



BURLINGTON RETIREMENT SYSTEM

City of Burlington

City Hall, Room 20, 149 Church Street, Burlington, VT 05401

Robert Hooper, Chairman of the Board

Munir Kasti, Vice-Chairman

Meeting – Monday, April 19, 2021

Start Time – 9:00 AM – 10:30 AM

Join Zoom Meeting:

<https://us02web.zoom.us/j/85261644826?pwd=SmI1amsvSkRmNzFSU29sV2VOMXhNUT09>

Meeting ID: 852- 6164- 4826

Passcode: 834923

You may join by phone, dial +1 929 205 6099, meeting # 852-6164-4826

1. Agenda
2. Public Forum
3. Approve Meeting Minutes
 - 01-21-21
 - 02-18-21
 - 03-15-21
4. Approve Retirement Applications
 - Betty Gill, Class B, \$1,109.33
 - Bonni Clavelle, Class B, \$214.66
 - Charles Cavanaugh, Class B, \$62.63
 - Cynthia Cartier, Class B, \$169.24
 - Jerry Tomlinson, Class B, \$549.20
 - Julie Cadwallder, Class B, \$768.18
 - Melissa Allen, Class B, \$734.35
 - Michelle Lefkowitz, Class B, \$37.25
 - Robert L'Ecuyer, Class B, \$602.19
 - Rosemary Rawlings, Class B, \$32.76
5. Approve Cash Outs / Roll Forwards
 - Brian Fitzgerald, Class A - \$3,075.99
 - Christopher Brassard, Class B - \$52.99
 - Colton Dober, Class B - \$14,072.82
6. Approve Disability
 - Douglas Bedell, Class B, \$3,024.41
7. Fiducient Advisors Presentation

- Investment Report as of March 31, 2021
 - Fossil Fuel Divestment Report for Burlington City Council
 - Investment Policy Statement
8. Retirement Board Terms Expiring June – Patrick Robins, Munir Kasti, Daniel Gilligan, applications due May 14th, at 4:30 pm
 9. Administration Updates
 10. Adjourn

**BURLINGTON RETIREMENT BOARD
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
January 21, 2021**

MEMBERS PRESENT:

Robert Hooper, Chairperson
Munir Kasti, Vice-Chairperson
Benjamin O'Brien
Daniel Gilligan
Patrick Robins
David Mount
Matthew Dow
Katherine Schad

OTHERS PRESENT:

Rich Goodwin
Justin St. James
Bob Rusten
Steven Roth
Kathryn Pizzi
Chris Rowllins
Karen Paul

1.0 CALL TO ORDER

Robert Hooper called the Retirement Board meeting to order at 8:31 AM.

MOTION by Matthew Dow, SECOND by Daniel Gilligan, to adopt the agenda.

VOTING: unanimous; motion carries.

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments
None at this time.

3.0 APPROVE MINUTES

3.01 Approve Minutes

MOTION by Munir Kasti, SECOND by Daniel Gilligan, to approve the minutes with the following amendments:

- **December 10, 2020 - none**
- **December 18, 2020 – strike “and approve” from motions for agenda items 8.0-10.0**
- **December 23, 2020 - none**

VOTING: unanimous; motion carries.

4.0 REVIEW OF FINANCIAL RESULTS – Q4 2020

4.01 Review Financial Results from Q4 2020 – DAHAB Associates

Chief Investment Officer Steven Roth walked through the Q4 financial results. He reviewed economic statistics. He noted increased GDP in the fourth quarter, which follows a strong third quarter, and could mean that 2020 will be relatively flat in terms of growth. He noted that industry surveys are relatively positive and also noted increases in pricing, which indicates that inflation is rising slightly. He additionally noted that the dollar has weakened against the Euro, which has implications for investments in other currencies and has helped the portfolio for the quarter.

He noted that the quarter was strong, meaning that 2020 will finish on a positive. This is being driven by massive stimulus, vaccine optimism, and expectations on the federal side to keep interest rates low. He noted that major indices showed increases and finished strong for the quarter.

He spoke about the portfolio’s performance, saying that the fund was up 12.7% net in the quarter, that fiscal year to date is up 19% and that calendar year to date is up 13.7% gross, 12% net. He said that what has helped this quarter are equities, and that non-equities did not perform as well. He said that the total portfolio is currently approximately \$227.7 million at the end of the quarter, comparing it to Q4 of 2019, where it was approximately \$206 million. He discussed asset allocation, said that the equity markets are currently doing well and should continue to do well. He suggested taking percentage out of Mellon large and putting it into fixed income, to be conservative.

Mr. Kasti asked about the -1.4% pooled cash, which is money the City puts into the system but isn’t part of the system. Rich replied that it’s a liability and is the actual amount of money that has been advanced to the Retirement Fund for their expenses, which will be reimbursed by the end of the fiscal year.

5.0 APPROVE RETIREMENT APPLICATIONS

5.01 Approve Retirement Applicants

Clark Sweeney - \$77.35

Cynthia O’Hara - \$132.34

Jeanne Hulsen - \$2,454.06

William Benway - \$12.28

MOTION by Benjamin O’Brien, SECOND by Matthew Dow, to approve the retirement applications as presented.

VOTING: unanimous; motion carries.

6.0 APPROVE CASH OUTS/ROLL FORWARDS

6.01 Approve Cash Outs/Roll Forwards

Gregory Short - \$45,957.95

Jessica Brooks - \$3,801.97

MOTION by Daniel Gilligan, SECOND by Munir Kasti, to approve the cash outs/roll forwards as presented.

VOTING: unanimous; motion carries.

7.0 INTRODUCTION – DIMEO SCHNEIDER & ASSOCIATES

7.01 Discussion and Training on Divestment Strategies

Prior to the beginning of the presentation, Mr. Hooper asked for an additional training on fiduciary responsibility. Ms. Pizzi replied that DiMeo could set that up.

City Attorney St. James provided a brief summary of the authority over investments in the pension. He noted that under the current structures, the sole investment powers over the pension system reside with the Burlington Employee Retirement System (BERS) Board. He said that City Council has delegated those powers as a whole to BERS, based on the structure of its charter and ordinances, which means that BERS is the sole decision-making entity in terms of investment decisions. He caveated that City Council would be able to amend that decision in future, if it desired.

Ms. Pizzi noted that this discussion is a kick-off about fossil fuel divesting, per resolution passed by City Council in November of 2020. She noted that implementation of divestment strategies will likely be easier for Burlington than other municipalities due to the current portfolio structure. Mr. Rusten asked about fiduciary consequences if decisions around investment are made based on policy goals and not necessarily on returns. Ms. Pizzi replied that regulation on this type of decision-making was recently released by the Department of Labor in October for plans subject to ERISA. While BERS is not subject to ERISA, she noted DiMeo believes it is best practice for municipal plans to follow the spirit of ERISA when possible, and that her team will be prepared to speak on it at a future meeting. Mr. Rusten expressed concern that individual members of BERS could be vulnerable to lawsuits based on some of these divestiture decisions, and that these concerns are currently being explored.

Mr. Robins asked how many other big plans have moved in this direction. Mr. Rowlinson replied that the State of New York became the first state plan to divest from fossil fuel investments by 2025. He said that it won't be a blanket divestment, and that the state is looking at each of its holdings to determine what constitutes fossil fuel investment. He noted that they have not seen municipal plans do this yet. Ms. Pizzi added that they have seen it more commonly in the university space, through student-led pushes. She said that one challenge is that many plans are still in the divestiture process, so there is limited long-term data yet available.

Mr. Rusten suggested that this is precedent-setting, and the strategy that is used for this divestiture exercise should be the one used for any future divestments.

Mr. Rowlinson began the presentation, which provides background on Burlington's fossil fuel initiative over the years and the requirements of BERS as outlined in the fossil fuel divestment resolution passed by the City Council in November 2020. He walked through past resolutions that pertained to divestment from fossil fuel investments. He noted that prior reports indicated that as of January 2016, Burlington's retirement portfolio contained approximately \$3 million in fossil fuel investments, which represented less than 2% of its equities' portfolio.

Ben O'Brien said he was on the task for that looked at fossil fuel investments in the past. He noted that the BERS fund is the only fund in the City that is invested anywhere. He noted that many of the examples the task force examined, such as municipalities and college funds were

only divesting their Cities' funds, not pension funds. He said that the task force also discussed what the actual cost is of keeping the carbon investments out of the pension's portfolio and longer-term monitoring. He said that the state conducted an analysis of this and saw that it would likely cost more to monitor to keep the fossil fuel stocks out of portfolio. He said that maybe investing a more socially responsible manner is an option, but that it would not be prudent to invest or divest in ways that would harm the fund, based on policy decisions.

Ms. Pizzi asked about the requirements of the BERS board to implement the City Council's resolution. Mr. O'Brien said that it seems like the BERS board has been tasked with all aspects of divestiture, and will need to devise its own plan and timeline. Mr. Kasti asked City Attorney St. James what the mandate from City Council entails. City Attorney St. James replied that the resolution has a number of requests rather than demands, since City Council has ceded power over those decisions to the BERS board. Ms. Pizzi added that it sounds like they are directives for information, including a report on current exposure to fossil fuels, a request that BERS to commits to divestment where feasible, and a request to submit a timeline for divestment.

Ms. Pizzi walked through the timeline and key deliverables for the directives of BERS as laid out by City Council. She said that at BERS' February meeting, DiMeo would present to BERS an analysis of the pension portfolio's fossil fuel holdings using the Carbon Underground 200 as a metric for doing so. At its March meeting, DiMeo would present an approach, process, and timeline for divestment, as well as discuss investment strategies and formalize a process to meet annual reporting requirements. In April, DiMeo would provide BERS with a fossil fuel holding report and divestiture plan, and BERS would present a divestiture report to the City Council at the end of April.

Mr. Kasti asked whether the allocation of the investment structure would be reviewed. Ms. Pizzi replied that yes.

Mr. Rusten suggested analyzing rate of return and costs at the March meeting as well. Ms. Pizzi agreed, and said that the approach and process would include that information.

Chief Administrative Officer Schad thanked the DiMeo consultants for this presentation and its work plan.

Ben O'Brien asked City Attorney St. James what kind of flexibility BERS has with respect to the resolution and its deadlines. City Attorney St. James replied that there could possibly be a reprieve as long as BERS is working in good faith on these directives.

Several board members asked whether the City has professional liability insurance for its employees, and Finance Director Goodwin replied that he would send insurance policy information to the BERS members.

8.0 ADJOURN

8.01 Motion to Adjourn

MOTION by Daniel Gilligan, SECOND by Patrick Robins, to adjourn the meeting.

VOTING: unanimous; motion carries.

RScty: AACoonrad

**BURLINGTON RETIREMENT BOARD
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
February 18, 2021**

MEMBERS PRESENT:

Robert Hooper, Chairperson
Munir Kasti, Vice-Chairperson
Daniel Gilligan
Patrick Robins
David Mount
Katherine Schad

OTHERS PRESENT:

Rich Goodwin
Justin St. James
Paul Plunkett
Kate Pizzi
Chris Rowllins
Richard Carey

1.0 CALL TO ORDER

Robert Hooper called the Retirement Board meeting to order at 8:31 AM.

MOTION by Patrick Robins, SECOND by Munir Kasti, to adopt the agenda.

VOTING: unanimous; motion carries.

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments

None at this time.

3.0 APPROVE MINUTES

3.01 Approve Minutes – January 21, 2021

MOTION by Munir Kasti, SECOND by Daniel Gilligan, to approve the minutes.

VOTING: unanimous; motion carries.

4.0 APPROVE RETIREMENT APPLICATIONS

4.01 Approve Retirement Applicants

- Kathy Lothian, Class B - \$450.07
- Marsha Dunfee, Class B - \$272.79
- Terry Boylan, Class B - \$2,230.23

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

DISCUSSION:

- **Mr. Robins asked about the new contractor performing calculations for the BERS system. Finance Director Goodwin replied that the new contractor is performing satisfactorily, and Mr. Gilligan concurred.**

VOTING: unanimous; motion carries.

5.0 APPROVE CASH OUTS/ROLL FORWARDS

5.01 Approve Cash Outs/Roll Forwards

- Robert Petit, Class A - \$38,978.67
- Joel Morales, Class B - \$9,378.45
- Kelly Badea, Class A - \$23,895.13
- William Drinkwine, Class A - \$80,495.77

MOTION by Daniel Gilligan, SECOND by Katherine Schad, to approve the cash outs/roll forwards as presented.

DISCUSSION:

- **Mr. Kasti asked about the interest rate being provided for the cash outs, noting that it was reduced from 5% to 2% in 2017, and whether that rate will change further. Finance Director Goodwin replied that the rate is fixed and that the current percentage comes from charter and contract language which is used by the actuaries to perform their calculations.**

VOTING: unanimous; motion carries.

6.0 APPROVE DIMEO SCHNEIDER & ASSOCIATES CONTRACT

6.01 Approve DiMeo Schneider & Associates Contract

City Attorney St. James spoke about the draft investment advisory and consulting agreement that has been circulated, which sets forth the terms for engagement and rights and responsibilities between DiMeo and the City. He said that large parts of the City's standard terms and conditions were merged with DiMeo's standard contract language, so that it is a fairly *pro forma* contract.

Mr. Robins asked whether the Board of Finance needs to approve this contract. City Attorney St. James replied that this Board has the authority to execute this contract independent of the Board of Finance or City Council.

Mr. Kasti asked about the advised services as outlined in the appendix of the agreement and said he was not clear on the contractor's responsibility to review and recommend actuarial calculations, such as a return on investment. Ms. Pizzi replied that they are responsible for

what falls under their purview in being able to support the return on plan asset assumption. Mr. Rowlins added that they would be happy to participate in conversations with actuaries and be available for consultation around actuarial work.

Mr. Robins asked if the Burlington Employee Retirement System (BERS) Board has a stated position or mission statement about whether an unfunded liability is acceptable or whether they need to close the unfunded gap. Mr. Hooper said he was unaware of a strategic plan to get rid of the unfunded liability. He said it was more of a demographic than a contribution issue, that the BERS Board's role is to change the rate of contribution, and that the unfunded liability is a bit out of the Board's control. Mr. Rowlins agreed that the challenge is in intergenerational tax implications. He said that several of his clients have funded the deficit in different formulaic ways. He suggested meeting with the actuaries to discuss current assumptions and to gauge opportunities for adjustment moving forward. Finance Director Goodwin noted that an increased portion of the cost share is coming from employees to reduce the burden on taxpayers. He also noted that the Mayor has a goal of achieving a funding ratio of 80% over a threshold of 5 years, adding that the funding ratio is currently around 71%. Mr. Robins suggested meeting with both the actuary and the Mayor, based on some of his stated priorities around the retirement fund.

Finance Director Goodwin will warn a discussion with the actuary and the Mayor.

MOTION by Patrick Robins, SECOND by David Mount, to approve the contract between the City of Burlington Employees' Retirement System and DiMeo Schneider and Associates, LLC.

VOTING: unanimous; motion carries.

7.0 HICKOCK & BOARDMAN INSURANCE GROUP – FIDUCIARY LIABILITY INSURANCE

7.01 Hickock & Boardman Insurance Group – Fiduciary Liability Insurance

Mr. Plunkett provided an overview of the Board's fiduciary responsibility to oversee contracts, vendors, administrative protocols, and their role as fiduciaries of the retirement plan. His recommendation is to buy \$5 million to \$10 million of limit, which would include no deductible and would be first dollar coverage. He said that the policy would name the Retirement Board and the internal administrator (City) in this policy as individuals covered by the policy itself.

Mr. Hooper said that there is currently some coverage for City employees. Mr. Plunkett replied that there is an employee benefit liability, but covers the employees but not the administrators. He said that most of the claim activity within this is in the health insurance space, such as when a carrier denies coverage.

Mr. Hooper asked Chief Administrative Officer Schad about coverage for City staff. He asked if the City is going to pick up the cost for the Board, or if it is more advisable that the Board does that itself. Chief Administrative Officer Schad replied that this is specific to this board and would be paid for by the fund.

Mr. Plunkett asked if the approach would be for the City is indemnifying and holding the BERS Board harmless, as it would with other boards, and then have the additional insurance overlay that. He said that if \$10 million of coverage is purchased, it would be around \$20,000 per year in premium payments. Mr. Robins said the Board has much higher level of management responsibility than any other volunteer Board. Mr. Plunkett said that this has a significant amount of liability to this board, and would be prudent to have some form of coverage in place. He said that the challenge in buying more coverage is that the City would need to engage several insurers. He said another challenge is that a large amount of coverage creates the potential for moral hazard, since it could result in the Board acting with less fiduciary responsibility.

Mr. Hooper asked about process moving forward. Mr. Plunkett said that they are in the exploration phase with the City, and that the purpose of this conversation is to gauge limits and scope of coverage. He said that the City will fill out an application for coverage. Mr. Rowllins asked if they are aware of any litigation for public plans for states or municipalities. Mr. Plunkett replied that not in their book of business for the public entity space. Mr. Rowllins said it would be interesting to see what kinds of allegations are being brought in suits against public plans. Ms. Pizzi noted that corporate plans are subject to ERISA, which has the advantage of giving specific guidelines.

Mr. Hooper asked whether the City could take action against the Board, since the Board is independent of the City in terms of decision-making. City Attorney St. James replied that the Board is still technically a subdivision of the City and that some of the indemnification issues discussed here would need to be teased out prior to making this determination, but that it would be unlikely that the City would take action against the Board. City Attorney St. James said he would look into this further.

Mr. Robins said that a mission statement and strategic plan for the BERS Board would be helpful in determining coverage.

8.0 DIMEO PRESENTATION

8.01 Market Update

Mr. Rowllins provided a market recap for January 2021. He said that there were mixed results for capital markets due to some political activity. He said that equity results were mixed as well. He provided an update on the fixed income market, noting that interest rates were trending higher at the end of January. He said that core bonds were negative. He provided an equity market update, noting that small cap stocks were up 5%, whereas other components and segments were slightly lower. He said that developed international markets were lower, but emerging markets were meaningfully higher due to recovery in commodity prices and technology. He showed the S&P 500 activity as a reference. He provided a more granular update for financial market performance. He noted a stronger rally in February except in core fixed income and expressed concerns about inflation based on stimulus activity. He provided a summary of the BERS portfolio's unaudited performance broken out by allocation as of the end of January, noting that it stood at around \$231 million. Ms. Pizzi noted that the trend was generally flat for the month of January, but that the first two weeks of February were significantly up.

8.02 Fossil Fuel Exposure within the BERS portfolio

Ms. Pizzi noted that a key requirement of the City's resolution on divestment is to provide an analysis of exposure to fossil fuels within the BERS portfolio and to summarize any findings. She outlined the divesting process and noted that the City has defined divestment as excluding any investment in companies listed in the Carbon Underground 200™. She said one question for the Board to consider is whether they should be examining investments that are not return-focused or financially-focused. She noted key deliverables, which include analyzing the City's resolution, reporting on current exposure, proposing an approach, process, and timing for divestment, reviewing asset allocation, assessing the cost of divestment, and ultimately to present a divestiture plan to the Board and then to City Council in April.

Ms. Pizzi outlined the portfolio's exposure to fossil fuel investments. She compared the global equity market with and without fossil fuels, noting that they look relatively similar. She noted differences in the energy sector, the utilities sector, and the materials sector. She looked at the markets' characteristics with and without fossil fuel, noting that the annual dividend yield when excluding fossil fuels is 0.2% lower. She also noted that excluding fossil fuels would exclude 60 companies or under 7% of the total number of companies. She noted the benefit of divesting would be to decrease the portfolio's carbon footprint by 24%.

Ms. Pizzi provided an overview of how fossil fuels may impact the portfolio's performance. She noted some short-term volatility in the energy sector. Mr. Hooper asked about how automobile manufacturers' decision to move away from the production of fossil fuel-driven cars will impact this assessment of past trends. Ms. Pizzi replied that while it's impact is not captured in these historical numbers, she would expect that it will change the future landscape. She said it will be good to assess where the BERS Board wants to move forward with investing in cleaner energy, but that that is not the scope of the City's request.

Ms. Pizzi reviewed the BERS investment portfolio's overall fossil fuel exposure, based on the companies on the Carbon Underground 200™ list. She noted that the overall exposure for the portfolio is 1.96% or \$4,473,689. Mr. Robins asked how to extricate the funds from an index rather than a portfolio. Ms. Pizzi said that it will be possible to extricate them. She noted that there will be an additional cost to screening those index fund to divest. She summarized the asset classes for the large caps. She compared the 10-year returns with fossil fuels included versus the backtested returns if they had divested from fossil fuels.

Mr. Robins asked about how a downward trend in oil prices could impact this analysis. Ms. Pizzi replied that the energy sector has been the best performing sector in the S&P 500 in 2021 but one of the worst in 2020. She said that market is subject to short-term volatility due to OPEC cutbacks and potential decreased demand. Mr. Hooper asked if the energy companies themselves are switching to cleaner energies, and how that could change this picture.

8.03 Fiduciary Education and Best Practices

Ms. Pizzi provided a summary of best practices around fiduciary responsibility. She said that they generally fall into three categories, which include examining best practices when carrying out fiduciary oversight, knowing one's duties as a fiduciary, and establishing and following a process for proper oversight. She noted that the duties include loyalty, prudence, diversity of investments, following plan documents, and avoiding prohibited transactions. She noted that while public plans are not subject to ERISA regulations, they are subject to applicable IRC provisions and state laws, and best practice is to comport oneself in the spirit of ERISA. She additionally noted recent Dept. of Labor regulation, which says that decisions about investment must be made based on economic considerations rather than non-pecuniary considerations (such as social and environmental considerations). Mr. Robins suggested that members of City Council be informed of and educated on this requirement, so that they are aware of potential restrictions around divestment when making decisions in future.

Ms. Pizzi then spoke about establishing a governance process and provided an overview of the fiduciary governance calendar. She highlighted general activities for each quarter, which include the first quarter will focus on reviewing fees, the second on investment policy, practice, and fiduciary training, the third will focus on the municipal landscape and actuarial review, and the fourth quarter will focus on asset allocations and capital market assumptions.

9.0 CPI CONVERSATION

9.01 CPI Conversation

Chief Administrative Officer Schad began the discussion by noting that 2021 did not see any COLA increases in BERS for retirees and that a number of questions have been fielded by City staff around this, particularly because there were 2021 COLA increases for Social Security income checks. She noted that the Social Security Administration utilizes a different methodology for calculating COLA than the City (the SSA uses the Consumer Price Index (CPI) for urban and clerical workers, whereas the BERS uses a regional CPI for the Northeast). She said that the City's actuary has noted that the utilization of a regional CPI is industry best practice. She added that the City's actuary has also conducted a review of the COLAs over time (from 1989 to 2020) paid by the SSA and BERS and saw that they generally tracked with each other in terms of trends, with the BERS COLA tending to be slightly more generous. She said that based on this analysis, the City's recommendation is not to take any action but suggested issuing a communication to retirees explaining the difference and explaining why the City did not have a COLA increase for the past year.

Finance Director Goodwin outlined the process for determining COLA increases based on CPI indices. He said that the auditors verify that the calculations are in good standing, then the City's retained actuaries also verify that the calculations are in good standing, and that the City Attorney's Office additionally verifies that the calculations are in good standing, after all of which the finding is brought to the BERS Board with a recommendation based on the calculations. He said that the BERS Board ultimately votes on whether there is a COLA increase, based on the previously outlined steps. Finance Director Goodwin noted that this course of action occurred for 2021 in the November and December 2020 meetings.

10.0 ADJOURN

10.01 Motion to Adjourn

MOTION by Katherine Schad, SECOND by Patrick Robins, to adjourn the meeting.

VOTING: unanimous; motion carries.

RScty: AACoonrad

**BURLINGTON RETIREMENT BOARD
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING**

DRAFT

March 15, 2021

MEMBERS PRESENT:

Robert Hooper, Chairperson
Munir Kasti, Vice-Chairperson
Patrick Robins
David Mount
Ben O'Brien
Matthew Dow
Katherine Schad

OTHERS PRESENT:

Rich Goodwin
Justin St. James
Steve Lemanski
Robert Lessard
Chris Rowllins
Kate Pizzi
Matt Smith
Karen Paul

1.0 CALL TO ORDER

Robert Hooper called the Retirement Board meeting to order.

MOTION by David Mount, SECOND by Munir Kasti, to adopt the agenda.

