will provide that information to the Board.**
* **Mr. Mount asked about the Niquette application’s termination date, since it looks incorrect. Finance Director Goodwin replied that the leave time that is used by some employees impacts the termination date, and he will look into it and provide follow up information. Mr. Mount also asked about the Van Vught application, noting that the employee only worked for the City for 3 years but it seems like he is vested. Finance Director Goodwin replied that the policy for vesting had been fewer than 5 years several years back.**

**VOTING: unanimous; motion carries.**

**4.0 APPROVE RETURN OF CONTRIBUTIONS**

4.01 Approve Return of Contributions

* Mathew Walker, Class B, $2,562.22

**MOTION by Ben O’Brien, SECOND by Munir Kasti, to approve the return of contributions applications as presented.**

**VOTING: unanimous; motion carries.**

**5.0 FIDUCIENT ADVISORS PRESENTATION**

5.01 Manager Search: Dynamic Bond Mandate

Ms. Pizzi began the presentation by describing dynamic bond managers and what flexibilities they have compared to the BERS current bond manager. She said that they have the flexibility to adapt to changing bond markets by using fixed-income levers than what is available to a core bond manager. She said that they can actively manage interest rate risk and credit risk.

Ms. Pizzi presented several potential managers for active management of the dynamic bond market, including Blackrock Strategic Income Opportunities fund, JP Morgan Strategic Income Opportunities fund, and PIMCO Dynamic Bond Institutional fund. She described each of them and the investment strategies they use.

Mr. Mount noted that bonds are currently scarce due to low interest rates and asked how each manager is able to find bonds. Ms. Pizzi replied that each has size in the market and that the fixed-income market is very active, with both high supply and demand.

Ms. Pizzi said that Fiducient’s recommendation is to invite Blackrock and PIMCO to speak to the BERS Board on their strategies and activities. Mr. Robins said that they will be relying on Fiducient’s expertise and recommendations when considering what manager would be the best fit for the portfolio. Mr. Mount agreed. Other BERS Board members agreed. Fiducient will do so, and will help coordinate an interview for the BERS meeting in August or September.

5.02 Manager Search: Emerging Market Equities – Growth and Value Mandates

Ms. Pizzi began by noting that the BERS Board approved a 10% allocation to Emerging Market Equities in April of 2021, and that Fiducient recommended that they consider engaging one manager within each style of growth, given the complexity of the market. She noted that the $24.5 million estimated allocation will be split 50/50 for each Value Equity and Growth Equity. She noted the recommended managers for Value Equities, which include ARGA Emerging Market Equities, PIMCO RAE Emerging Markets, and RBC Emerging Markets Value Equity. She noted the recommended managers for Growth Equities, which include Baron Emerging Markets, GQG Partners Emerging Markets, and Harding Loevner Instl Emerging Markets. She described each of them and the investment strategies they use.

The BERS Board will discuss these managers further in September or October.

5.03 Monthly Performance Updates

Ms. Pizzi said that equities were fairly positive for the month of June and that it has been a strong fiscal year.

**6.0 ADMINISTRATION UPDATES**

6.01 Administration Updates

City Attorney Blackwood said that there was an arbitration with the IBEW union earlier this year and there was a decision against the City on the case, and the decision affects the Retirement fund. She said that back in 2008, in the IBEW union contract there was a provision around COLA. She said that when the IBEW contract was negotiated, there was a paragraph about full COLA, and then a few paragraphs about half or no COLA, which said that people would receive a multiplier for all years of service. There is standard language in the ordinance that says after 25 years, the multiplier is 0.5. She said that it looks like the 0.5 wasn’t applied to half COLA and no COLA. Many members were electing half or no COLA and their multiplier was being reduced to 0.5. The arbitrator has ordered that anyone in this category are now entitled to have their full multiplier through all years of service. She noted that Hooker & Holcombe conducted an evaluation and found that there are 24 employees that fall into this category and are retired, and $1,234,000 in back benefits is owed to them, to be paid from BERS. The benefits will be paid out of BERS and attributable to BED. There are another 29 IBEW employees who are currently employed at BED and are eligible for this. She said that there will be an additional annual retirement contribution that will be paid, of around $353,000 per year. Finance Director Goodwin noted that the retroactive payments will be paid on July 15 and that the modifier calculation has been adjusted to reflect the decision. Mr. Hooper confirmed that there would be no cash flow issues with the fund.

**MOTION by Ben O’Brien, SECOND by Matthew Dow, to approve the arbitrator’s decision and authorize the allocation of the funds to be paid to the individuals identified as affected by this settlement.**

**VOTING: unanimous; motion carries.**

Mr. Robins asked about the impact of this settlement on the fund’s unfunded liability and assumptions about return. City Attorney Blackwood said that there will be no affect this year, but in future, that $353,000 is equivalent to under 2% of the unfunded liability. She said that she would get a firmer number for the Board from Hooker & Holcombe.

**7.0 ADJOURN**

7.01 Motion to Adjourn

**MOTION by Matthew Dow, SECOND by Ben O’Brien, to adjourn the meeting.**

**VOTING: unanimous; motion carries.**
**`**

Without objection the meeting was adjourned.

*RScty: AACoonradt*