VOTING: unanimous; motion carries (Katherine Schad was not present for vote).

2.0 PUBLIC FORUM (VERBAL)

2.01 Verbal Comments
None at this time.

3.0 APPROVE RETIREMENT APPLICATIONS

3.01 Approve Retirement Applicants

- Michael Hemond, Class A - \$4,179.56

- Monica Lafayette, Class B - \$1,061.89
- Rosemary Richards Cooper, Class B - \$77.03

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

VOTING: unanimous; motion carries (Katherine Schad not present for vote).

4.0 APPROVE CASH OUTS/ROLL FORWARDS

4.01 Approve Cash Outs/Roll Forwards

- Alyssa Church-Smith, Class B - \$4,722.64
- Deanna Murphy, Class B - \$836.01
- Gary Dusablon, Class B - \$12,363.61

MOTION by Munir Kasti, SECOND by Ben O'Brien to approve the cash outs/roll forwards as presented.

VOTING: unanimous; motion carries (Katherine Schad not present for vote).

5.0 UPDATE FROM STEVE LEMANSKI, HOOKER & HOLCOMBE

5.01 Hooker & Holcombe Update

Mr. Lemanski spoke about direct rate smoothing (DRS), which creates a path toward a predetermined funding target over a five-year period. He said that conceptually the new approach has some of the same features as the prior approach (the Open Group methodology), and that it takes a proactive look on new hires in the future and renegotiates benefit levels over time. He said that generally with this approach, benefit levels are lower than previous tiers for new hires. He noted that the funding target is based on a 7.0% return on investment and that the methodology switches from a 30-year amortization to a more conservative 20-year amortization assumption.

Mr. Lemanski outlined scenarios for projected funding policy contributions based on June 30, 2020 actuarial valuation. He said that what direct rate smoothing does is true up the gaps in funding. He noted that BERS has adopted a \$500,000 per year contribution collar or ceiling, which is the maximum increase in the DRS funding policy contribution. He said that that dollar amount set by the collar would not be sufficient to close the gap in unfunded liabilities. He said that adding to that difficulty are some asset and liability losses over the last several years. He said that, all else being equal, in order to close the gap to meet that target contribution, the collar would need to increase to around \$645,000 per year.

Mr. Kasti said it would be prudent to produce a written plan explaining and outlining how to address funding liability issues moving forward. He said he would like to draft and adopt a written document that outlines the plans to address funding gaps. He also asked how the switch from 30-year amortization to 20 years and other policy changes will impact current employees and new hires. Mr. Lemanski replied that DRS operates under the parameter that all of the existing smoothing methods will stay in place and not change. He said that the 30-year amortization will remain until the 2023 valuation is reached, after which time, everything will be combined into a single amortization base and spread over 20 years. He said he would be willing to help the BERS board draft a funding policy document. He said they need to make decisions about whether they want to make changes now, since they are currently in the middle of a 5-year plan. He said that they could wait until 2023 and then refresh all of the assumptions at once, and that 2023 could potentially be a good time to re-evaluate any modifications to approaches on smoothing. Ms. Pizzi said that moving to a shorter amortization period is something they see in other municipal clients. She said that drafting a formal funding policy is a best practice to help codify approach and strategies in case there is board turnover.

Commented [PK1]: May wish to confirm with Steve.

Mr. Hooper asked about cost share in plans and whether any of these changes would transfer burden onto them. Mr. Lemanski replied that the contracts have parameters around cost sharing. He said that current cost-sharing arrangements begin at 72%-73% by the City and then transition one percent per year to the employees. Mr. Hooper asked where the cap is and Mr. Lemanski replied that the cap is 30% for the employees and that he is unsure if any of the unions are currently at the cap, adding that changes could have a smaller impact or no impact in the short term if they are already at the cap. Finance Director Goodwin noted that current collective bargaining agreements are maturing and will be revised in the next year. He said that based on those agreements, there may be changes may be changes in the percentage that the employees would pay.

Mr. Hooper said that a subcommittee drafting a funding policy might be most efficient. The BERS board will establish a subcommittee to work on drafting a funding policy document.

6.0 DIMEO PRESENTATION

6.01 Market & Portfolio Update

Mr. Rowlinson gave a brief market update. He said that the markets hit record highs in February but did see more volatility than in the previous quarter. He said that rates have increased, noting that higher rates can lead to [higher-lower](#) bond prices. He said that equities have moved higher, that large caps have increased 12.7% year-to-date and that small caps have rallied and have increased 11.5% year-to-date. He noted that commodity prices have risen, likely due to rising inflation expectations, and that optimism about reopening led to increases for real estate properties hit by the pandemic. He noted that a weaker dollar has benefitted international markets. He then gave a fixed income market update, noting that it could be impacted by potential inflation related to the stimulus package. He noted that in terms of the equity market, the energy, financial, and industrial sectors saw growth in the last quarter.

Mr. Rowlinson spoke about the impacts to the BERS portfolio. He said that at end of February, total value was \$232.5 million (Ms. Pizzi noted that total value of the portfolio at the end of [Q3 2020](#) was around \$202 million, and that a large contributing factor to the growth seen in the last [two-few](#) months is the heavy allocation to the small cap and emerging markets).

6.02 Asset Allocation Analysis & Recommended Changes

Ms. Pizzi began the asset allocation discussion by noting [what the portfolio is supporting, saying](#) that the plan currently provides retirement benefits to over 2,200 employees and that total annual benefit payments as of June 30, 2020 was around \$17.3 million. She noted that the pension liabilities totaled \$293.2 million as of June 30, 2030 (meaning that the plan is 71.6% funded), that the current assumed rate of return is 7.3% [but trending down to 7% over time](#), and that the actuarially determined employer contribution as of June 30, 2020 was \$11.7 million.

Ms. Pizzi outlined the BERS portfolio's asset allocation structure, noting that the breakdown is currently 75% equity, 17% fixed income, and 7% alternative models. She said that the expected rate of return as it stands is 6.8%, which falls short of the portfolio's current 7% [ultimate](#) target/goal. She said that the portfolio as it stands exhibits a bias toward US equities over international equities, and she suggested considering a more balanced allocation between US and international equities. She additionally noted that flexible allocation within fixed-income mandate could help mitigate the potential for higher interest rates.

Ms. Pizzi showed the year-over-year capital assumptions, noting that it will be difficult to repeat the previously-seen level of returns in future, partially driven by the actions by the federal reserve to cut interest rates. She also displayed the asset allocation modeling that was used to project the capital assumptions and outlined proposed changes, which include an increased equity allocation in developed international markets, a reduction in the domestic large cap equities, and investment in dynamic bonds. She noted that hiring a dynamic bond manager would slightly increase the cost of the portfolio, but that that cost will remain extremely low. Mr. Mount noted that the difference between US and international companies and markets isn't always clearly defined, and expressed concern that international markets have been down during the times that US markets have been up. Mr. Robins expressed concern about liquidity and increasing allocation in less liquid asset classes, especially with public pension funds.

Mr. Hooper asked about timeline for any proposed changes to the portfolio's allocations. Ms. Pizzi replied that [given the meaningful change in allocation](#), they would propose conducting the asset reallocation over a longer period of time, suggested doing this in 3 tranches spaced six weeks apart.

Ms. Pizzi also provided an update on the termination status for the UBS Trumbull Property Fund, noting the large redemption queue and that fully satisfying that queue will likely take multiple years. [Ms. Pizzi introduced Mr. Smith, a senior analyst at DiMeo Schneider covering the Real Estate sector. Mr. Smith provided an overview of the investment including changes to the portfolio management team and overall strategy.](#) She Ms. Pizzi recommended that BERS maintains its position within the redemption queue [versus exiting the queue in order to take advantage of the loyalty fee program offering reduced fees](#). Mr. Hooper asked if they could opt [into the loyalty program](#) and then opt out again, and Ms. Pizzi said that they could, but that they would need to pay back all accrued fee savings if they opt back out.

MOTION by David Mount, SECOND by Patrick Robins, to take next steps in the process for the revision of the asset allocation, to consider managers to effectuate the proposal.

VOTING: unanimous (5-0); motion carries (Katherine Schad not present for vote).

6.03 Fossil Fuel Divesting – Approach, Costs & Reporting

Mr. Rowlinson gave a status update on the fossil fuel divestment process, noting that they are at the point of reviewing asset allocation, presenting their proposed process to the BERS board, discussing the cost of divesting, and formalizing a process to meet the annual reporting requirements of divesting. He reminded the BERS Board that the total fossil fuel exposure in the portfolio is around 1.9%. He said that divestment would require establishing a relationship with a custodial bank to separately manage each account. He outlined the approach and timeline for divestment in each asset class in the portfolio, noting that they are proposing no changes for the dynamic bonds and alternatives asset classes. Ms. Pizzi outlined the costs of divesting, which include custodian and incremental investment management costs totaling around \$190,000-\$210,000 in annual direct costs. She added that there [could](#) also be indirect costs related to performance considerations from excluding companies included on the Carbon Underground 200.

The BERS board discussed the above information and agreed to move forward with next steps. DiMeo will produce a draft report for BERS review.

6.04 – Investment Policy Statement Review & Recommendation

No discussion at this time.

7.0 ADMINISTRATION – KATHERINE SCHAD

7.01 Administration – Katherine Schad, CAO

Chief Administrative Officer Schad will email administrative updates to the BERS board for their review.

8.0 ADJOURN

8.01 Motion to Adjourn

MOTION by Patrick Robins, SECOND by Robert Hooper, to adjourn the meeting.

VOTING: unanimous; motion carries.

RScty: AACoonrad

Calculation of Benefit Options

Burlington Employees' Retirement System, Class B - School

Form A

Betty S. Gill

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Late Retirement

Information Used in Benefit Determination

Participant Name:	Betty S Gill	Class:	B
Date of Birth:		Department:	School
Date of Hire:	08/08/2007	Vesting Percentage:	100.0000%
Date of Termination:	02/18/2021	Normal Retirement Date (NRD):	01/02/2020
Beneficiary Date of Birth:		Payment Start Date:	03/01/2021
		Employee Contribution Balance w/ Interest as of 03/01/2021:	\$29,588.50

Earnings

Average Final Compensation*: \$60,479.69

Determination of Benefit Amount

(1) Years of Creditable Service (CS)	13.50000
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	13.50000
(4) Years of CS in excess of 25 years	N/A

COLA Option

Full COLA

(5) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.400%
(6) Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.400%
(7) Accrual Rate in excess of 25 years	0.500%
(8) Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	18.9000%
(9) Monthly Vested Benefit Payable at Payment Start Date = (8) x Average Final Compensation/12 x Vesting Percentage	\$952.56
(10) Monthly Vested Benefit at NRD: = [Years of CS on or prior to 06/30/2006 and prior to NRD (0.00000) x (5)] + [Years of CS after 06/30/2006 and prior to NRD (12.42000) x (6)] + [Years of CS in excess of 25 years and prior to NRD (0.00000) x (7)] x Average Final Compensation/12 x Vesting Percentage	\$876.12
(11) Month Vested Benefit Payable as of your Payment Start Date: = [Greater of (10)] x 1.142466Late Adjustment Factor or (9)	\$1,000.93

Benefit Options Available

Form of Payment	Option Factor	Full COLA	
		Initial Benefit	Survivor's Benefit ⁽¹⁾
Straight Life Annuity	1.1083	\$1,109.33	**
10 Year Certain & Life Annuity	1.0000	\$1,000.93	\$1,000.93
100% Joint & Survivor Annuity	0.8666	\$867.41	\$867.41
50% Joint & Survivor Annuity	0.9727	\$973.61	\$486.81
100% Joint & Survivor Pop-Up Annuity	0.8503	\$851.09	\$851.09
50% Joint & Survivor Pop-Up Annuity	0.9663	\$967.20	\$483.60
Return of Employee Contributions	N/A	\$29,588.50	N/A

(1) **Survivor Benefits:** for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

* Average is of the three highest years of base earnings

**Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Calculation of Benefit Options

Burlington Employees' Retirement System, Class B - School

Form A

Bonni Clavelle

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Regular Retirement

Information Used in Benefit Determination

Participant Name:	Bonni Clavelle	Class:	B
Date of Birth:		Department:	School
Date of Hire:	07/14/1980	Vesting Percentage:	100.0000%
Date of Termination:	06/30/1991	Normal Retirement Date (NRD):	04/09/2021
Beneficiary Date of Birth:		Payment Start Date:	04/01/2021
		Employee Contribution Balance w/ Interest as of 04/01/2021:	N/A

Earnings

Average Final Compensation*: \$19,458.23

Determination of Benefit Amount

(1) Years of Creditable Service (CS)	10.08333
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	10.08333
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(4) Years of CS in excess of 25 years	N/A

COLA Option

Full COLA

(5) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.200%
(6) Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.200%
(7) Accrual Rate in excess of 25 years	0.500%
(8) Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	12.1000%
(9) Monthly Vested Benefit Payable at NRD = (8) x Average Final Compensation / 12 x Vesting Percentage	\$196.20
(10) Early Retirement Reduction Factor	1.0000
(11) Monthly Vested Benefit Payable at Payment Start Date (9) x (10)	\$196.20

Benefit Options Available

Form of Payment

	Option Factor	Full COLA	
		Initial Benefit	Survivor's Benefit ⁽¹⁾
Straight Life Annuity	1.0941	\$214.66	**
10 Year Certain & Life Annuity	1.0000	\$196.20	\$196.20
100% Joint & Survivor Annuity	0.9074	\$178.03	\$178.03
50% Joint & Survivor Annuity	0.9920	\$194.63	\$97.32
100% Joint & Survivor Pop-Up Annuity	0.8911	\$174.83	\$174.83
50% Joint & Survivor Pop-Up Annuity	0.9897	\$194.18	\$97.09
Return of Employee Contributions	N/A	N/A	N/A

(1) **Survivor Benefits:** for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

* Average is of the three highest years of base earnings

**Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Calculation of Benefit Options

Form A

Burlington Employees' Retirement System, Class B - Other

Charles Cavanaugh

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Late Retirement

Information Used in Benefit Determination

Participant Name:	Charles Cavanaugh	Class:	B
Date of Birth:		Department:	Other
Date of Hire:	08/26/1996	Vesting Percentage:	36.6667%
Date of Termination:	06/30/2000	Normal Retirement Date (NRD):	11/09/2014
Beneficiary Date of Birth:	N/A	Payment Start Date:	04/01/2021
		Employee Contribution Balance w/ Interest as of 04/01/2021:	N/A

Earnings

Average Final Compensation*: \$13,609.65

Determination of Benefit Amount

(1) Years of Creditable Service (CS)	3.83333
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	3.83333
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000

COLA Option	Full COLA	Half COLA	No COLA
(4) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.200%	1.367%	1.534%
(5) Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.200%	1.367%	1.534%
(6) Retirement Accrual Percentage = [(2) x (4)] + [(3) x (5)]	4.6000%	5.2402%	5.8803%
(7) Monthly Vested Benefit Payable at Payment Start Date = (6) x Average Final Compensation / 12 x Vesting Percentage	\$19.13	\$21.79	\$24.45
(8) Monthly Vested Benefit at NRD: = [Years of CS on or prior to 06/30/2006 and prior to NRD (3.83000) x (4)] + [Years of CS after 06/30/2006 and prior to NRD (0.00000) x (5) x Average Final Compensation / 12 x Vesting Percentage]	\$19.13	\$21.79	\$24.45
(9) Monthly Vested Benefit Payable at Payment Start Date: = [Greater of (8)] x 2.162434 Late Adjustment Factor or (7)	\$41.37	\$47.12	\$52.88

Benefit Options Available

Form of Payment	Option Factor	Full COLA		Half COLA		No COLA	
		Initial Benefit	Survivor's Benefit (1)	Initial Benefit	Survivor's Benefit (1)	Initial Benefit	Survivor's Benefit (1)
Straight Life Annuity	1.1843	\$48.99	**	\$55.80	**	\$62.63	**
10 Year Certain & Life Annuity	1.0000	\$41.37	\$41.37	\$47.12	\$47.12	\$52.88	\$52.88
100% Joint & Survivor Annuity	N/A	N/A	N/A	N/A	N/A	N/A	N/A
50% Joint & Survivor Annuity	N/A	N/A	N/A	N/A	N/A	N/A	N/A
100% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A	N/A	N/A	N/A	N/A
50% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Return of Employee Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) **Survivor Benefits:** for the Joint & Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

* Average is of the three highest years of base earnings

** Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Calculation of Benefit Options

Burlington Employees' Retirement System, Class B - Other

Form A

Cynthia Cartier

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Late Retirement

Information Used in Benefit Determination

Participant Name:	Cynthia Cartier	Class:	B
Date of Birth:		Department:	Other
Date of Hire:	11/30/1987	Vesting Percentage:	93.3333%
Date of Termination:	08/10/1994	Normal Retirement Date (NRD):	07/17/2020
Beneficiary Date of Birth:	N/A	Payment Start Date:	04/01/2021
		Employee Contribution Balance w/ Interest as of 04/01/2021:	N/A

Earnings

Average Final Compensation*: \$22,728.08

Determination of Benefit Amount

(1) Years of Creditable Service (CS)	6.66667
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	6.66667
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(4) Years of CS in excess of 25 years	N/A

COLA Option	Full COLA
(5) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.200%
(6) Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.200%
(7) Accrual Rate in excess of 25 years	0.500%
(8) Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	8.0000%
(9) Monthly Vested Benefit Payable at Payment Start Date = (8) x Average Final Compensation/12 x Vesting Percentage	\$141.42
(10) Monthly Vested Benefit at NRD: = [Years of CS on or prior to 06/30/2006 and prior to NRD (6.67000) x (5)] + [Years of CS after 06/30/2006 and prior to NRD (0.00000) x (6)] + [Years of CS in excess of 25 years and prior to NRD (0.00000) x (7)] x Average Final Compensation/12 x Vesting Percentage	\$141.42
(11) Month Vested Benefit Payable as of your Payment Start Date: = [Greater of (10)] x 1.079771 Late Adjustment Factor or (9)	\$152.70

Benefit Options Available

Form of Payment	Option Factor	Full COLA	
		Initial Benefit	Survivor's Benefit ⁽¹⁾
Straight Life Annuity	1.1083	\$169.24	**
10 Year Certain & Life Annuity	1.0000	\$152.70	\$152.70
100% Joint & Survivor Annuity	N/A	N/A	N/A
50% Joint & Survivor Annuity	N/A	N/A	N/A
100% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A
50% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A
Return of Employee Contributions	N/A	N/A	N/A

(1) **Survivor Benefits:** for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

* Average is of the three highest years of base earnings

** Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Calculation of Benefit Options

Burlington Employees' Retirement System, Class B - Other

Form A

Jerry Tomlinson

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Late Retirement

Information Used in Benefit Determination

Participant Name:	Jerry Tomlinson	Class:	B
Date of Birth:		Department:	Other
Date of Hire:	01/19/1987	Vesting Percentage:	100.0000%
Date of Termination:	01/12/1996	Normal Retirement Date (NRD):	02/11/2018
Beneficiary Date of Birth:		Payment Start Date:	04/01/2021
		Employee Contribution Balance w/ Interest as of 04/01/2021:	N/A

Earnings

Average Final Compensation*: \$45,755.62

Determination of Benefit Amount

(1) Years of Creditable Service (CS)	9.00000
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	9.00000
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(4) Years of CS in excess of 25 years	N/A

COLA Option Full COLA

(5) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.200%
(6) Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.200%
(7) Accrual Rate in excess of 25 years	0.500%
(8) Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	10.8000%
(9) Monthly Vested Benefit Payable at Payment Start Date = (8) x Average Final Compensation/12 x Vesting Percentage	\$411.80
(10) Monthly Vested Benefit at NRD: = [Years of CS on or prior to 06/30/2006 and prior to NRD (9.00000) x (5)] + [Years of CS after 06/30/2006 and prior to NRD (0.00000) x (6)] + [Years of CS in excess of 25 years and prior to NRD (0.00000) x (7)] x Average Final Compensation/12 x Vesting Percentage	\$411.80
(11) Month Vested Benefit Payable as of your Payment Start Date: = [Greater of (10)] x 1.443665 Late Adjustment Factor or (9)	\$594.50

Benefit Options Available

Form of Payment	Option Factor	Full COLA	
		Initial Benefit	Survivor's Benefit ⁽¹⁾
Straight Life Annuity	1.1368	\$675.83	**
10 Year Certain & Life Annuity	1.0000	\$594.50	\$594.50
100% Joint & Survivor Annuity	0.9238	\$549.20	\$549.20
50% Joint & Survivor Annuity	1.0000	\$594.50	\$297.25
100% Joint & Survivor Pop-Up Annuity	0.9041	\$537.49	\$537.49
50% Joint & Survivor Pop-Up Annuity	1.0000	\$594.50	\$297.25
Return of Employee Contributions	N/A	N/A	N/A

(1) **Survivor Benefits:** for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

* Average is of the three highest years of base earnings

** Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Calculation of Benefit Options

Form A

Burlington Employees' Retirement System, Class B - School

Julie Cadwallader-Staub

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Early Retirement

Information Used in Benefit Determination

Participant Name:	Julie Cadwallader-Staub	Class:	B
Date of Birth:		Department:	School
Date of Hire:	04/09/2007	Vesting Percentage:	100.0000%
Date of Termination:	06/13/2014	Normal Retirement Date (NRD):	03/16/2022
Beneficiary Date of Birth:		Payment Start Date:	04/01/2021
		Employee Contribution Balance w/ Interest as of 04/01/2021:	\$27,244.80

Earnings

Average Final Compensation*: \$86,357.70

Determination of Benefit Amount

(1) Years of Creditable Service (CS)	7.16667
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	7.16667
(4) Years of CS in excess of 25 years	N/A
COLA Option	Full COLA
(5) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.400%
(6) Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.400%
(7) Accrual Rate in excess of 25 years	0.500%
(8) Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	10.0333%
(9) Monthly Vested Benefit Payable at NRD = (8) x Average Final Compensation/12 x Vesting Percentage	\$722.05
(10) Early Retirement Reduction Factor	0.9800
(11) Monthly Vested Benefit Payable at Payment Start Date (9) x (10)	\$707.61

Benefit Options Available

Form of Payment

	Option Factor	Full COLA	
		Initial Benefit	Survivor's Benefit ⁽¹⁾
Straight Life Annuity	1.0856	\$768.18	**
10 Year Certain & Life Annuity	1.0000	\$707.61	\$707.61
100% Joint & Survivor Annuity	N/A	N/A	N/A
50% Joint & Survivor Annuity	0.9025	\$638.62	\$319.31
100% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A
50% Joint & Survivor Pop-Up Annuity	0.8994	\$636.42	\$318.21
Return of Employee Contributions	N/A	\$27,244.80	N/A

(1) **Survivor Benefits:** for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

* Average is of the three highest years of base earnings

**Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Calculation of Benefit Assigned to Alternate Payee

Form A

Burlington Employees' Retirement System

Melissa Allen

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested – Benefit Assigned to Alternate Payee

Information Used in Benefit Determination

Alternate Payee Name:	Melissa Allen	Class:	B
Date of Birth:		Department:	School
Participant Name:		Vesting Percentage:	100.0000%
Date of Hire:	07/01/1986	Normal Retirement Date (NRD):	06/01/2027
Date of Determination:	09/11/2011	Payment Start Date:	10/01/2020
Date of Birth:		Contribution Balance w/ Interest as of 10/01/2020:	\$4,508.21

Earnings

Average Final Compensation*: \$61,070.12

Determination of Benefit Amount

(1) Years of Creditable Service (CS)				28.16667
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]				20.00000
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]				5.00000
(4) Years of CS in excess of 25 years				3.16667
COLA Option		Full COLA	Half COLA	No COLA
(5) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)		1.600%	1.900%	2.200%
(6) Accrual Rate after 06/30/2006 (not to exceed 25 years)		1.600%	1.800%	2.000%
(7) Accrual Rate in excess of 25 years		0.500%	0.500%	0.500%
(8) Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]		41.5833%	48.5833%	55.5833%
(9) Monthly Vested Benefit Payable at NRD = (8) x Average Final Compensation/12 x Vesting Percentage		\$2,116.25	\$2,472.49	\$2,828.73
(10) Early Retirement Reduction Factor		0.8667	0.8667	0.8667
(11) Monthly Vested Benefit Payable at Payment Start Date (9) x (10)		\$1,834.15	\$2,142.91	\$2,451.66
(12) Monthly Vested Benefit Assigned to Alternate Payee at Payment Start Date = (11) x 28.7378%		\$527.10	\$615.84	\$704.55
(13) Actuarial Conversion Factor for Form of Annuity Payment		1.0423	1.0423	1.0423
(14) Monthly Vested Benefit Payable to Alternate Payee at Payment Start Date** = (12) x (13)		\$549.40	\$641.89	\$734.35

* Average is of the three highest years of base earnings

** Payable until the death of the Participant or the death of the Alternate Payee, whichever occurs first

Calculation of Benefit Options

Burlington Employees' Retirement System, Class B - Other

Form A

Michelle Lefkowitz

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Late Retirement

Information Used in Benefit Determination

Participant Name:	Michelle Lefkowitz	Class:	B
Date of Birth:		Department:	Other
Date of Hire:	10/14/1986	Vesting Percentage:	31.66667%
Date of Termination:	10/25/1992	Normal Retirement Date (NRD):	01/26/2021
Beneficiary Date of Birth:		Payment Start Date:	04/01/2021
		Employee Contribution Balance w/ Interest as of 04/01/2021:	N/A

Earnings

Average Final Compensation*: \$29,420.63

Determination of Benefit Amount

(1) Years of Creditable Service (CS)	3.58333
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	3.58333
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(4) Years of CS in excess of 25 years	N/A

COLA Option Full COLA

(5) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.200%
(6) Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.200%
(7) Accrual Rate in excess of 25 years	0.500%
(8) Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	4.3000%
(9) Monthly Vested Benefit Payable at Payment Start Date = (8) x Average Final Compensation/12 x Vesting Percentage	\$33.38
(10) Monthly Vested Benefit at NRD: = [Years of CS on or prior to 06/30/2006 and prior to NRD (3.50000) x (5)] + [Years of CS after 06/30/2006 and prior to NRD (0.00000) x (6)] + [Years of CS in excess of 25 years and prior to NRD (0.00000) x (7)] x Average Final Compensation/12 x Vesting Percentage	\$33.38
(11) Month Vested Benefit Payable as of your Payment Start Date: = [Greater of (10)] x 1.01943 Late Adjustment Factor or (9)	\$34.05

Benefit Options Available

Form of Payment	Option Factor	Full COLA	
		Initial Benefit	Survivor's Benefit ⁽¹⁾
Straight Life Annuity	1.0941	\$37.25	**
10 Year Certain & Life Annuity	1.0000	\$34.05	\$34.05
100% Joint & Survivor Annuity	0.9074	\$30.90	\$30.90
50% Joint & Survivor Annuity	0.9920	\$33.78	\$16.89
100% Joint & Survivor Pop-Up Annuity	0.8911	\$30.34	\$30.34
50% Joint & Survivor Pop-Up Annuity	0.9897	\$33.70	\$16.85
Return of Employee Contributions	N/A	N/A	N/A

(1) **Survivor Benefits:** for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

* Average is of the three highest years of base earnings

** Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Calculation of Benefit Options

Burlington Employees' Retirement System, Class B - Other

Form A

Robert L'Ecuyer

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Late Retirement

Information Used in Benefit Determination

Participant Name:	Robert L'Ecuyer	Class:	B
Date of Birth:		Department:	Other
Date of Hire:	10/22/1975	Vesting Percentage:	100.0000%
Date of Termination:	08/25/1995	Normal Retirement Date (NRD):	02/22/2020
Beneficiary Date of Birth:		Payment Start Date:	03/01/2021
		Employee Contribution Balance w/ Interest as of 03/01/2021:	N/A

Earnings

Average Final Compensation*: \$34,356.65

Determination of Benefit Amount

(1) Years of Creditable Service (CS)	19.83333
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	19.83333
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(4) Years of CS in excess of 25 years	N/A

COLA Option Full COLA

(5) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.200%
(6) Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.200%
(7) Accrual Rate in excess of 25 years	0.500%
(8) Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	23.8000%
(9) Monthly Vested Benefit Payable at Payment Start Date = (8) x Average Final Compensation/12 x Vesting Percentage	\$681.41
(10) Monthly Vested Benefit at NRD: = [Years of CS on or prior to 06/30/2006 and prior to NRD (19.83000) x (5)] + [Years of CS after 06/30/2006 and prior to NRD (0.00000) x (6)] + [Years of CS in excess of 25 years and prior to NRD (0.00000) x (7)] x Average Final Compensation/12 x Vesting Percentage	\$681.41
(11) Month Vested Benefit Payable as of your Payment Start Date: = [Greater of (10)] x 1.119657Late Adjustment Factor or (9)	\$762.94

Benefit Options Available

Form of Payment	Option Factor	Full COLA	
		Initial Benefit	Survivor's Benefit ⁽¹⁾
Straight Life Annuity	1.1083	\$845.57	**
10 Year Certain & Life Annuity	1.0000	\$762.94	\$762.94
100% Joint & Survivor Annuity	0.7893	\$602.19	\$602.19
50% Joint & Survivor Annuity	0.9218	\$703.28	\$351.64
100% Joint & Survivor Pop-Up Annuity	0.7809	\$595.78	\$595.78
50% Joint & Survivor Pop-Up Annuity	0.9166	\$699.31	\$349.66
Return of Employee Contributions	N/A	N/A	N/A

(1) **Survivor Benefits:** for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

* Average is of the three highest years of base earnings

**Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Calculation of Benefit Options

Form A

Burlington Employees' Retirement System, Class B - Other

Rosemary Rawlins

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Regular Retirement

Information Used in Benefit Determination

Participant Name:	Rosemary Rawlins	Class:	B
Date of Birth:		Department:	Other
Date of Hire:	02/07/1983	Vesting Percentage:	42.5000%
Date of Termination:	05/19/1987	Normal Retirement Date (NRD):	03/12/2021
Beneficiary Date of Birth:		Payment Start Date:	04/01/2021
		Employee Contribution Balance w/ Interest as of 04/01/2021:	N/A

Earnings

Average Final Compensation*: \$18,871.59

Determination of Benefit Amount

(1) Years of Creditable Service (CS)	4.25000
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	4.25000
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(4) Years of CS in excess of 25 years	N/A

COLA Option	Full COLA
(5) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.200%
(6) Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.200%
(7) Accrual Rate in excess of 25 years	0.500%
(8) Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	5.1000%
(9) Monthly Vested Benefit Payable at Payment Start Date = (8) x Average Final Compensation/12 x Vesting Percentage	\$34.09
(10) Early Retirement Reduction Factor	1.0000
(11) Monthly Vested Benefit Payable at Payment Start Date (9) x (10)	\$34.09

Benefit Options Available

Form of Payment	Option Factor	Full COLA	
		Initial Benefit	Survivor's Benefit ⁽¹⁾
Straight Life Annuity	1.0941	\$37.29	**
10 Year Certain & Life Annuity	1.0000	\$34.09	\$34.09
100% Joint & Survivor Annuity	0.8641	\$29.45	\$29.45
50% Joint & Survivor Annuity	0.9657	\$32.92	\$16.46
100% Joint & Survivor Pop-Up Annuity	0.8502	\$28.98	\$28.98
50% Joint & Survivor Pop-Up Annuity	0.9610	\$32.76	\$16.38
Return of Employee Contributions	N/A	N/A	N/A

(1) **Survivor Benefits:** for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

* Average is of the three highest years of base earnings

** Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

March 16, 2021

Brian Fitzgerald
5505 Hedge Brook Drive
Cumming, GA 30028

Re: Burlington Employees' Retirement System - Refund of Employee Contributions

Dear Mr. Fitzgerald:

We have received your completed election forms regarding your pension benefit under the Burlington Employees' Retirement System. As outlined in the original cover letter, because your completed forms were received after the benefit commencement date shown on the forms package, your benefit amount must be recalculated for a current payment date. We have now calculated your final benefit amount. Your benefit payable as a return of employee contributions under Class A as of March 1, 2021 is **\$3,075.99**. You will receive this amount, less any withholding.

The Hooker & Holcombe PensionEdge® Service Center is ready to assist you with any questions you may have about this estimate.



Call the PensionEdge® Service Center at 1.866.495.3548 between 8:30 am and 4:30 pm ET, Monday - Friday.



Send an email to ServiceCenter@pensionedge.com. Please note "City of Burlington" in your message.

Calculation of Return of Employee Contributions

Form A

Burlington Employees' Retirement System

Christopher Brassard

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected. As a Plan participant, you may have made post-tax contributions to the Plan. As a result, a portion of your benefit may be non-taxable. **Consult with your tax advisor if you have any questions.**

Information Used in Determination

Participant Name:	Christopher Brassard	Class:	B
Date of Birth:		Department:	School
Date of Hire:	01/27/2020	Post-Tax Employee Contributions:	\$0.00
Date of Termination:	02/06/2020	Normal Retirement Date (NRD):	08/30/2031
Beneficiary Date of Birth:	N/A	Payment Start Date:	04/01/2021
		Vesting Percentage:	0.0000%

Determination of Employee Contribution Balance with Interest

<u>Period Ending</u>	<u>Description</u>	<u>Transaction</u>	<u>Balance at End of Period</u>
02/06/2020	Contributions	\$52.21	\$52.21
06/30/2020	Interest at 2%	\$0.00	\$52.21
03/31/2021	Interest at 2%	\$0.78	\$52.99

(1) Pre-Tax Employee Contributions (Taxable):	\$52.21
(2) Interest Accrued on Employee Contributions (5.5% through 12/31/2017, 2% thereafter):	\$0.78
(3) Total Return of Employee Contributions with Interest:	\$52.99

Determination of Taxable Portion of Benefit

<u>Form of Payment</u>	<u>Total Benefit</u>	<u>Taxable Portion</u>	<u>Non-Taxable Portion</u>
Return of Contributions	\$52.99	\$52.99	0.00

Calculation of Benefit Options

Form A

Burlington Employees' Retirement System, Class B - AFSCME Local 1343

Colton J. Dober

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Regular Retirement

Information Used in Benefit Determination

Participant Name:	Colton J Dober	Class:	B
Date of Birth:		Department:	AFSCME Local 1343
Date of Hire:	12/29/2014	Vesting Percentage:	100.0000%
Date of Termination:	01/13/2021	Normal Retirement Date (NRD):	10/13/2054
Beneficiary Date of Birth:	N/A	Payment Start Date:	04/01/2021
		Employee Contribution Balance w/ Interest as of 04/01/2021:	\$14,072.82

Earnings

Average Final Compensation*: \$50,049.51

Determination of Benefit Amount

(1) Years of Creditable Service (CS)	6.08333
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	6.08333
(4) Years of CS in excess of 25 years	N/A

COLA Option Full COLA

(5) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.400%
(6) Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.400%
(7) Accrual Rate in excess of 25 years	0.500%
(8) Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	8.5167%
(9) Monthly Vested Benefit Payable at NRD = (8) x Average Final Compensation/12 x Vesting Percentage	\$355.21
(10) Early Retirement Reduction Factor	1.0000
(11) Monthly Vested Benefit Payable at Normal Retirement Date (9) x (10)	\$355.21

Benefit Options – payable at Normal Retirement Date

Form of Payment	Option Factor	Full COLA	
		Initial Benefit	Survivor's Benefit ⁽¹⁾
Straight Life Annuity	1.0941	\$388.64	**
10 Year Certain & Life Annuity	1.0000	\$355.21	\$355.21
100% Joint & Survivor Annuity	N/A	N/A	N/A
50% Joint & Survivor Annuity	N/A	N/A	N/A
100% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A
50% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A

Benefit Options – payable at Payment Start Date

Return of Employee Contributions (100% taxable) N/A \$14,072.82 N/A

(1) **Survivor Benefits:** for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

* Average is of the five highest years of base earnings

** Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Calculation of Benefit Options

Form A

Burlington Employees' Retirement System, Class B - AFSCME Local 1343

Douglas H. Bedell

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Disability

Information Used in Benefit Determination

Participant Name:	Douglas H Bedell	Class:	B
Date of Birth:		Department:	AFSCME Local 1343
Date of Hire:	06/30/2008	Vesting Percentage:	100.0000%
Date of Disability:	01/21/2021	Normal Retirement Date (NRD):	05/12/2023
Beneficiary Date of Birth:		Payment Start Date:	02/01/2021
		Employee Contribution Balance w/ Interest as of 02/01/2021:	\$25,405.52

Earnings

Rate of Compensation: \$54,436.72

Determination of Benefit Amount

COLA Option	No COLA
(1) Retirement Accrual Percentage	66.67%*
(2) Monthly Offset for Workers' Compensation	\$0.00
(3) Monthly Benefit** Payable at Payment Start Date = (1) x Rate of Compensation/12 - (2)	\$3,024.41***

Benefit Options Available

Form of Payment

Straight Life Annuity

	No COLA	
Option	Initial	Survivor's
Factor	Benefit	Benefit ⁽¹⁾
N/A	\$3,024.41	****

* Non-work related disability benefit

** Payable as a Straight Life Annuity

*** The benefit will be recalculated upon the NRD of the member

**** Amount in excess (if any) of accumulated employee contributions, with interest, over payments made



City of Burlington Employees Retirement System

Quarterly Investment Review - First Quarter 2021

This report is intended for the exclusive use of clients or prospective clients of Fiducient Advisors. The information contained herein is intended for the recipient, is confidential and may not be disseminated or distributed to any other person without prior approval. Any dissemination or distribution is strictly prohibited. Information has been obtained from a variety of sources believed to be reliable though not independently verified. Any forecasts represent future expectations and actual returns; volatilities and correlations will differ from forecasts. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice.

Past performance does not indicate future performance and there is possibility of a loss.

Table of Contents



Section 1	Fiduciary Governance Calendar
Section 2	Capital Markets Overview
Section 3	Portfolio and Manager Review
Section 4	Considerations
Section 5	Next Steps
Section 6	Appendix



Section 1 Fiduciary Governance Calendar

Fiduciary Governance Calendar



*Timing of actuarial review is dependent on client's individual plan and/or fiscal year and actuarial input.

Actuarial Review



Burlington Employees' Retirement System		
	<u>6/30/2020</u>	<u>6/30/2019</u>
Actuarial Value of Assets	\$209,861,722	\$202,509,768
Total Accrued Liability	\$293,171,198	\$278,151,191
Funded Ratio	71.6%	72.8%
Actuarial Return Assumption	7.30%	7.40%

Source: hooker & holcombe, 6/30/2020 Valuation Report

Portfolio Expense Analysis



Manager	Current Target %	Fee Schedule	Peer Group Fees	Peer Group
Johnson Institutional Core Bond (JIBFX)	20.0%	0.25%	0.57%	IM U.S. Broad Market Core Fixed Income (MF)
Mellon Large Cap Index	30.0%	0.01%	0.79%	IM U.S. Large Cap Core Equity (MF)
Mellon SMID Cap Index	18.0%	0.011%	1.00%	IM U.S. SMID Cap Equity Equity (MF)
Mellon EAFE Index	10.0%	0.02%	0.90%	IM International Large Cap Core Equity (MF)
Mellon Emerging Markets Index	10.0%	0.05%	1.20%	IM Emerging Markets Equity (MF)
Hamilton Lane II	0.5%	0.00%		
Hamilton Lane VII A	0.9%	1.00%		
Hamilton Lane VII B	0.6%	1.00%		
UBS TPF	8.0%	0.92%		
Molpus SWF II	2.0%	1.00%		
Weighted Average Investment Mgmt. Fee		0.17%		
Fiducient Fee		Flat fee of \$65,000		

*Allocation above does not include cash or amounts payable. Target allocations are sourced from Dahab Associates December 2020 Performance Review. UBS TPF expense ratio is estimated based on the following fee schedule: 0.955% on first \$10 million; 0.825% on next \$10 million. Hamilton Lane Secondary Fund II ceased from charging management fees in August 2020.

DISCLOSURE: The figures on this page have been obtained from sources we deem to be reliable. Fiducient Advisors has not independently verified this information. Fees for fund of funds are shown at the fund of fund level and do not include fees charged by underlying investment managers/funds.

The estimated annual custody fee represents the base fee and includes asset based, account based and line-item fees, where applicable. The estimate does not include applicable fees for transactions, trade settlement and/or wire transfers. Please refer to your custody agreement for a complete description of applicable fees and expenses.



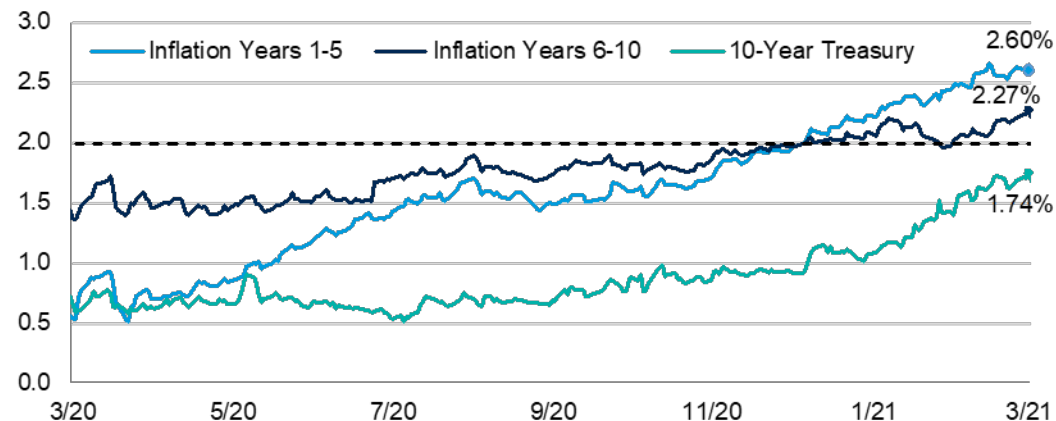
Section 2 Capital Markets Overview

Market Themes

- The American Rescue Plan Act (ARPA) and advancing vaccination efforts may serve as a bridge to more sustained positive economic momentum.
- Both interest rates and inflation expectations trended higher as global growth accelerated.
- Market breadth was strong during the quarter led by a recovery among areas most afflicted by the pandemic.

Inflation Expectations and Interest Rates

Inflation estimates are rising but at a moderating pace with longer-term projections around the Fed's 2% average target. The 10-year Treasury is also approaching that level.

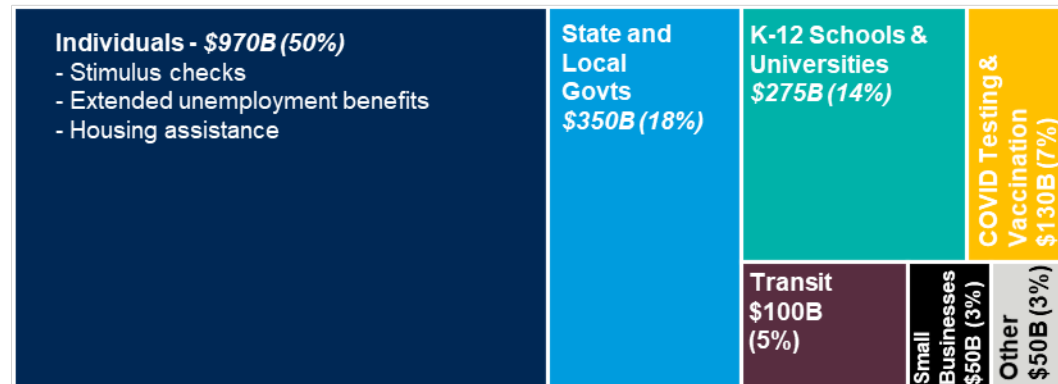


Sources: Bloomberg. Inflation Years 1-5: 5-Year Breakeven Inflation Rate. Inflation Years 6-10: 5 Year Forward Breakeven Inflation Rate.

Past performance does not indicate future performance and there is a possibility of a loss.

ARPA Stimulus Package Components

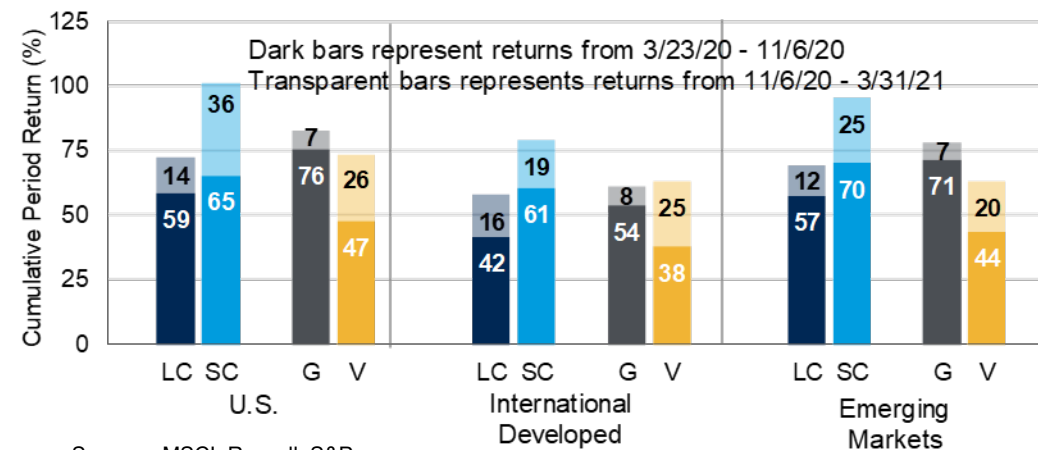
A majority of the recent stimulus package offers support to individuals via checks and extended unemployment benefits, which could encourage more consumer spending.



Congressional Budget Office; staff of the Joint Committee on Taxation (JCT).

Market Capitalization and Style Performance

Markets segments hardest hit by the pandemic and subsequent policy measures (e.g., small caps, financials, energy) have recently experienced the most noteworthy gains.

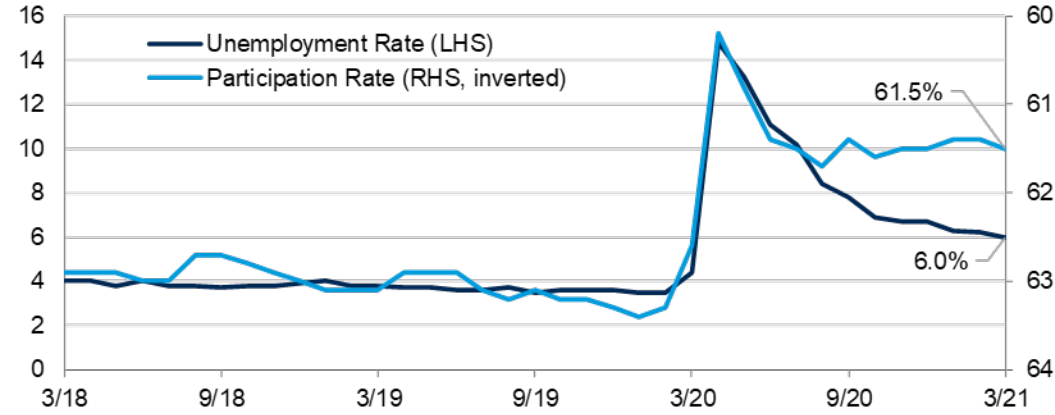


Sources: MSCI, Russell, S&P

Economic Review

Labor Market Conditions

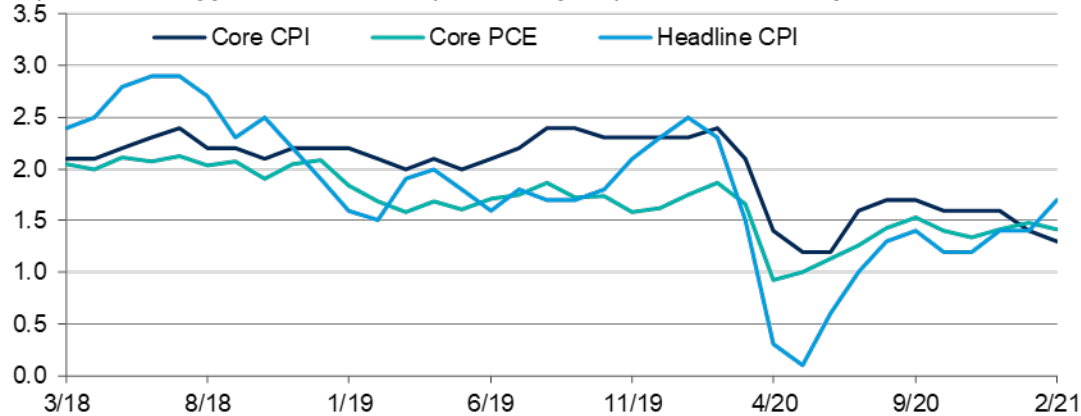
Falling unemployment should support consumer spending (~2/3rd of GDP); however, the participation rate remains below average, which could dampen inflation pressures.



Source: Bureau of Labor Statistics (BLS)

U.S Inflation

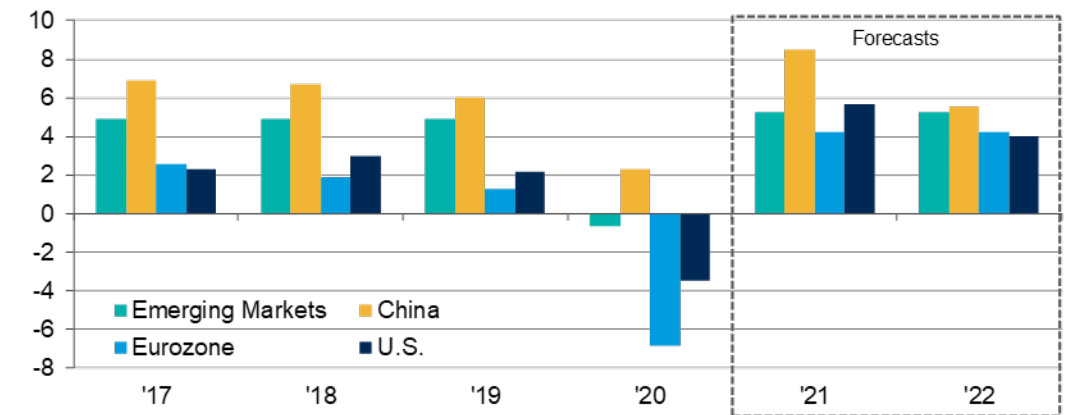
Current inflation measures are still running below the Fed's average 2% target, but rising expectations suggest that we're likely to see higher prints in the coming months.



Sources: Bureau of Labor Statistics (BLS), Bureau of Economic Analysis (BEA). Subject to one-month lag

Real GDP Growth (YoY)

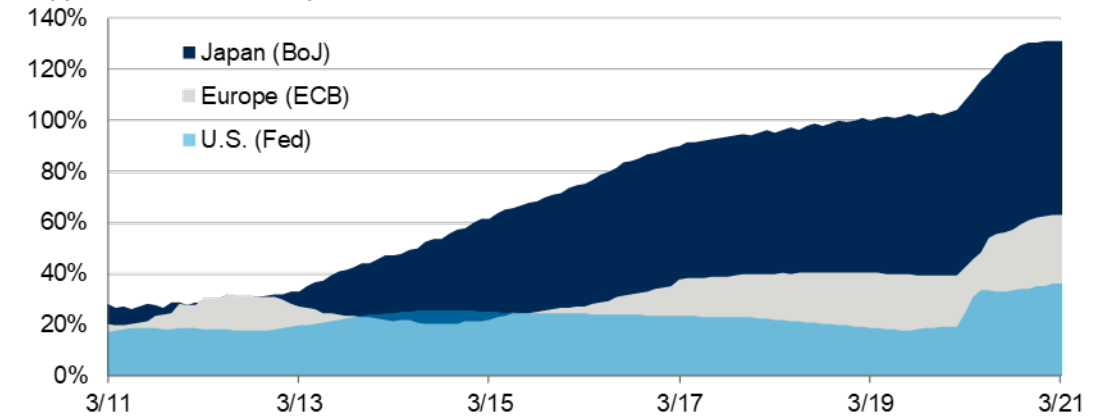
Strong GDP growth is expected in the coming years across all major regions, most notably in China as one of the first countries to emerge from the pandemic-induced shutdown.



Source: Bloomberg. Forecasts based on Bloomberg survey.

Central Bank Balance Sheets as a Percentage of GDP

Despite unprecedented levels of monetary easing, the Fed has a lot more policy room to support economic activity.



Source: Bloomberg

Financial Markets Performance

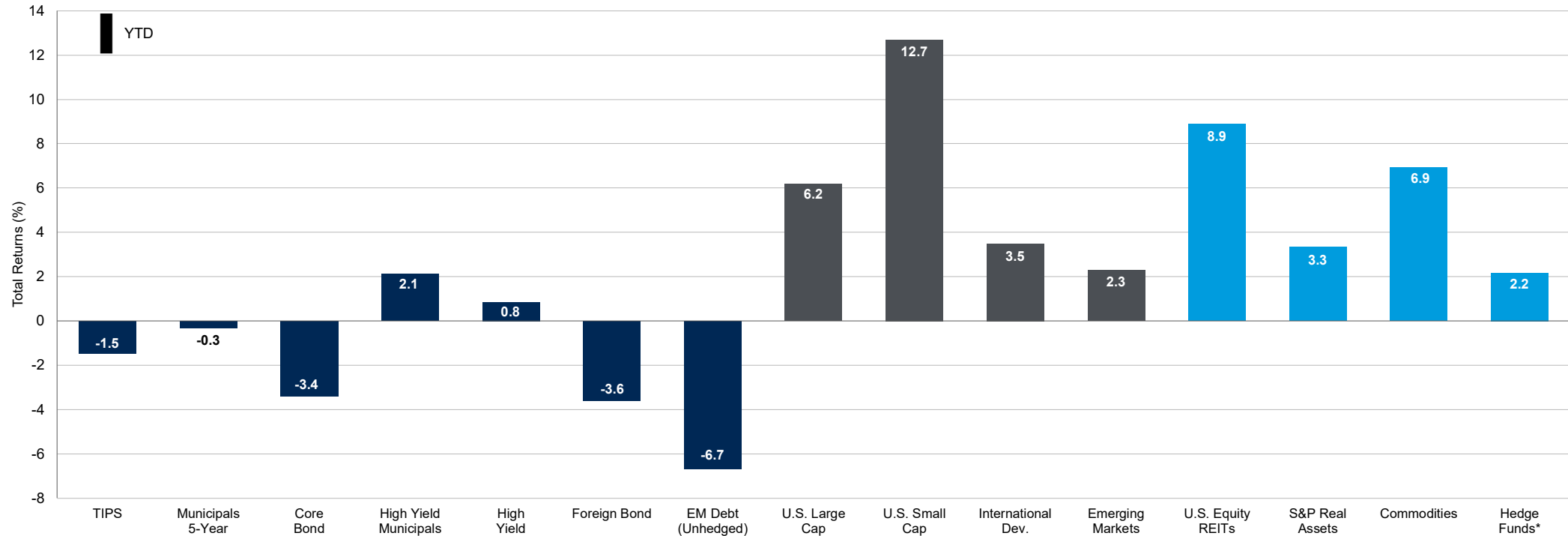


Global Fixed Income Markets	QTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg Barclays 1-3-Month T-Bill	0.0%	0.0%	0.1%	1.4%	1.1%	0.8%	0.6%	1.1%
Bloomberg Barclays U.S. TIPS	-1.5%	-1.5%	7.5%	5.7%	3.9%	3.4%	3.4%	4.4%
Bloomberg Barclays Municipal Bond (5 Year)	-0.3%	-0.3%	5.1%	3.9%	2.5%	2.6%	2.9%	3.7%
Bloomberg Barclays High Yield Municipal Bond	2.1%	2.1%	15.0%	7.3%	6.4%	6.3%	7.1%	5.4%
Bloomberg Barclays U.S. Aggregate	-3.4%	-3.4%	0.7%	4.7%	3.1%	3.3%	3.4%	4.3%
Bloomberg Barclays U.S. Corporate High Yield	0.8%	0.8%	23.7%	6.8%	8.1%	5.4%	6.5%	7.4%
Bloomberg Barclays Global Aggregate ex-U.S. Hedged	-1.9%	-1.9%	1.5%	3.9%	3.3%	4.0%	4.2%	4.2%
Bloomberg Barclays Global Aggregate ex-U.S. Unhedged	-5.3%	-5.3%	7.2%	1.1%	2.1%	0.9%	1.3%	3.3%
Bloomberg Barclays U.S. Long Gov / Credit	-10.4%	-10.4%	-2.1%	7.1%	5.5%	6.1%	7.0%	6.9%
JPMorgan GBI-EM Global Diversified	-6.7%	-6.7%	13.0%	-0.8%	3.1%	0.2%	0.5%	4.3%
Global Equity Markets	QTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	6.2%	6.2%	56.3%	16.8%	16.3%	13.6%	13.9%	10.0%
Dow Jones Industrial Average	8.3%	8.3%	53.8%	13.6%	16.0%	13.1%	13.1%	10.3%
NASDAQ Composite	3.0%	3.0%	73.5%	24.6%	23.5%	19.2%	18.3%	13.5%
Russell 3000	6.3%	6.3%	62.5%	17.1%	16.6%	13.4%	13.8%	10.0%
Russell 1000	5.9%	5.9%	60.6%	17.3%	16.6%	13.6%	14.0%	10.2%
Russell 1000 Growth	0.9%	0.9%	62.7%	22.8%	21.0%	17.5%	16.6%	12.4%
Russell 1000 Value	11.2%	11.2%	56.1%	10.9%	11.7%	9.4%	11.0%	7.7%
Russell Mid Cap	8.1%	8.1%	73.6%	14.7%	14.7%	11.6%	12.5%	9.8%
Russell Mid Cap Growth	-0.6%	-0.6%	68.6%	19.4%	18.4%	14.4%	14.1%	10.9%
Russell Mid Cap Value	13.0%	13.0%	73.7%	10.7%	11.6%	9.3%	11.1%	8.6%
Russell 2000	12.7%	12.7%	94.8%	14.7%	16.3%	11.0%	11.7%	8.8%
Russell 2000 Growth	4.9%	4.9%	90.2%	17.1%	18.6%	12.7%	13.0%	10.0%
Russell 2000 Value	21.2%	21.2%	97.0%	11.5%	13.5%	8.9%	10.0%	7.4%
MSCI ACWI	4.6%	4.6%	54.6%	12.1%	13.2%	9.4%	9.1%	7.0%
MSCI ACWI ex. U.S.	3.5%	3.5%	49.4%	6.5%	9.8%	5.3%	4.9%	4.5%
MSCI EAFE	3.5%	3.5%	44.6%	6.0%	8.8%	4.8%	5.5%	4.1%
MSCI EAFE Growth	-0.6%	-0.6%	42.6%	9.8%	10.8%	7.2%	7.2%	5.5%
MSCI EAFE Value	7.4%	7.4%	45.7%	1.8%	6.6%	2.2%	3.7%	2.6%
MSCI EAFE Small Cap	4.5%	4.5%	62.0%	6.3%	10.5%	7.4%	8.0%	5.7%
MSCI Emerging Markets	2.3%	2.3%	58.4%	6.5%	12.1%	6.6%	3.7%	5.9%
Alternatives	QTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Consumer Price Index*	0.6%	0.6%	2.0%	1.8%	2.0%	1.6%	1.7%	1.9%
FTSE NAREIT Equity REITs	8.9%	8.9%	37.8%	9.5%	5.3%	7.7%	8.6%	6.1%
S&P Developed World Property x U.S.	2.2%	2.2%	33.8%	3.1%	5.4%	5.2%	6.0%	4.2%
S&P Developed World Property	5.6%	5.6%	35.9%	6.1%	5.2%	6.2%	7.1%	4.9%
Bloomberg Commodity Total Return	6.9%	6.9%	35.0%	-0.2%	2.3%	-5.8%	-6.3%	-3.4%
HFRI Fund of Funds Composite*	2.2%	2.2%	24.3%	5.6%	5.7%	3.9%	3.5%	2.8%
HFRI Fund Weighted Composite*	5.3%	5.3%	33.1%	7.4%	7.4%	5.2%	4.6%	4.7%
Alerian MLP	22.0%	22.0%	103.1%	-3.0%	-1.3%	-6.5%	-0.9%	4.6%

*One month lag.

Source: Bloomberg as of 3/31/21. Total returns as of 3/31/21. Periods greater than 1 year are annualized. All returns are in U.S. dollar terms. Past performance does not indicate future performance and there is a possibility of a loss.

Asset Class Performance



*Hedge fund returns are lagged 1 month. Sources: Bloomberg, J.P. Morgan, Russell, MSCI, FTSE Russell, Alerian. Hedge Funds returns as of 2/28/21. All other returns as of 3/31/21.

Fixed Income (1Q 2021)

- Climbing intermediate and long-dated Treasury rates
- + Continued demand for bonds with higher yields benefitted spread sectors
- Dollar strength hurt emerging markets

Equities (1Q 2021)

- + Continued vaccination efforts supported optimism for growth, particularly in the U.S.
- + Economically-sensitive stocks hardest hit by COVID-19 mitigation efforts led the rally
- Dollar strength hurt emerging markets

Real Assets / Alternatives (1Q 2021)

- + Rebound in most REIT sectors, notably retail and residential
- + Higher inflation expectations and extreme cold weather supported oil prices

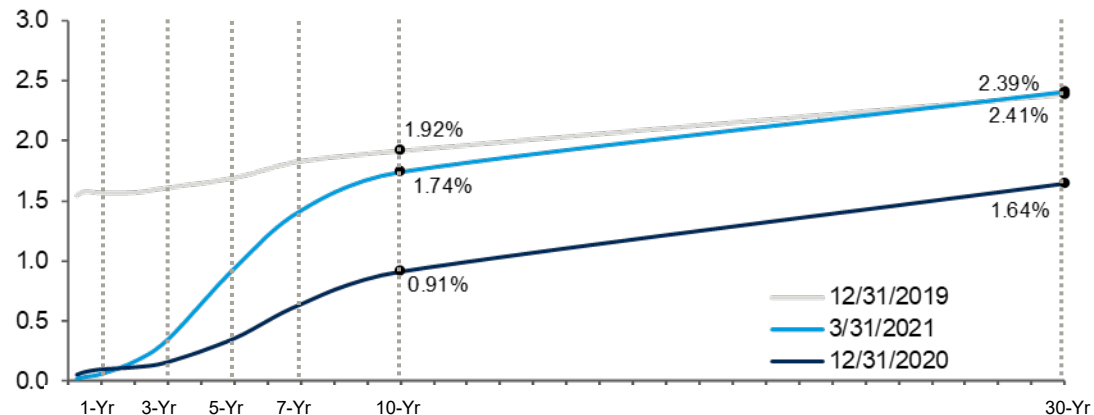
See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss.



Fixed Income Market Update

U.S. Treasury Curve

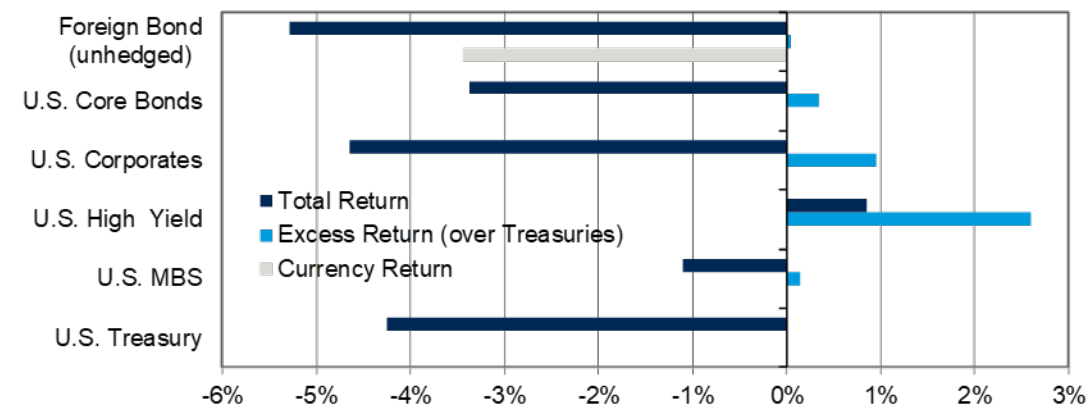
A sharp selloff in U.S. Treasuries left the 10-year and 30-year rates about 0.8% higher at quarter-end, reaching levels the market hasn't seen in over a year.



Source: Bloomberg

Index Performance Attribution (1Q 2021)

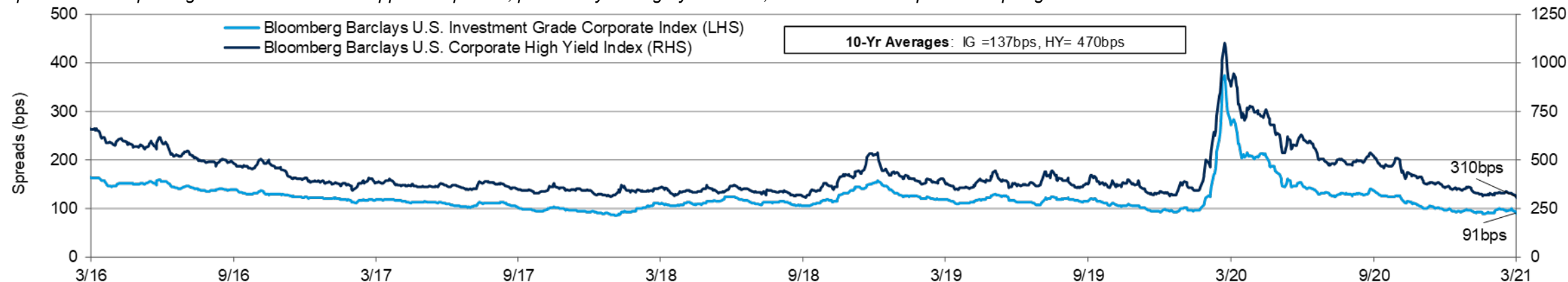
Rising Treasury yields hurt performance across fixed income indices, but tightening spreads offset some weakness, particularly in riskier parts of the market.



Source: Bloomberg

Credit Market Spreads – Trailing 5 Years

Despite volatile and rising Treasury yields and robust corporate bond issuance, spreads tightened modestly benefiting from the continued demand for yield in fixed income markets. Vaccine optimism and improving economic data also supported spreads, particularly the high-yield index, which closed the quarter 50bps tighter.



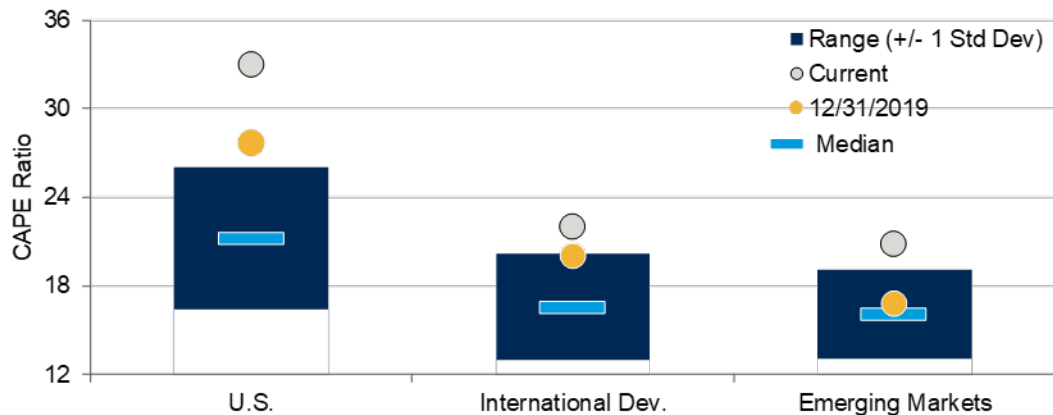
Source: Bloomberg

Past performance does not indicate future performance and there is a possibility of a loss.

Equity Market Update

Equity Valuations (Trailing 15 Years)

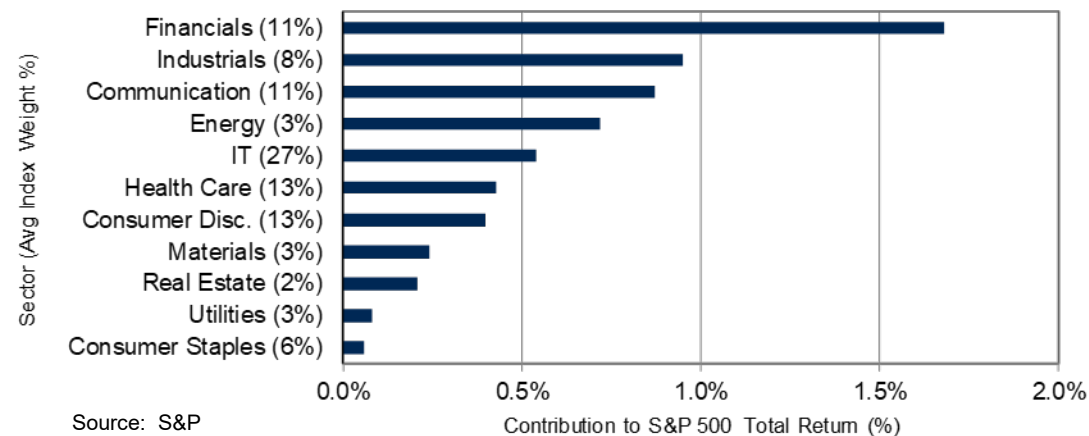
Another positive quarter for global equity returns pushed valuations even higher, and now all markets are trading above historical ranges (+/- 1 standard deviation).



Source: MSCI as of 3/31/21. U.S = USA Price Return USD Index, Int. Dev = World Excluding United States Index, EM = Emerging Markets Index.

U.S. Equities – Contribution to Return by Sector (1Q 2021)

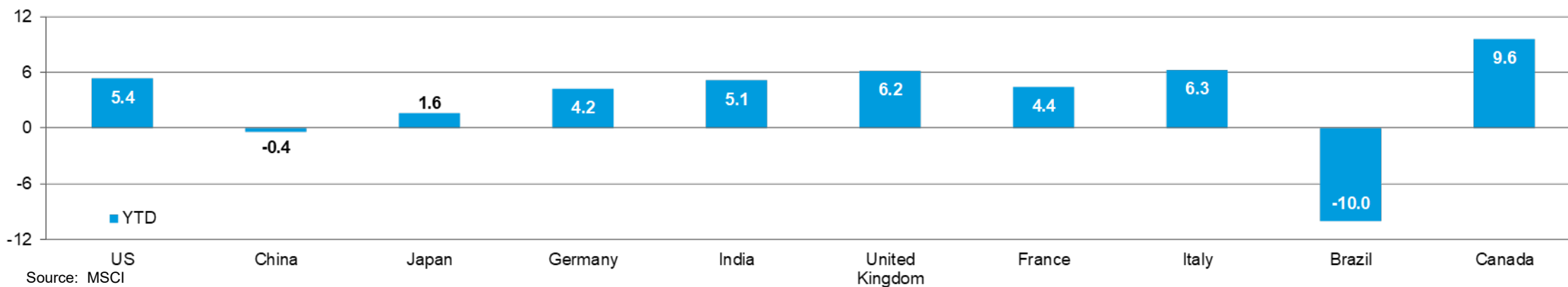
Stocks advanced across industries led by financials, particularly banks, which benefit from higher Treasury rates that support higher loan rates.



Source: S&P

Country Total Returns (%) – Top 10 Largest Economies

Most developed economies led the first quarter rally while some emerging economies struggled. Some Chinese companies within the consumer industry stumbled on increased concerns of more regulation. Brazil's political troubles and battle with COVID continue to challenge the country.



Source: MSCI

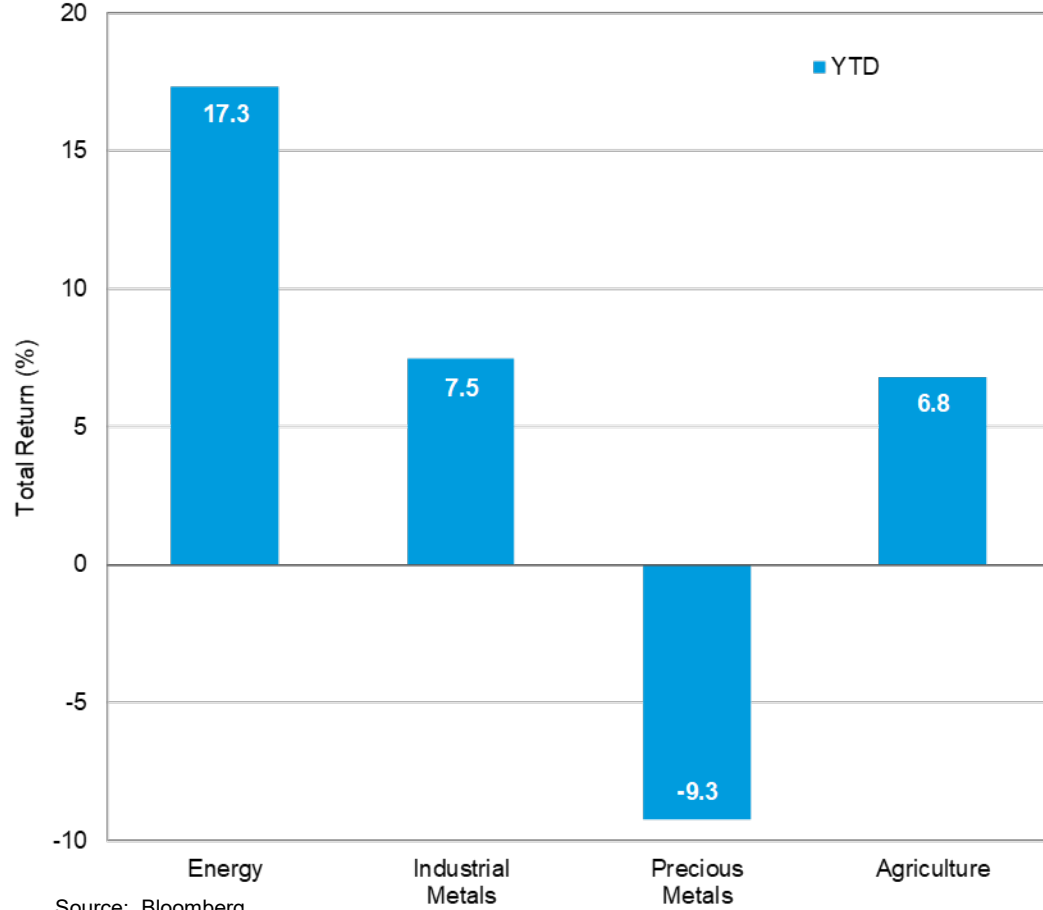
See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss.

Real Assets / Alternatives Market Update



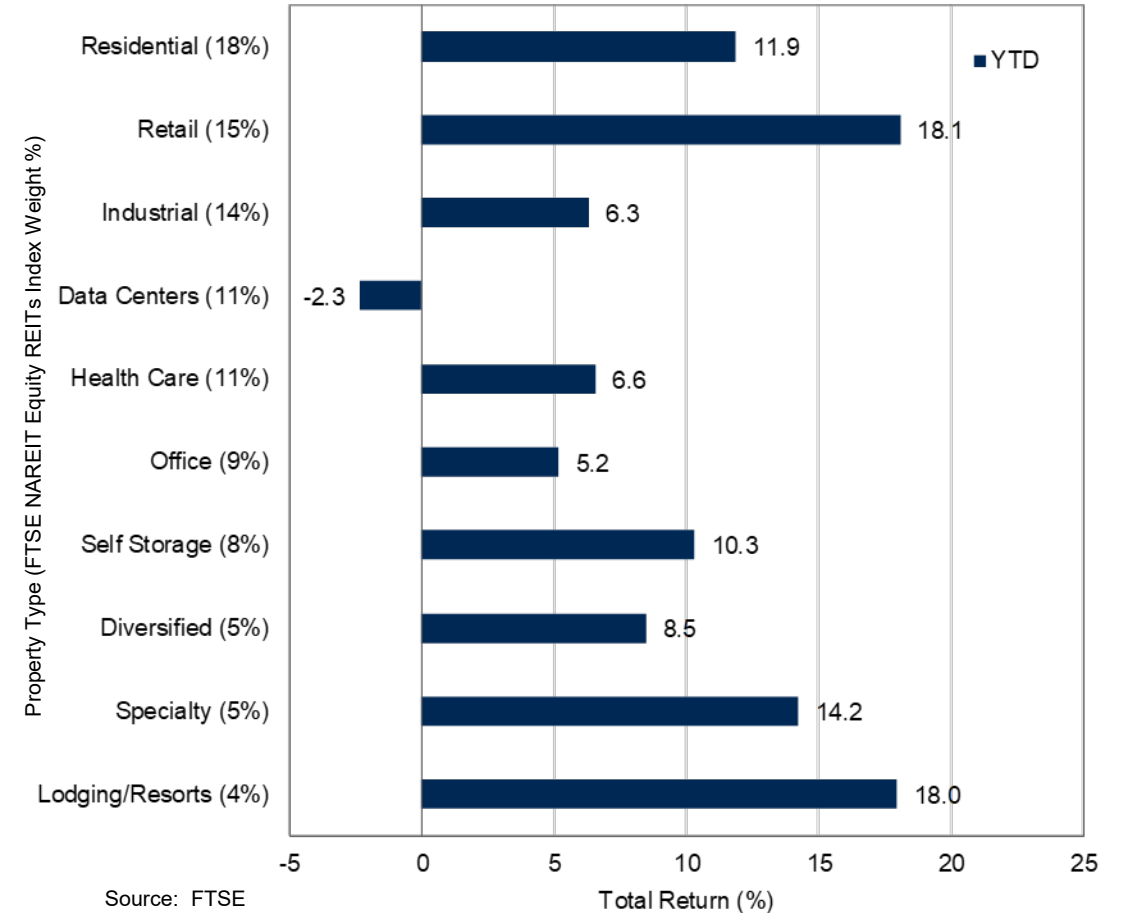
Real Assets Performance

While rising inflation expectations benefitted commodities in aggregate, accelerating growth and inflation weighed on precious metals through the first quarter.




REIT Sector Performance

Most REIT sectors generated positive returns in the first quarter on continued vaccine optimism and in anticipation of more economic reopening in the U.S.



See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss.



Section 3 Portfolio and Manager Review

Asset Allocation

As of March 31, 2021

	Asset Allocation (\$)	Asset Allocation (%)	Target Allocation (%)	Differences (%)
Total Plan	235,790,100	100.0	100.0	0.0
Short Term Liquidity	-4,021,439	-1.7	0.0	-1.7
Key Bank Cash Portfolio	194,969	0.1	0.0	0.1
Pooled Cash	-4,216,408	-1.8	0.0	-1.8
Fixed Income	39,184,832	16.6	20.0	-3.4
JIC Core Bond Fund I	39,184,832	16.6	20.0	-3.4
Equity	184,245,103	78.1	70.0	8.1
Domestic Equity	133,051,398	56.4	48.0	8.4
Mellon Large Cap Core	79,075,121	33.5	30.0	3.5
Mellon Smid Cap Core	53,976,277	22.9	18.0	4.9
International Equity	50,160,194	21.3	20.0	1.3
Mellon EAFE Fund	24,174,521	10.3	10.0	0.3
Mellon Emerging Markets	25,985,673	11.0	10.0	1.0
Private Equity	1,033,512	0.4	2.0	-1.6
Hamilton Lane II	74,773	0.0	-	-
Hamilton Lane VII A	596,313	0.3	-	-
Hamilton Lane VII B	362,426	0.2	-	-
Real Assets	16,381,603	6.9	10.0	-3.1
UBS Trumbull Property Fund	14,275,581	6.1	8.0	-1.9
Molpus SWF II	2,106,022	0.9	2.0	-1.1

Investments with a zero balance were held in the portfolio during the reporting period and will be removed once they no longer impact portfolio performance.
Asset Allocation weightings may not add up to 100% due to rounding.

Total Portfolio Performance Summary - City of Burlington Employees Retirement System

As of March 31, 2021

Account Reconciliation

	QTR	Since Inception	Inception Date
Total Plan			01/01/2008
Beginning Market Value	227,719,937	126,047,968	
Net Contributions	-1,651,087	-29,231,334	
Total Gain/Loss	9,721,249	138,973,466	
Ending Market Value	235,790,100	235,790,100	

Policy Benchmark Composition

Allocation Mandate	Weight (%)
Dec-2019	
Blmbg. Barc. U.S. Aggregate Index	20.00
S&P 500 Index	32.00
Russell 2500 Index	18.00
MSCI EAFE (Net) Index	10.00
MSCI Emerging Markets (Net) Index	10.00
NCREIF Fund Index - ODCE (net)	8.00
NCREIF Timberland Index	2.00

Trailing Performance Summary

	QTR	Jul-2020 To Mar-2021	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Total Plan	4.3	24.0	42.0	10.0	10.8	7.7	7.4	5.9	01/01/2008
<i>Policy Benchmark</i>	4.0	23.4	41.8	10.9	11.3	9.0	9.2	7.2	
Difference	0.3	0.6	0.2	-0.9	-0.5	-1.3	-1.8	-1.3	

Calendar Year Performance Summary

	2020	2019	2018	2017	2016	2015	2014	2013
Total Plan	12.7	19.1	-5.2	17.0	8.7	-2.2	4.0	7.7
<i>Policy Benchmark</i>	14.5	20.6	-5.2	16.9	9.0	-0.2	7.3	19.0
Difference	-1.8	-1.5	0.0	0.1	-0.3	-2.0	-3.3	-11.3

Manager Performance Overview

As of March 31, 2021

	QTR	Jul-2020 To Mar-2021	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Fixed Income	-4.0	-3.0	0.2	4.0	N/A	N/A	N/A	3.6	01/01/2017
<i>Blmbg. Barc. U.S. Aggregate Index</i>	-3.4	-2.1	0.7	4.7	N/A	N/A	N/A	3.8	
JIC Core Bond Fund I	-4.0 (96)	-3.0 (99)	0.2 (98)	N/A	N/A	N/A	N/A	0.7 (68)	03/01/2020
<i>Blmbg. Barc. U.S. Aggregate Index</i>	-3.4	-2.1	0.7	N/A	N/A	N/A	N/A	0.1	
IM U.S. Broad Market Core Fixed Income (MF) Median	-3.0	-0.5	4.4	N/A	N/A	N/A	N/A	1.3	
Equity	6.6	34.9	62.8	13.4	N/A	N/A	N/A	14.6	01/01/2017
<i>MSCI AC World Index (Net)</i>	4.6	29.7	54.6	12.1	N/A	N/A	N/A	13.7	
Domestic Equity									
Mellon Large Cap Core	6.2 (57)	29.7 (52)	56.2 (45)	16.7 (29)	16.2 (24)	N/A	N/A	16.2 (24)	04/01/2016
<i>S&P 500 Index</i>	6.2	29.7	56.4	16.8	16.3	N/A	N/A	16.3	
IM U.S. Large Cap Core Equity (MF) Median	6.4	29.8	55.3	15.3	15.2	N/A	N/A	15.2	
Mellon Smid Cap Core	11.0 (48)	49.7 (32)	89.4 (35)	15.4 (46)	16.1 (47)	N/A	N/A	16.1 (47)	04/01/2016
<i>Russell 2500 Index</i>	10.9	49.6	89.4	15.3	15.9	N/A	N/A	15.9	
IM U.S. SMID Cap Equity (MF) Median	10.2	46.7	83.3	14.6	15.5	N/A	N/A	15.5	
International Equity									
Mellon EAFE Fund	3.6 (65)	26.1 (73)	45.6 (76)	6.6 (34)	9.4 (35)	N/A	N/A	9.4 (35)	04/01/2016
<i>MSCI EAFE (Net) Index</i>	3.5	25.8	44.6	6.0	8.8	N/A	N/A	8.8	
IM International Large Cap Core Equity (MF) Median	4.4	30.7	52.9	6.3	8.6	N/A	N/A	8.6	
Mellon Emerging Markets	2.3 (57)	34.1 (53)	58.4 (66)	6.5 (46)	12.0 (45)	N/A	N/A	12.0 (45)	04/01/2016
<i>MSCI Emerging Markets (Net) Index</i>	2.3	34.1	58.4	6.5	12.1	N/A	N/A	12.1	
IM Emerging Markets Equity (MF) Median	2.9	34.5	63.0	6.2	11.7	N/A	N/A	11.7	

Returns for periods less than one year are not annualized. Returns are net of fees unless otherwise noted.

Manager Performance Overview

As of March 31, 2021

	QTR	Jul-2020 To Mar-2021	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Private Equity									
Hamilton Lane II	0.0	2.0	3.7	26.0	19.6	17.9	18.0	19.6	03/01/2009
Hamilton Lane VII A	0.0	7.8	9.2	12.5	12.0	11.4	N/A	12.1	07/01/2011
Hamilton Lane VII B	0.0	4.6	5.5	10.4	10.0	9.8	N/A	11.3	07/01/2011
Real Assets	0.0	2.3	4.6	4.5	N/A	N/A	N/A	4.6	01/01/2017
UBS Trumbull Property Fund	0.0	-2.7	-5.3	-1.3	N/A	N/A	N/A	1.4	07/01/2016
<i>NCREIF Fund Index - ODCE (net)</i>	1.9	3.3	1.5	4.0	N/A	N/A	N/A	5.1	
Molpus SWF II	0.0	0.5	0.4	-0.5	-0.6	0.8	0.8	1.8	03/01/2009
<i>NCREIF Timberland Index</i>	0.0	0.6	0.7	1.5	2.0	3.3	4.3	3.2	

The inception date expressed on the Manager Performance Overview page(s) represents the first day of the first full month following the purchase of the investment. Performance figures shown at the fund level begin on this inception date. Inception dates for asset class composites reflect the start date at which these returns could be calculated using historical and existing system capabilities and may vary from the inception dates of underlying component strategies. Composite performance includes all funds held in the composite since inception.

Returns are net of fees unless otherwise stated. Mutual fund performance stated above may differ slightly from the current share class' historical performance due to share class exchanges.

Valuations stated for cash portfolios are through 2/28/2021.

Returns for periods less than one year are not annualized. Returns are net of fees unless otherwise noted.



Section 4 Considerations



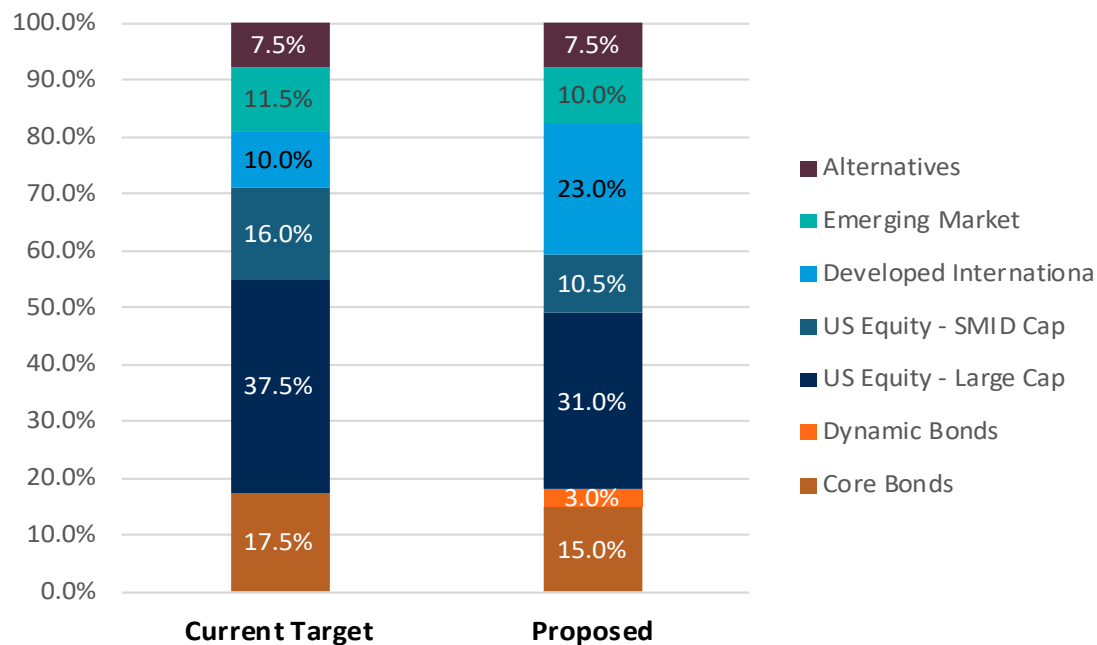
Executive Summary

Burlington Employees' Retirement System

- **Asset Allocation Structure**

- The current allocation of 75% Equity / 17% Fixed Income / 7% Alternative models to an expected return of 6.8% based on DiMeo Schneider's 20-year Capital Market Assumptions.
 - The expected rate of return used by the plan is currently 7.3% and trending down to 7.0%
- The current portfolio exhibits a bias toward US equities over international equities.
 - US equities represent 72% of the portfolio's allocation to global equities
- Consider a more balanced allocation between US and international equities.
 - Moving from US equities into international equities increase the portfolio's expected return to 7.0%, absent manager alpha
- Given the extremely low interest rate environment and the massive amount of fiscal stimulus, fixed income markets will be challenged to generate positive real returns for investors over the next decade. Consider adding a skilled, flexible bond manager that has the ability to cast a wider opportunity set to mitigate the potential for higher interest rates.

Frontier Engineer® Analysis



Expected Return (Annualized)	6.8%	7.0%
Expected Volatility	14.5%	14.6%

Historical Returns and Risk Metrics for each Mix represent back-tested calculations developed with the benefit of hindsight. Return calculations use an asset-weighted methodology based on the target asset allocation of each mix and the total return of index proxies used to represent each asset class and are gross of fees. Historical returns are hypothetical and do not represent returns earned by a client. It is not possible to invest in an index. Please see disclosures at the end of this presentation for additional important information, including index proxies used to represent each asset class. Please ask for a copy of DiMeo Schneider's white paper titled 10-Year Capital Market Forecasts. Past performance does not indicate future performance and it is possible to lose money when investing.

Portfolio Considerations



Our updated Capital Market Assumptions and the resulting allocation modeling would suggest that, on a forward-looking basis, investors may be hard-pressed to maintain a static risk profile and still achieve the returns necessary to meet long-term objectives. As such, consideration should be given to making portfolio adjustments in order to achieve stated return objectives and mitigate risk going forward.

INCREASE INTERNATIONAL EXPOSURE

- a. International Equity has the highest forward-looking return assumption in our modeling, which is supportive of a meaningful allocation to the space.
- b. The International Monetary Fund (IMF) is forecasting accelerating global growth, particularly in Emerging Markets and Developing Economies. This, in our opinion, is supportive of risk assets overseas.
- c. Currency strength tends to be cyclical. After a prolonged period of strength, the U.S. Dollar has recently depreciated relative to other global currencies. Should this reversion continue, it would act as a tailwind for U.S. Dollar-based investors.

ALLOCATION TO DYNAMIC BONDS

- a. The Federal Open Market Committee (FOMC) reduced the Federal Funds rate to zero in response to the economic fallout from COVID-19. With this backdrop, it is our view that fixed income markets will be challenged to generate positive real returns for investors over the next decade.
- b. An example that underscores this is that, while the Bloomberg Barclays Aggregate Index has a duration of nearly seven years, the yield per unit of duration is currently at its lowest since the index's inception in 1976.
- c. While core bonds serve a purpose in the portfolio, currently, investors are not fully compensated for the interest rate risk they bear. As a result, we believe that offering skilled active managers a wider opportunity set and more "levers to pull" is warranted in this low return environment.
- d. Within dynamic bond managers, we prefer managers with lower duration profiles and differentiated return streams compared to the Bloomberg Barclays Aggregate index. We deliberately avoid managers that swap out interest rate risk for credit risk.


BERS Current & Proposed Portfolios

(excludes cash & payables)

Asset Class / Manager	Style	Current Portfolio			Proposed Allocation		
		Allocation as of March 31, 2021 ¹	Expense Ratio ²	Allocation as of March 31, 2021 ¹	Expense Ratio ²		
Fixed Income		39,184,832	16.3%	43,320,318	18.0%		
Johnson Core Bond	Core Bonds	39,184,832	16.3%	36,073,120	15.0%	0.25%	0.25%
US Bonds - Dynamic	Dynamic Bonds	-	0.0%	7,247,198	3.0%		0.76%
US Equities		133,051,398	55.5%	99,703,465	41.5%		
Mellon Large Cap	Passive Large Blend	79,075,121	33.0%	74,409,312	31.0%	0.01%	0.01%
Mellon SMID Cap	Passive SMID Cap	53,976,277	22.5%	25,294,153	10.5%	0.011%	0.011%
International Equities		50,160,194	20.9%	79,372,641	33.0%		
Mellon EAFE	Passive Intl. Dev.	24,174,521	10.1%	55,274,597	23.0%	0.02%	0.02%
Mellon Emerging Markets	Passive Emerging Mkts	25,985,673	10.8%	-	0.0%	0.05%	
Active Emerging Markets	Active Emerging Mkts	-	0.0%	24,098,044	10.0%		1.00%
Private Equity		1,033,512	0.4%	1,033,512	0.4%		
Hamilton Lane II	Private Equity	74,773	0.0%	74,773	0.0%	N/A	N/A
Hamilton Lane VII A	Private Equity	596,313	0.2%	596,313	0.2%	1.0%	1.0%
Hamilton Lane VII B	Private Equity	362,426	0.2%	362,426	0.2%	1.0%	1.0%
Real Assets		16,381,603	6.8%	16,381,603	6.8%		
UBS TPF	Private RE	14,275,581	6.0%	14,275,581	6.0%	0.916%	0.916%
Molpus SWF II	Timber	2,106,022	0.9%	2,106,022	0.9%	1.0%	1.0%
Total		239,811,539	100.0%	239,811,539	100.0%	0.13%	0.24%

*Allocation above does not include cash or amounts payable. ¹Hamilton Lane & UBS capital balances are valued as of 12/31/2020, adjusted for subsequent cash flows. Molpus capital balance is valued as of 9/30/2020 as year-end data is not yet available. ²Expense ratios shown above do not include any applicable performance based fees. UBS TPF expense ratio is the estimated annual fee based on the following fee schedule: 0.955% on first \$10 million; 0.825% on next \$10 million. Hamilton Lane Secondary Fund II ceased from charging management

Sources: Johnson, Mellon, Hamilton Lane, UBS, and Molpus capital statements



Section 5 Next Steps

Next Steps

- Today
 - Vote on the Asset Allocation
 - Vote on the changes to the Investment Policy Statement
 - Transition to the new allocation in a dollar-cost averaging approach over 3 monthly tranches, with the exception of dynamic bonds
- May / June
 - Review and select custodian bank as the safe keeper of assets (typically up to 60 days for account opening)
 - Review active managers for emerging markets and dynamic bond and select finalists for interviews
- June / July
 - Interview selected active managers
 - Implement



Section 6 Appendix

Manager Commentary

As of March 31, 2021

Manager	Manager Status	Comments
Fixed Income		
JIC Core Bond Fund I	Maintain	1Q 2021 - Commentary not available at time of report production.
Domestic Equity		
Mellon Large Cap Core	Maintain	In accordance with its investment objective, the Mellon Large Cap Core strategy performed in line with the S&P 500 Index.
Mellon Smid Cap Core	Maintain	In accordance with its investment objective, the Mellon Smid Cap Core strategy performed in line with the Russell 2500 Index.
International Equity		
Mellon EAFE Fund	Maintain	In accordance with its investment objective, the Mellon EAFE Fund performed in line with the MSCI EAFE.
Mellon Emerging Markets	Maintain	In accordance with its investment objective, the Mellon Emerging Markets strategy performed in line with the MSCI Emerging Markets.
Private Equity		
Hamilton Lane II	Maintain	1Q 2021 - Commentary not available at time of report production.
Hamilton Lane VII A	Maintain	1Q 2021 - Commentary not available at time of report production.
Hamilton Lane VII B	Maintain	1Q 2021 - Commentary not available at time of report production.
Real Assets		
UBS Trumbull Property Fund	Maintain	1Q 2021 - Commentary not available at time of report production.
Molpus SWF II	Maintain	1Q 2021 - Commentary not available at time of report production.

Manager Gain/Loss Summary

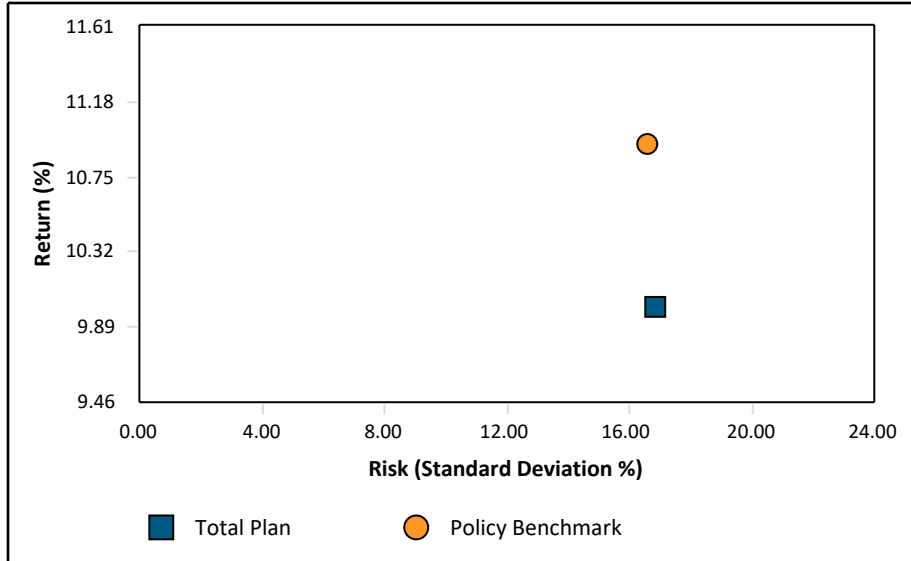
Quarter Ending March 31, 2021

	Market Value As of 01/01/2021	Net Flows	Return On Investment	Market Value As of 03/31/2021
<u>Short Term Liquidity</u>				
Key Bank Cash Portfolio	694,009	-499,040	-	194,969
Pooled Cash	-3,160,325	-1,056,083	-	-4,216,408
Total Short Term Liquidity	-2,466,316	-1,555,123	-	-4,021,439
<u>Fixed Income</u>				
JIC Core Bond Fund I	40,820,480	-	-1,635,648	39,184,832
Total Fixed Income	40,820,480	-	-1,635,648	39,184,832
<u>Domestic Equity</u>				
Mellon Large Cap Core	74,473,546	-	4,601,575	79,075,121
Mellon Smid Cap Core	48,640,021	-	5,336,256	53,976,277
Total Domestic Equity	123,113,567	-	9,937,831	133,051,398
<u>International Equity</u>				
Mellon EAFE Fund	23,341,844	-	832,677	24,174,521
Mellon Emerging Markets	25,402,453	-	583,220	25,985,673
Total International Equity	48,744,297	-	1,415,897	50,160,194
<u>Real Assets</u>				
UBS Trumbull Property Fund	14,275,581	-	-	14,275,581
Molpus SWF II	2,102,852	-	3,170	2,106,022
Total Real Assets	16,378,433	-	3,170	16,381,603
<u>Private Equity</u>				
Hamilton Lane II	99,118	-24,345	-	74,773
Hamilton Lane VII A	630,114	-33,801	-	596,313
Hamilton Lane VII B	400,244	-37,818	-	362,426
Total Private Equity	1,129,476	-95,964	-	1,033,512
Total Plan	227,719,937	-1,651,087	9,721,249	235,790,100

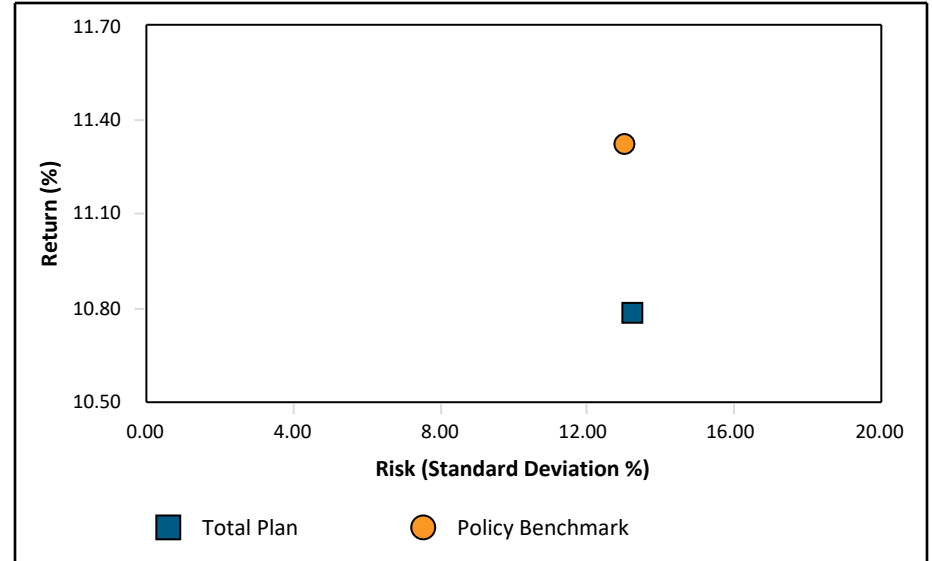
Risk Return Analysis

As of March 31, 2021

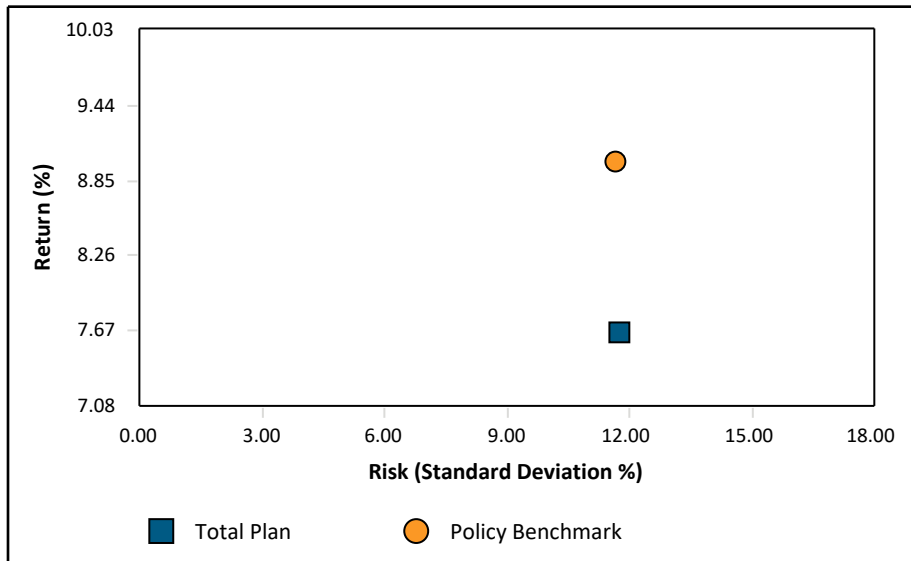
3 Year Risk and Return



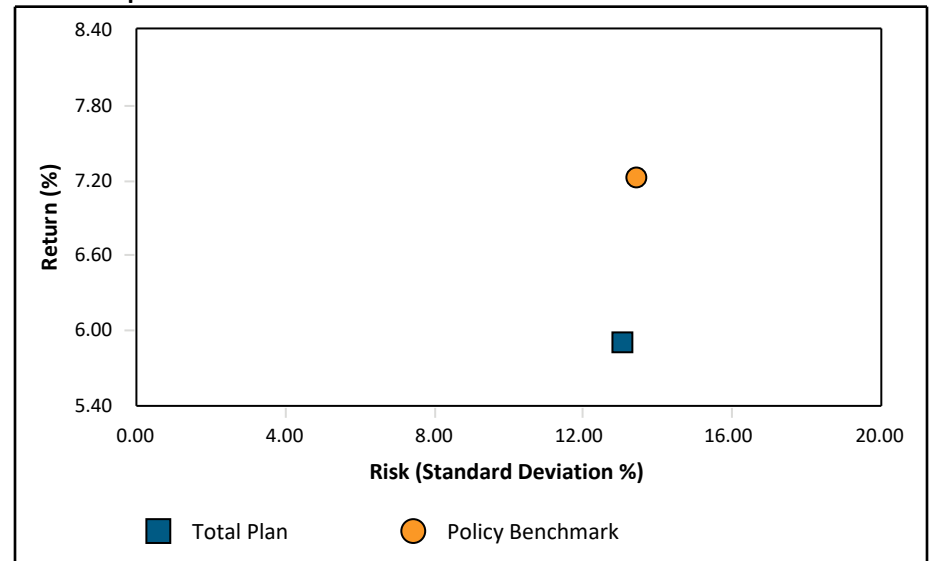
5 Year Risk and Return



7 Year Risk and Return



Since Inception Risk and Return



MPT Statistics

As of March 31, 2021

3 Year Historical MPT Statistics

	Return	Standard Deviation	Downside Risk	Sharpe Ratio	Information Ratio	Tracking Error	R-Squared	Beta	Alpha
Total Plan	10.00	16.86	11.27	0.56	-0.98	0.82	1.00	1.02	-1.00
Policy Benchmark	10.94	16.57	10.72	0.62	N/A	0.00	1.00	1.00	0.00
90 Day U.S. Treasury Bill	1.49	0.50	0.00	N/A	-0.62	16.84	0.30	-0.02	1.69

5 Year Historical MPT Statistics

	Return	Standard Deviation	Downside Risk	Sharpe Ratio	Information Ratio	Tracking Error	R-Squared	Beta	Alpha
Total Plan	10.79	13.22	8.73	0.75	-0.67	0.68	1.00	1.02	-0.65
Policy Benchmark	11.32	12.99	8.30	0.80	N/A	0.00	1.00	1.00	0.00
90 Day U.S. Treasury Bill	1.18	0.45	0.00	N/A	-0.80	13.21	0.22	-0.02	1.37

7 Year Historical MPT Statistics

	Return	Standard Deviation	Downside Risk	Sharpe Ratio	Information Ratio	Tracking Error	R-Squared	Beta	Alpha
Total Plan	7.66	11.76	7.67	0.61	-0.85	1.48	0.98	1.00	-1.27
Policy Benchmark	9.01	11.64	7.42	0.73	N/A	0.00	1.00	1.00	0.00
90 Day U.S. Treasury Bill	0.86	0.46	0.00	N/A	-0.73	11.78	0.08	-0.01	0.96

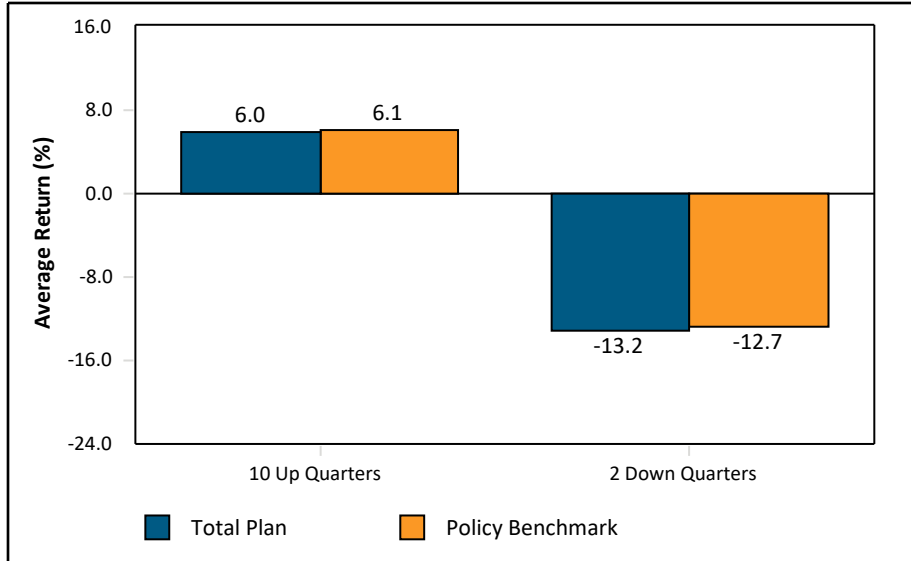
Since Inception Historical MPT Statistics

	Return	Standard Deviation	Downside Risk	Sharpe Ratio	Information Ratio	Tracking Error	R-Squared	Beta	Alpha	Inception Date
Total Plan	5.92	13.04	8.56	0.46	-0.43	2.99	0.95	0.95	-0.88	01/01/2008
Policy Benchmark	7.22	13.40	8.80	0.54	N/A	0.00	1.00	1.00	0.00	01/01/2008
90 Day U.S. Treasury Bill	0.65	0.45	0.00	N/A	-0.54	13.56	0.11	-0.01	0.74	01/01/2008

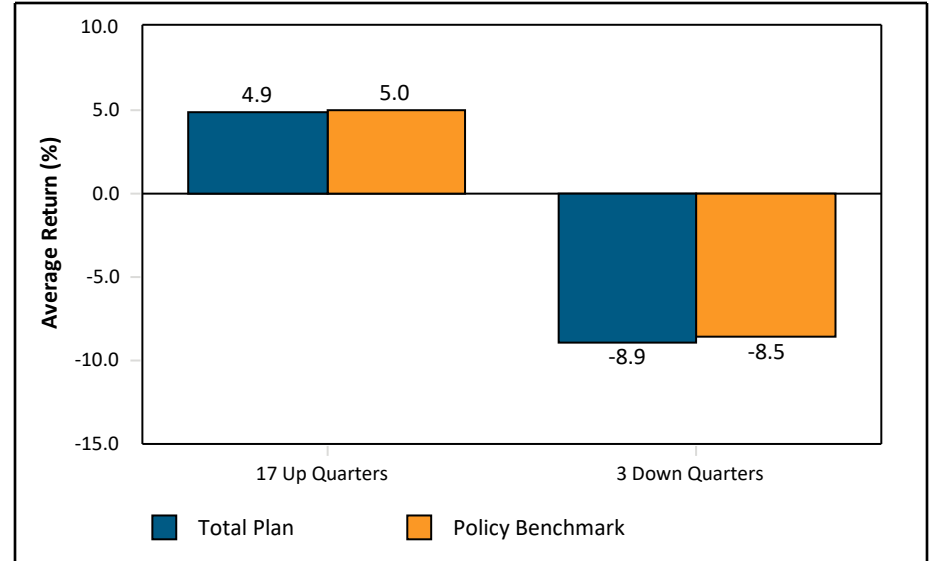
Market Capture

As of March 31, 2021

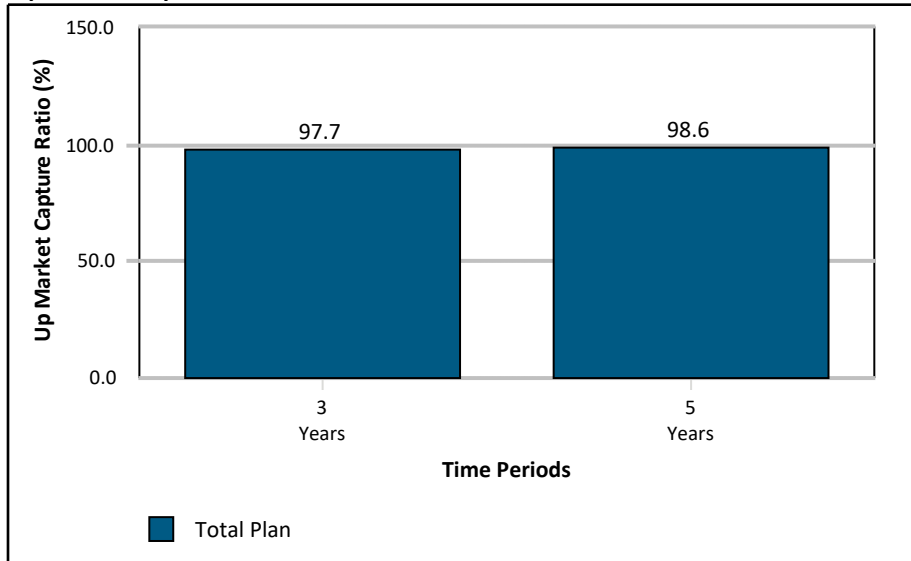
Up/Down Markets - 3 Years



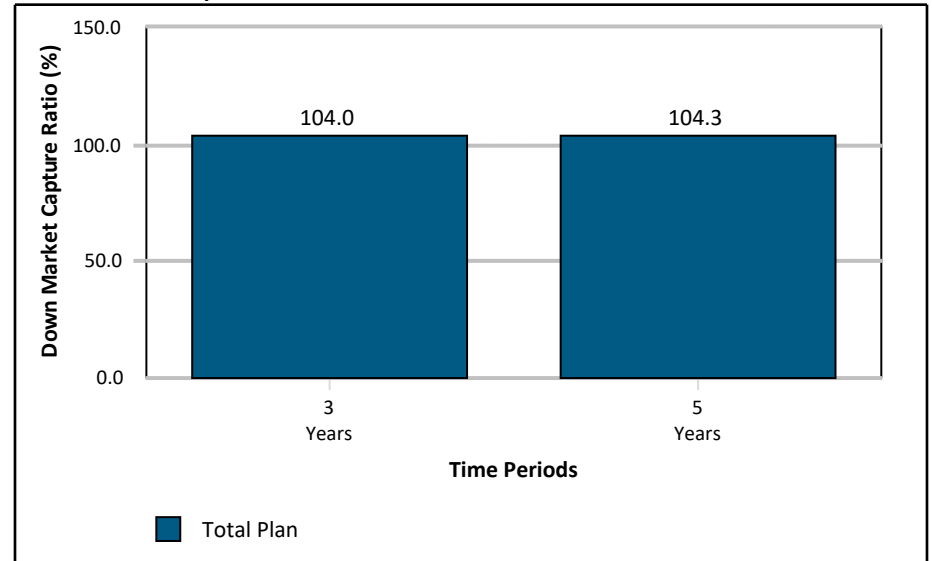
Up/Down Markets - 5 Years



Up Market Capture Ratio



Down Market Capture Ratio



Market Value & Flow Summary

Since Inception Ending March 31, 2021

Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
Dec-2007	-	-	-	126,047,968	N/A
Mar-2008	126,047,968	-314,583	-6,463,441	119,269,944	-5.4
Jun-2008	119,269,944	-34,506	-1,420,422	117,815,016	-1.0
Sep-2008	117,815,016	-1,639	-11,410,284	106,403,093	-9.9
Dec-2008	106,403,093	51,005	-18,744,117	87,709,981	-17.5
Mar-2009	87,709,981	-349,107	-6,198,914	81,161,960	-7.2
Jun-2009	81,161,960	-1,030,581	13,436,076	93,567,455	16.4
Sep-2009	93,567,455	619,883	14,098,425	108,285,763	14.9
Dec-2009	108,285,763	-115,779	3,547,706	111,717,690	3.1
Mar-2010	111,717,690	13,402	3,833,282	115,564,374	3.5
Jun-2010	115,564,374	739,868	-4,029,798	112,274,444	-3.5
Sep-2010	112,274,444	-780,144	10,497,177	121,991,477	9.3
Dec-2010	121,991,477	-439,159	6,066,208	127,618,526	4.9
Mar-2011	127,618,526	613,016	4,137,991	132,369,533	3.2
Jun-2011	132,369,533	-168,861	2,408,901	134,609,573	1.6
Sep-2011	134,609,573	-703,596	-9,573,123	124,332,854	-7.2
Dec-2011	124,332,854	-780,577	5,208,308	128,760,585	4.0
Mar-2012	128,760,585	1,032,061	8,131,545	137,924,191	6.3
Jun-2012	137,924,191	-740,359	-1,285,699	135,898,133	-1.0
Sep-2012	135,898,133	-233,704	6,403,068	142,067,497	4.7
Dec-2012	142,067,497	-127,106	3,395,681	145,336,072	2.2
Mar-2013	145,336,072	-1,537,090	4,572,279	148,371,261	3.1
Jun-2013	148,371,261	32,413	-3,404,263	144,999,411	-2.4
Sep-2013	144,999,411	-530,383	5,332,874	149,801,902	3.5
Dec-2013	149,801,902	-1,944,776	5,175,271	153,032,397	3.5
Mar-2014	153,032,397	-654,840	3,766,110	156,143,667	2.3
Jun-2014	156,143,667	2,041,778	6,299,031	164,484,476	3.8
Sep-2014	164,484,476	-1,324,196	-3,599,965	159,560,315	-2.2
Dec-2014	159,560,315	-1,137,601	398,924	158,821,638	0.1
Mar-2015	158,821,638	-1,160,759	2,998,155	160,659,034	1.9
Jun-2015	160,659,034	585,359	139,382	161,383,775	-0.2

Market Value & Flow Summary

Since Inception Ending March 31, 2021

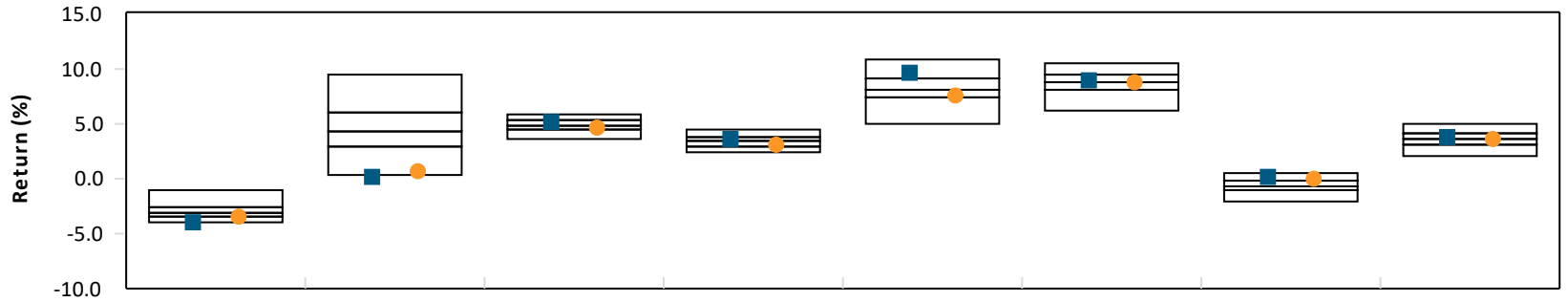
Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
Sep-2015	161,383,775	-1,040,311	-8,081,581	152,261,883	-5.0
Dec-2015	152,261,883	-1,742,184	2,019,763	152,539,462	1.2
Mar-2016	152,539,462	-1,730,879	1,523,499	152,332,082	1.0
Jun-2016	152,332,082	266,995	2,811,606	155,410,683	1.7
Sep-2016	155,410,683	1,983,503	6,426,058	163,820,244	4.1
Dec-2016	163,820,244	-54,598	2,645,722	166,411,368	1.6
Mar-2017	166,411,368	-5,459	7,877,936	174,283,845	4.7
Jun-2017	174,283,845	-3,747,517	5,154,535	175,690,863	3.0
Sep-2017	175,690,863	-46,149	6,899,516	182,544,230	3.9
Dec-2017	182,544,230	-47,491	8,185,226	190,681,965	4.4
Mar-2018	190,681,965	-48,887	-525,152	190,107,926	-0.3
Jun-2018	190,107,926	-1,209,164	2,581,836	191,480,598	1.3
Sep-2018	191,480,598	-3,051,362	6,401,105	194,830,341	3.4
Dec-2018	194,830,341	-47,255	-17,862,223	176,920,863	-9.2
Mar-2019	176,920,863	-46,671	16,444,026	193,318,218	9.3
Jun-2019	193,318,218	-4,049,872	4,895,026	194,163,372	2.5
Sep-2019	194,163,372	-48,026	300,197	194,415,543	0.1
Dec-2019	194,415,543	-39,368	12,163,384	206,539,559	6.2
Mar-2020	206,539,559	-557,974	-35,504,673	170,476,912	-17.2
Jun-2020	170,476,912	-511,765	24,700,354	194,665,501	14.5
Sep-2020	194,665,501	-3,617,501	10,623,672	201,671,672	5.5
Dec-2020	201,671,672	192,248	25,856,017	227,719,937	12.7
Mar-2021	227,719,937	-1,651,087	9,721,249	235,790,100	4.3

Manager Evaluation

Johnson Institutional Core Bond I

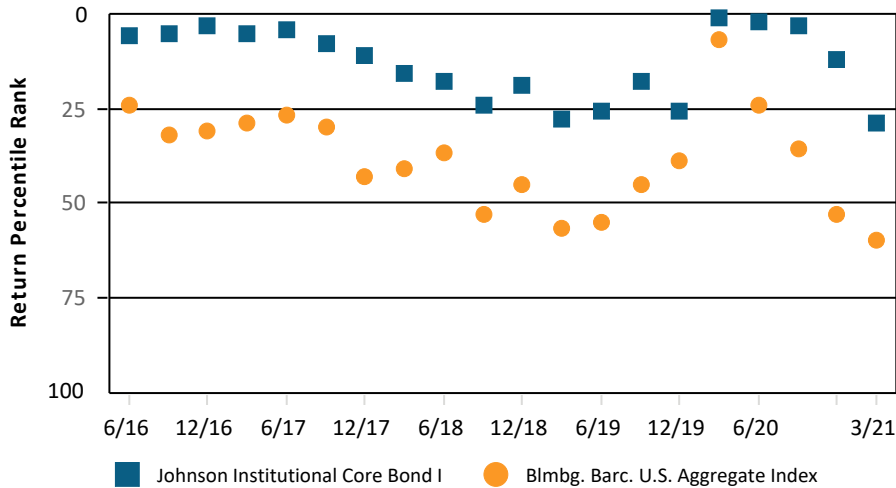
As of March 31, 2021

Peer Group Analysis vs. IM U.S. Broad Market Core Fixed Income (MF)

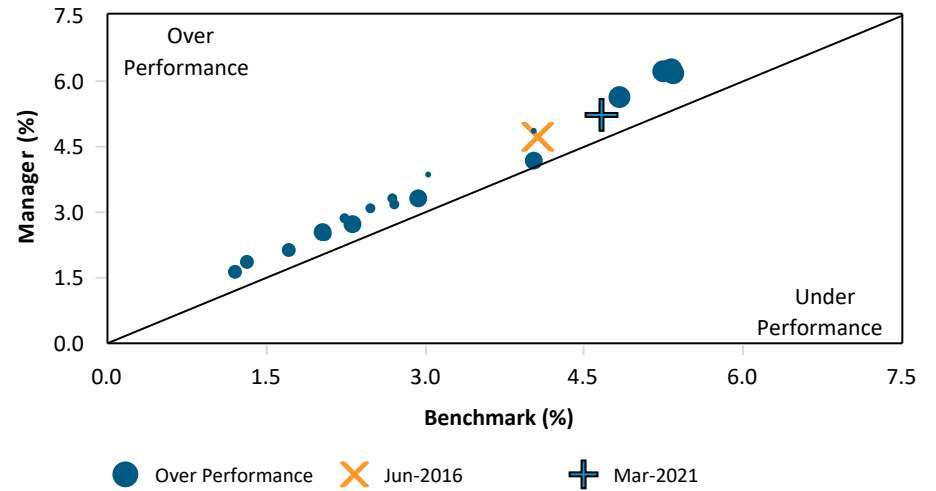


	QTR	1 Year	3 Years	5 Years	2020	2019	2018	2017
■ Johnson Institutional Core Bond I	-4.0 (96)	0.2 (98)	5.2 (29)	3.6 (34)	9.7 (14)	8.9 (46)	0.1 (13)	3.7 (46)
● Blmbg. Barc. U.S. Aggregate Index	-3.4 (74)	0.7 (91)	4.7 (60)	3.1 (67)	7.5 (72)	8.7 (53)	0.0 (18)	3.5 (54)
5th Percentile	-1.1	9.5	5.9	4.5	10.9	10.6	0.6	5.0
1st Quartile	-2.7	6.0	5.3	3.8	9.1	9.5	-0.2	4.1
Median	-3.0	4.4	4.8	3.4	8.2	8.8	-0.6	3.6
3rd Quartile	-3.4	2.8	4.4	3.0	7.4	8.1	-1.1	3.1
95th Percentile	-4.0	0.4	3.6	2.4	4.9	6.2	-2.1	2.1

3 Year Rolling Percentile Ranking vs. IM U.S. Broad Market Core Fixed Income (MF)



3 Year Rolling Under/Over Performance vs. Blmbg. Barc. U.S. Aggregate Index



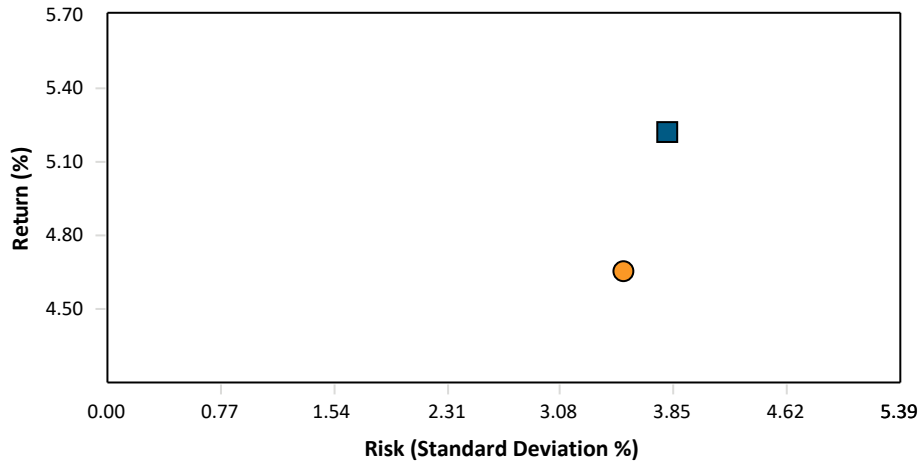
Mutual fund data sourced from Lipper Analytical Services.

Manager Evaluation

Johnson Institutional Core Bond I

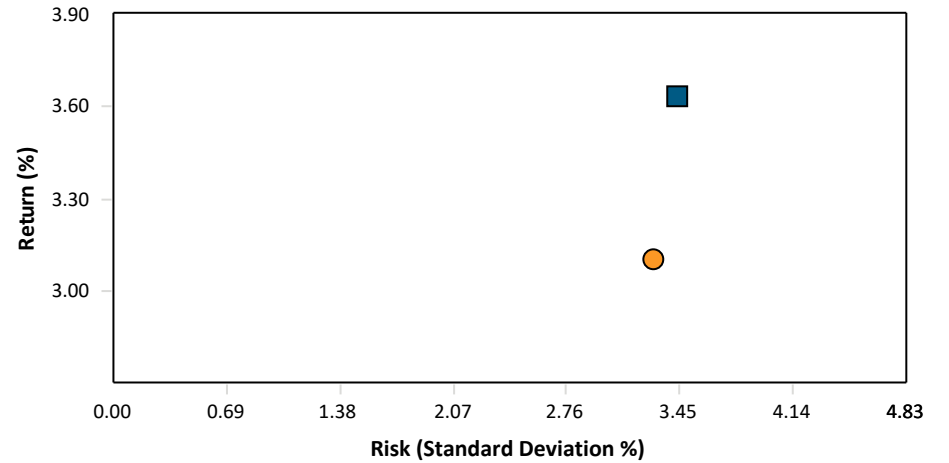
As of March 31, 2021

3 Year Risk and Return



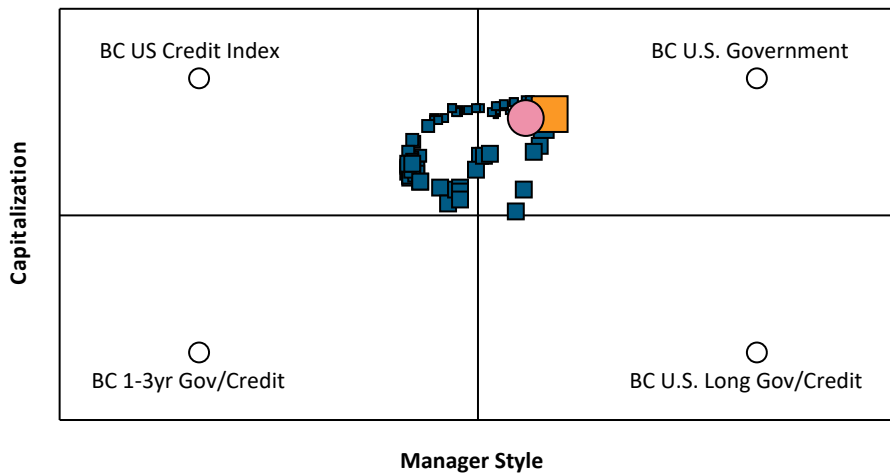
- Johnson Institutional Core Bond I
- Blmbg. Barc. U.S. Aggregate Index

5 Year Risk and Return



- Johnson Institutional Core Bond I
- Blmbg. Barc. U.S. Aggregate Index

Style Map - 3 Years



- Style History
- Mar-2021
- Average Style Exposure

MPT Statistics vs. Blmbg. Barc. U.S. Aggregate Index

	3 Years	5 Years
Return	5.2	3.6
Standard Deviation	3.8	3.4
vs. Blmbg. Barc. U.S. Aggregate Index		
Alpha	0.3	0.5
Beta	1.1	1.0
R-Squared	0.9	1.0
Consistency	50.0	55.0
Up Market Capture	104.7	104.9
Down Market Capture	92.4	92.2
vs. 90 Day U.S. Treasury Bill		
Sharpe Ratio	1.0	0.7

Mutual fund data sourced from Lipper Analytical Services.

Manager Evaluation

Johnson Institutional Core Bond I

Report Date March 31, 2021

Mutual Fund Information

Fund Name :	Johnson Mutual Funds Trust: Johnson Institutional Core Bond Fund; Class I Shares	Portfolio Assets :	\$464 Million
Fund Family :	Johnson Investment Counsel Inc	Fund Assets :	\$463 Million
Ticker :	JIBFX	Portfolio Manager :	Michael Leisring
Inception Date :	08/31/2000	PM Tenure :	2003
Portfolio Turnover :	29%		

Fund Investment Policy

The Fund seeks a high level of income by investing at least 65% of its assets in investment grade fixed income securities with average maturities between 5 and 7 years.

Asset Allocation as of 03/31/21

Not Enough Data.

Top 10 Securities as of 03/31/21

Not Enough Data.

Fixed Income Characteristics as of 03/31/21

Not Enough Data.

Maturity Distribution as of 03/31/21

Not Enough Data.

Quality Allocation as of 03/31/21

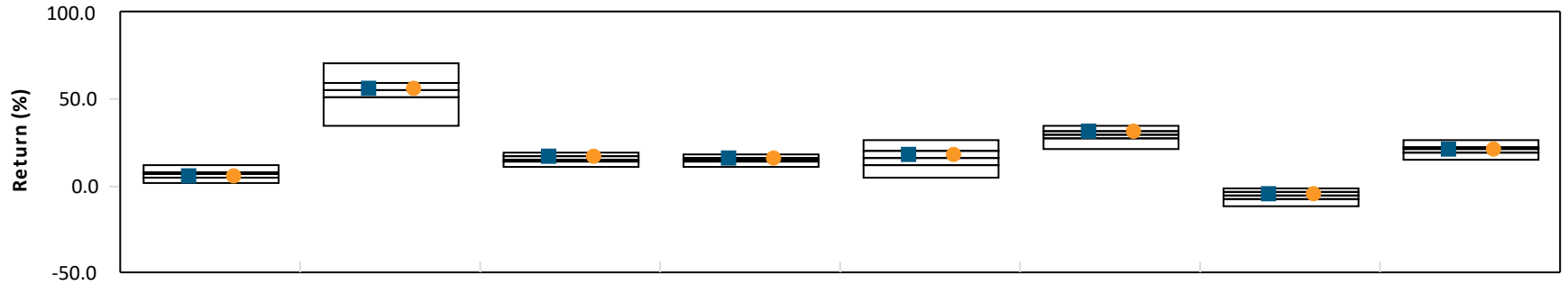
Not Enough Data.

Manager Evaluation

Mellon Large Cap Core

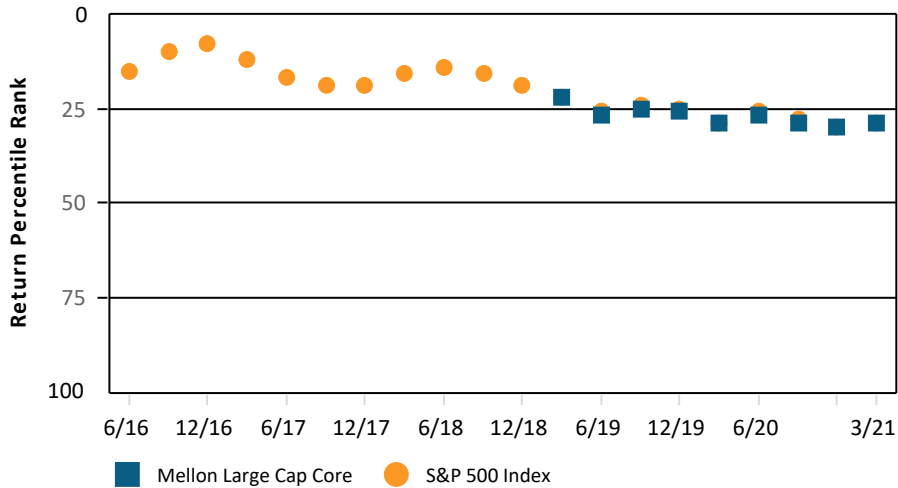
As of March 31, 2021

Peer Group Analysis vs. IM U.S. Large Cap Core Equity (MF)

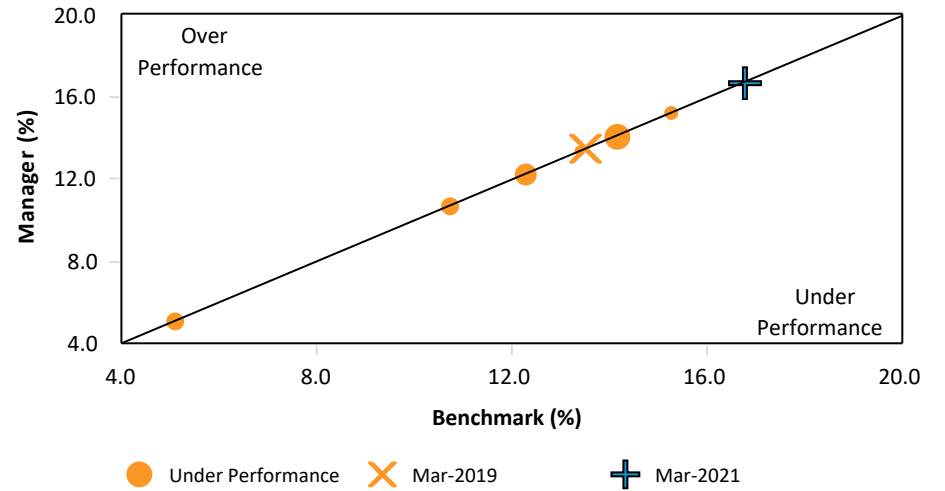


	QTR	1 Year	3 Years	5 Years	2020	2019	2018	2017
■ Mellon Large Cap Core	6.2 (57)	56.2 (45)	16.7 (29)	16.2 (24)	18.3 (41)	31.4 (31)	-4.4 (30)	21.8 (38)
● S&P 500 Index	6.2 (57)	56.4 (44)	16.8 (29)	16.3 (23)	18.4 (40)	31.5 (30)	-4.4 (30)	21.8 (38)
5th Percentile	11.8	71.0	18.9	17.8	26.6	35.2	-1.4	26.2
1st Quartile	8.1	60.1	17.0	16.2	20.7	31.8	-3.7	22.8
Median	6.4	55.3	15.3	15.2	16.0	29.7	-5.6	21.2
3rd Quartile	5.1	51.1	13.6	13.9	12.3	27.1	-7.2	19.3
95th Percentile	1.7	35.2	10.9	11.4	4.5	21.5	-12.0	15.5

3 Year Rolling Percentile Ranking vs. IM U.S. Large Cap Core Equity (MF)



3 Year Rolling Under/Over Performance vs. S&P 500 Index



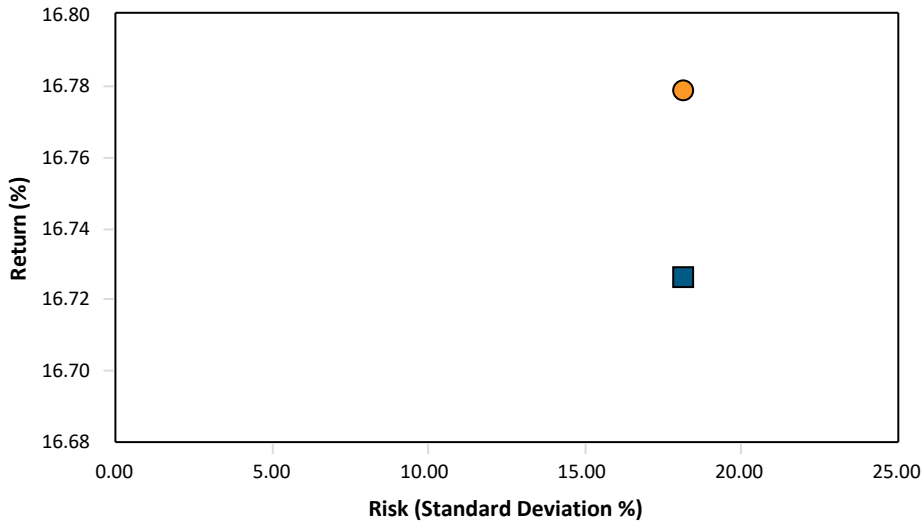
Mutual fund data sourced from Lipper Analytical Services.

Manager Evaluation

Mellon Large Cap Core

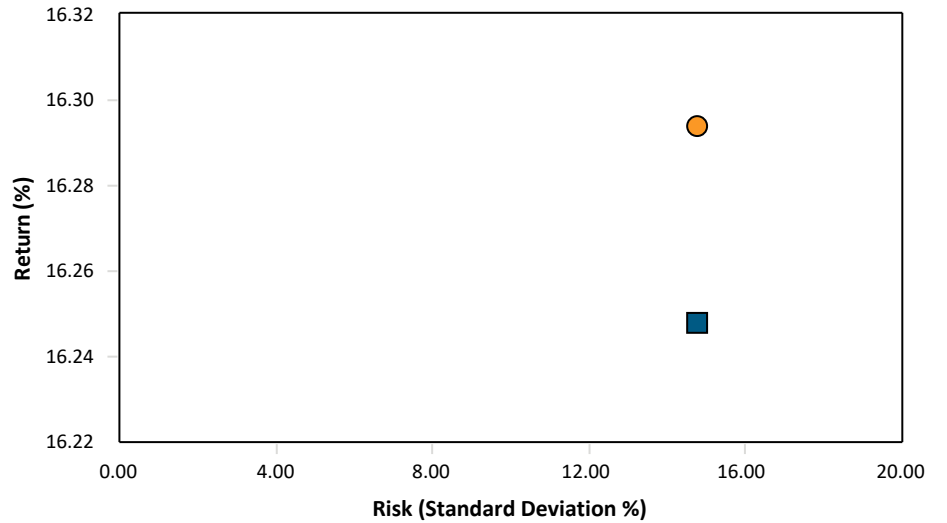
As of March 31, 2021

3 Year Risk and Return



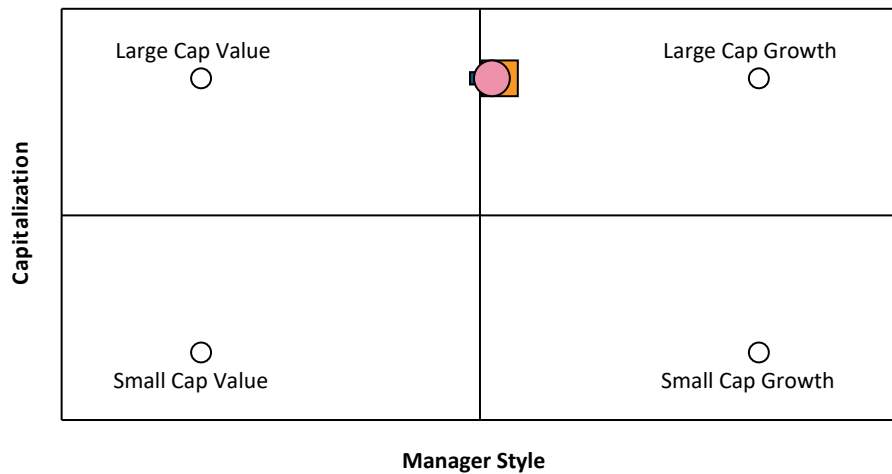
■ Mellon Large Cap Core ● S&P 500 Index

5 Year Risk and Return



■ Mellon Large Cap Core ● S&P 500 Index

Style Map - 3 Years



■ Style History ■ Mar-2021 ● Average Style Exposure

MPT Statistics vs. S&P 500 Index

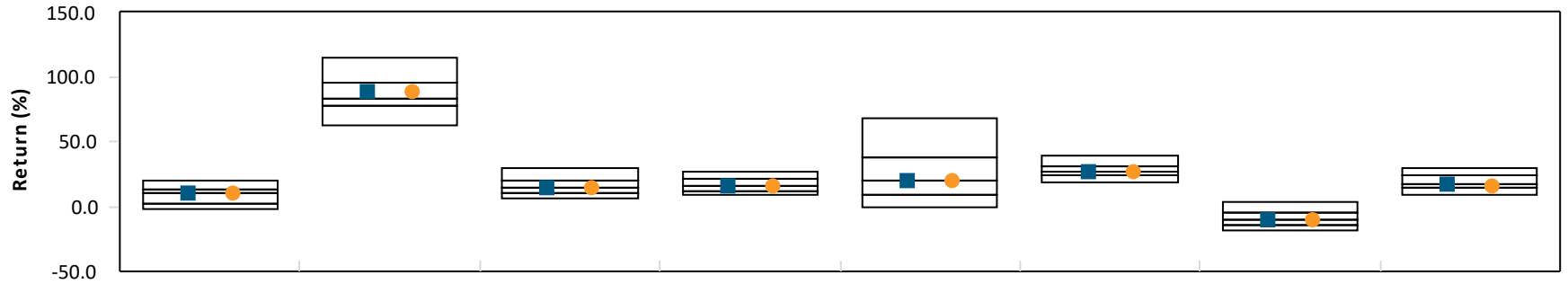
	3 Years	5 Years
Return	16.7	16.2
Standard Deviation	18.1	14.8
vs. S&P 500 Index		
Alpha	0.0	0.0
Beta	1.0	1.0
R-Squared	1.0	1.0
Consistency	44.4	38.3
Up Market Capture	99.9	99.9
Down Market Capture	100.0	100.0
vs. 90 Day U.S. Treasury Bill		
Sharpe Ratio	0.9	1.0

Mutual fund data sourced from Lipper Analytical Services.

Manager Evaluation

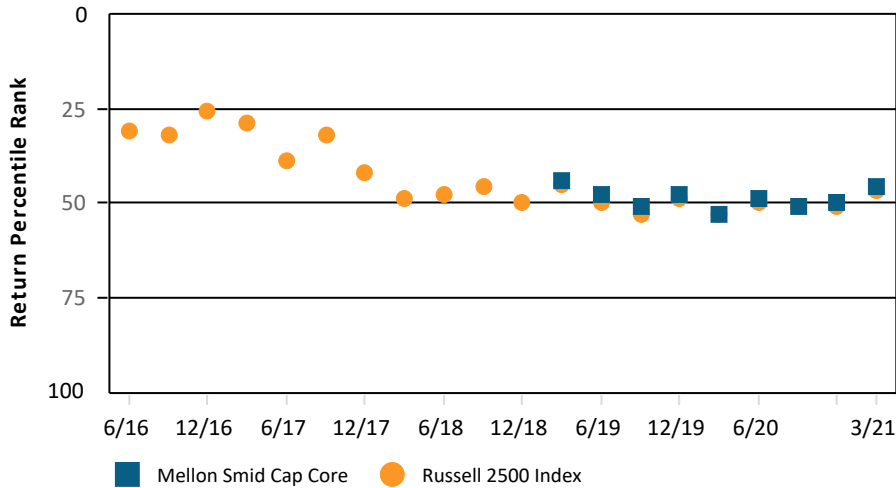
Mellon Smid Cap Core
As of March 31, 2021

Peer Group Analysis vs. IM U.S. SMID Cap Equity (MF)

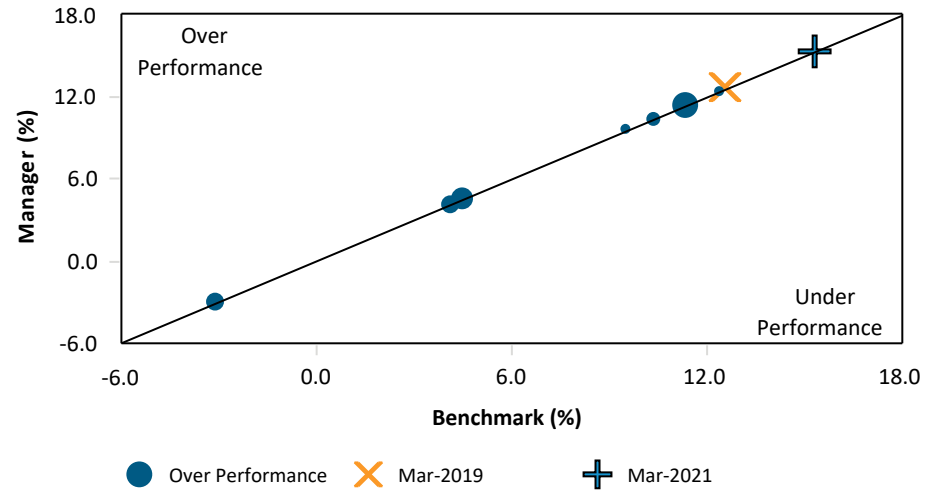


	QTR	1 Year	3 Years	5 Years	2020	2019	2018	2017
■ Mellon Smid Cap Core	11.0 (48)	89.4 (35)	15.4 (46)	16.1 (47)	20.0 (51)	27.9 (46)	-9.9 (50)	17.0 (55)
● Russell 2500 Index	10.9 (48)	89.4 (35)	15.3 (47)	15.9 (48)	20.0 (51)	27.8 (48)	-10.0 (50)	16.8 (56)
5th Percentile	20.5	116.0	30.5	27.4	69.1	40.2	4.2	30.4
1st Quartile	13.4	96.4	20.4	21.1	38.4	30.9	-5.0	25.1
Median	10.2	83.3	14.6	15.5	20.3	27.6	-10.2	17.9
3rd Quartile	3.0	77.7	10.8	12.2	9.5	24.6	-14.2	14.4
95th Percentile	-1.1	63.6	6.7	9.2	0.1	18.5	-18.6	9.8

3 Year Rolling Percentile Ranking vs. IM U.S. SMID Cap Equity (MF)



3 Year Rolling Under/Over Performance vs. Russell 2500 Index

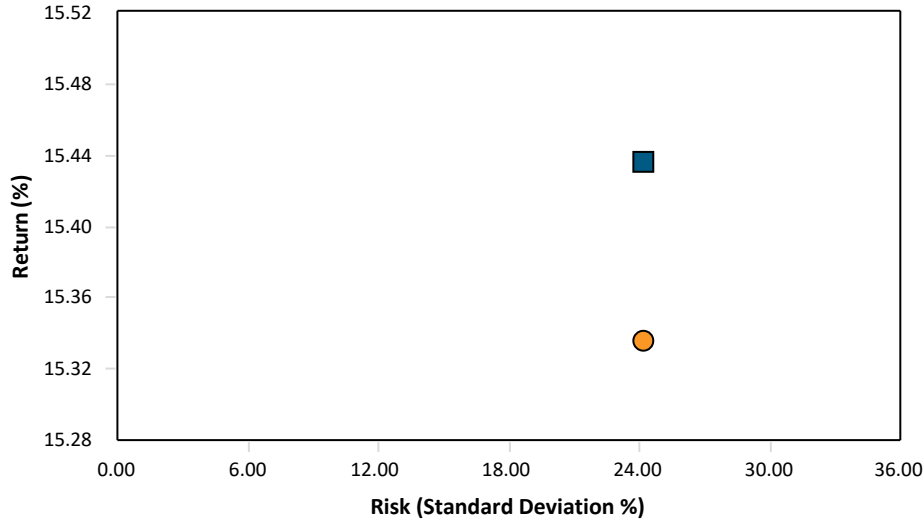


Mutual fund data sourced from Lipper Analytical Services.

Manager Evaluation

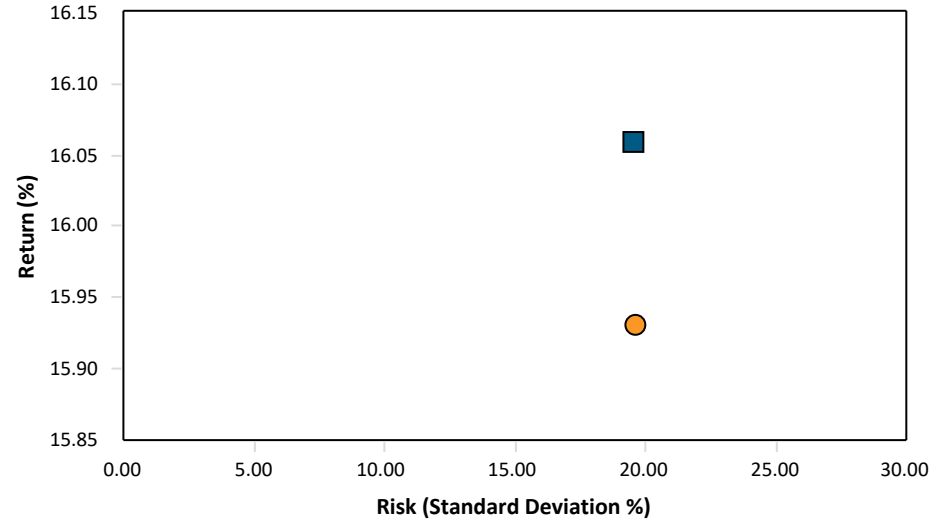
Mellon Smid Cap Core
As of March 31, 2021

3 Year Risk and Return



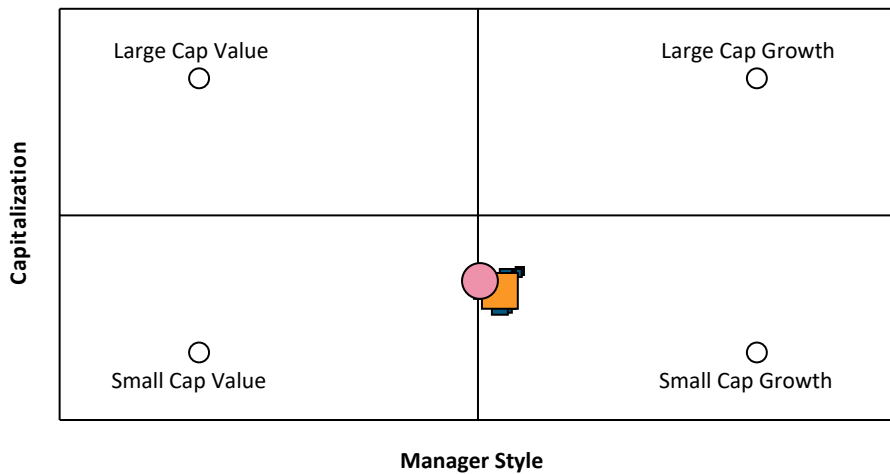
■ Mellon Smid Cap Core ● Russell 2500 Index

5 Year Risk and Return



■ Mellon Smid Cap Core ● Russell 2500 Index

Style Map - 3 Years



■ Style History ■ Mar-2021 ● Average Style Exposure

MPT Statistics vs. Russell 2500 Index

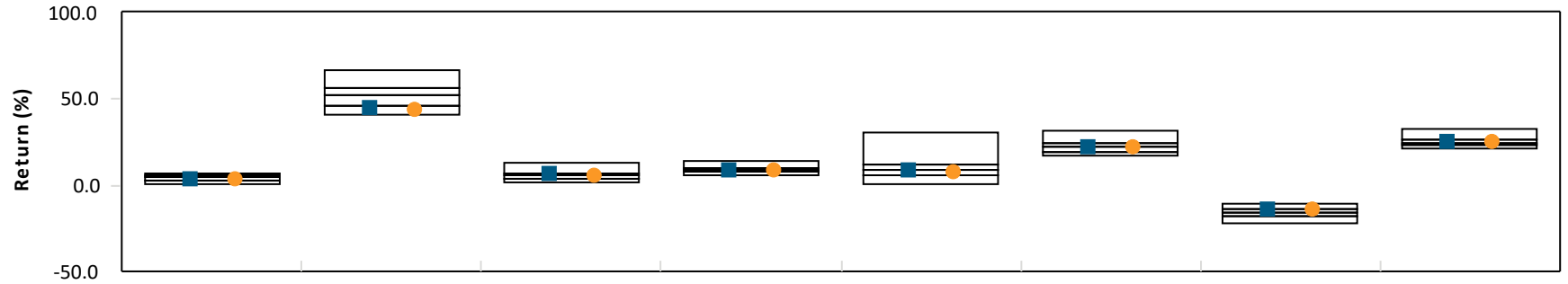
	3 Years	5 Years
Return	15.4	16.1
Standard Deviation	24.2	19.6
vs. Russell 2500 Index		
Alpha	0.1	0.1
Beta	1.0	1.0
R-Squared	1.0	1.0
Consistency	63.9	73.3
Up Market Capture	100.1	100.2
Down Market Capture	99.8	99.7
vs. 90 Day U.S. Treasury Bill		
Sharpe Ratio	0.7	0.8

Mutual fund data sourced from Lipper Analytical Services.

Manager Evaluation

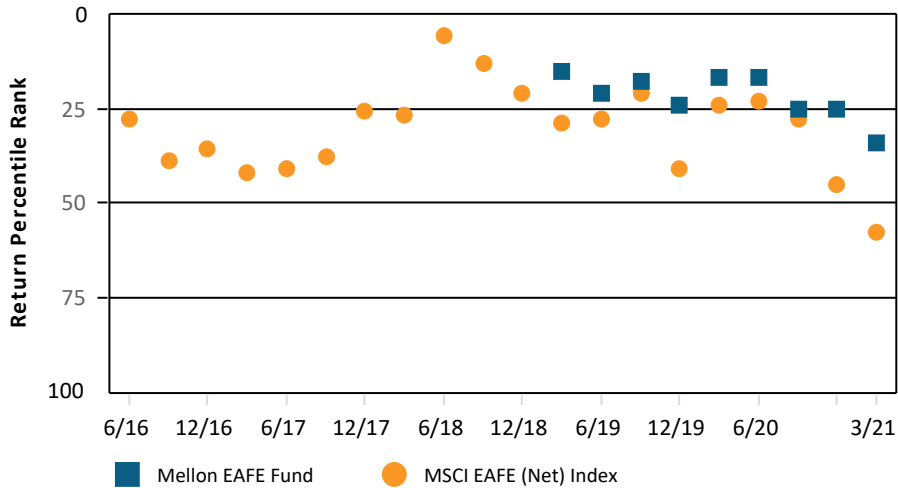
Mellon EAFE Fund
As of March 31, 2021

Peer Group Analysis vs. IM International Large Cap Core Equity (MF)

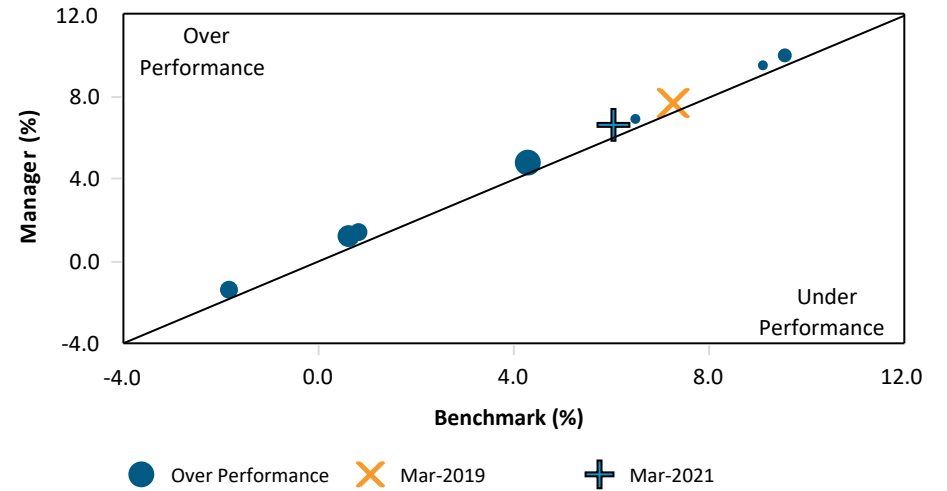


	QTR	1 Year	3 Years	5 Years	2020	2019	2018	2017
■ Mellon EAFE Fund	3.6 (65)	45.6 (76)	6.6 (34)	9.4 (35)	8.6 (48)	22.3 (49)	-13.3 (17)	25.7 (33)
● MSCI EAFE (Net) Index	3.5 (66)	44.6 (77)	6.0 (58)	8.8 (45)	7.8 (55)	22.0 (52)	-13.8 (25)	25.0 (38)
5th Percentile	6.8	67.0	13.1	14.2	31.2	31.9	-11.1	32.9
1st Quartile	6.3	56.6	6.9	9.7	12.2	25.0	-13.9	26.7
Median	4.4	52.9	6.3	8.6	8.5	22.1	-15.7	24.4
3rd Quartile	2.7	46.0	4.3	7.5	5.4	19.0	-17.9	23.0
95th Percentile	0.3	40.7	1.9	5.4	0.6	17.5	-21.7	21.4

3 Year Rolling Percentile Ranking vs. IM International Large Cap Core Equity (MF)



3 Year Rolling Under/Over Performance vs. MSCI EAFE (Net) Index

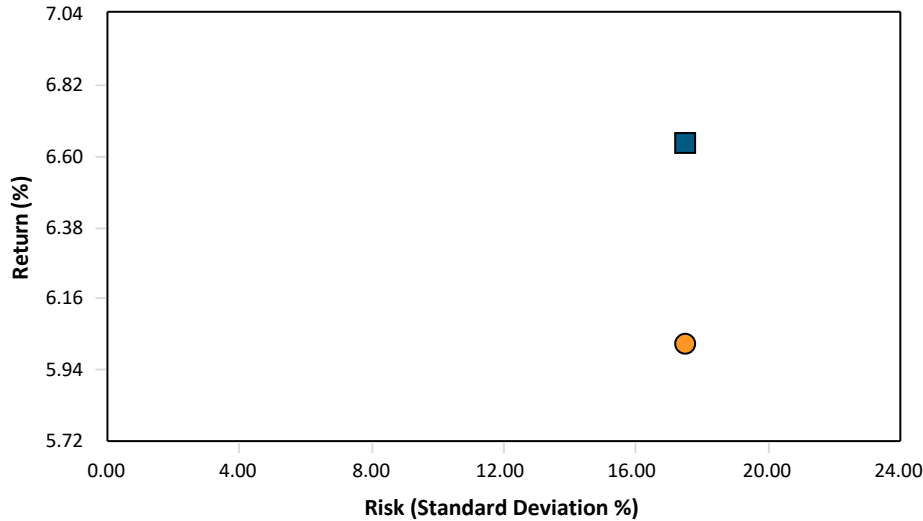


Mutual fund data sourced from Lipper Analytical Services.

Manager Evaluation

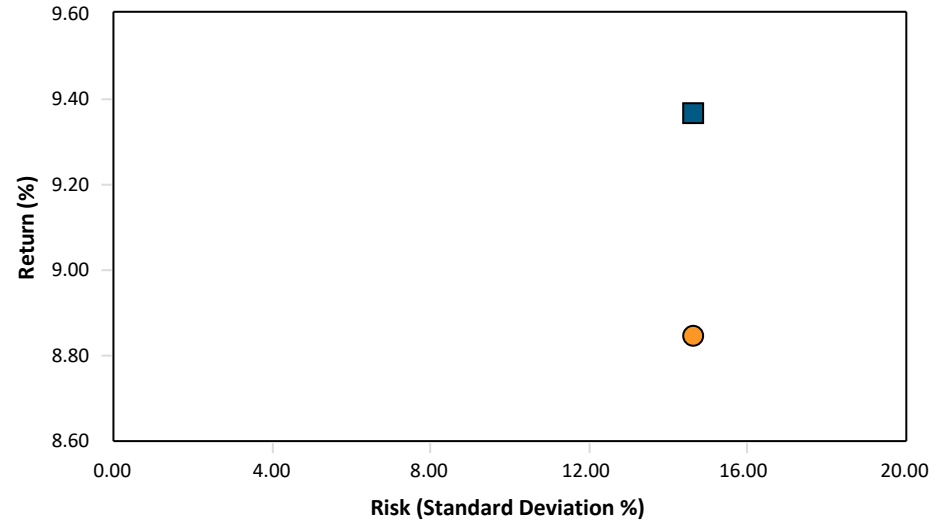
Mellon EAFE Fund
As of March 31, 2021

3 Year Risk and Return



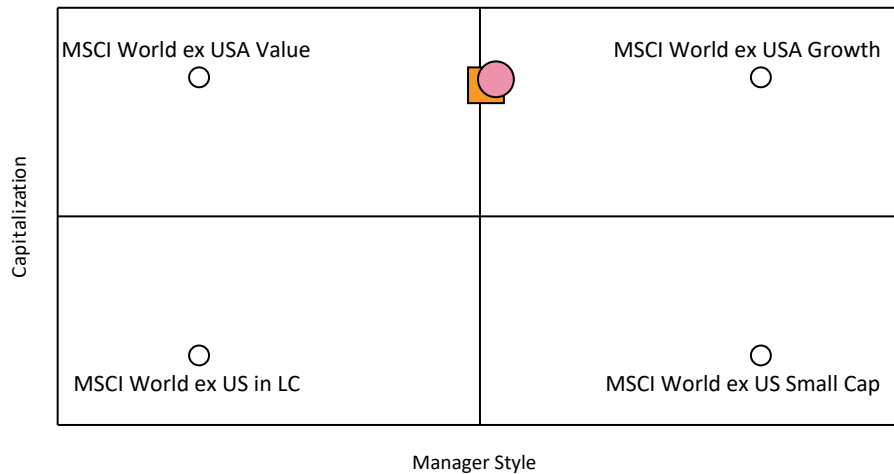
■ Mellon EAFE Fund ● MSCI EAFE (Net) Index

5 Year Risk and Return



■ Mellon EAFE Fund ● MSCI EAFE (Net) Index

Style Map - 3 Years



■ Style History ■ Mar-2021 ● Average Style Exposure

MPT Statistics vs. MSCI EAFE (Net) Index

	3 Years	5 Years
Return	6.6	9.4
Standard Deviation	17.5	14.6
vs. MSCI EAFE (Net) Index		
Alpha	0.6	0.5
Beta	1.0	1.0
R-Squared	1.0	1.0
Consistency	80.6	76.7
Up Market Capture	101.4	101.4
Down Market Capture	98.9	99.1
vs. 90 Day U.S. Treasury Bill		
Sharpe Ratio	0.4	0.6

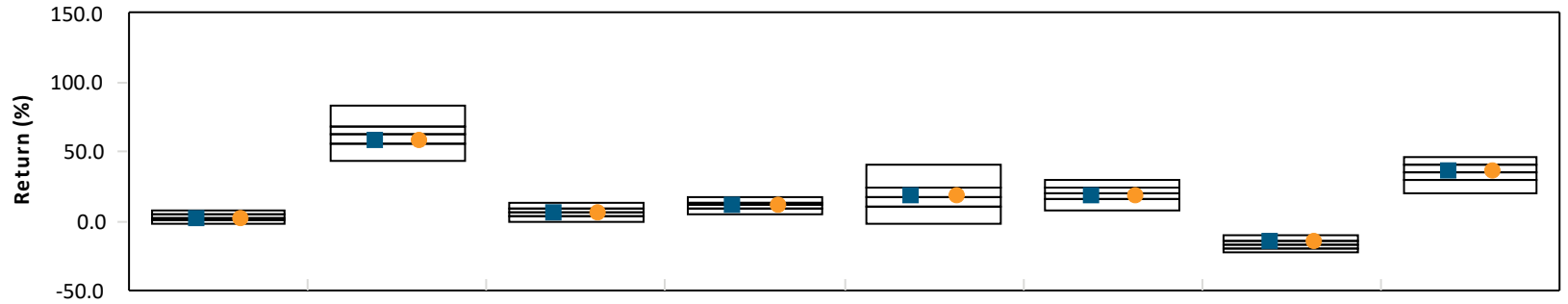
Mutual fund data sourced from Lipper Analytical Services.

Manager Evaluation

Mellon Emerging Markets

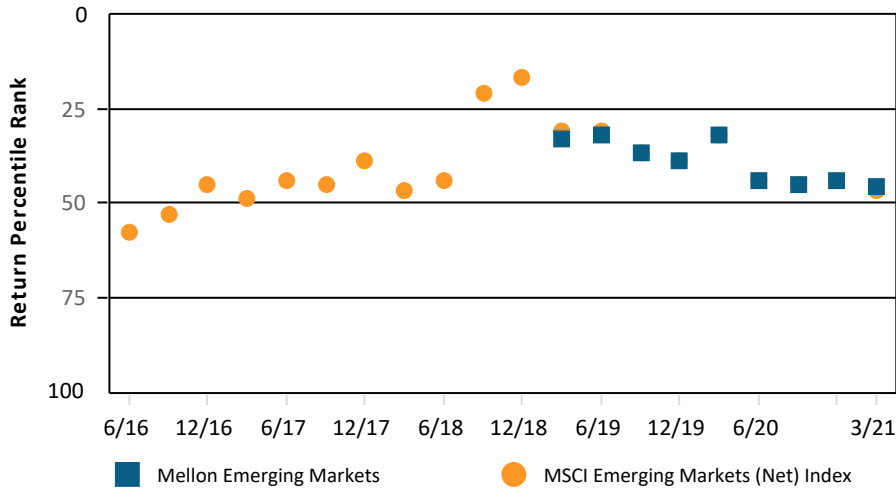
As of March 31, 2021

Peer Group Analysis vs. IM Emerging Markets Equity (MF)

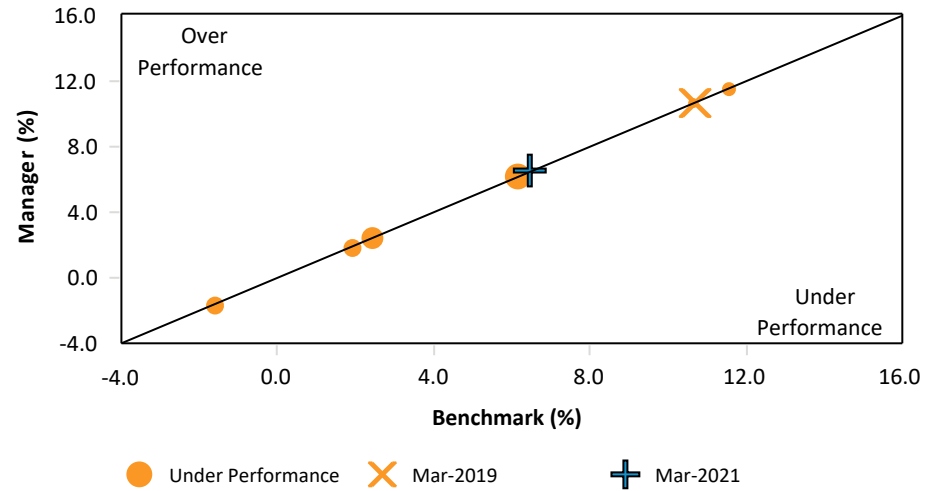


	QTR	1 Year	3 Years	5 Years	2020	2019	2018	2017
■ Mellon Emerging Markets	2.3 (57)	58.4 (66)	6.5 (46)	12.0 (45)	18.3 (46)	18.4 (62)	-14.6 (30)	37.2 (43)
● MSCI Emerging Markets (Net) Index	2.3 (57)	58.4 (66)	6.5 (47)	12.1 (45)	18.3 (46)	18.4 (62)	-14.6 (30)	37.3 (42)
5th Percentile	7.7	84.3	13.2	17.0	40.7	30.6	-9.7	46.8
1st Quartile	4.7	69.2	9.2	14.0	24.9	24.5	-14.0	40.4
Median	2.9	63.0	6.2	11.7	17.5	20.1	-16.4	35.4
3rd Quartile	1.0	55.7	4.1	9.9	10.8	16.3	-19.0	29.4
95th Percentile	-1.9	44.4	-0.7	5.3	-1.9	8.1	-22.6	20.4

3 Year Rolling Percentile Ranking vs. IM Emerging Markets Equity (MF)



3 Year Rolling Under/Over Performance vs. MSCI Emerging Markets (Net) Index



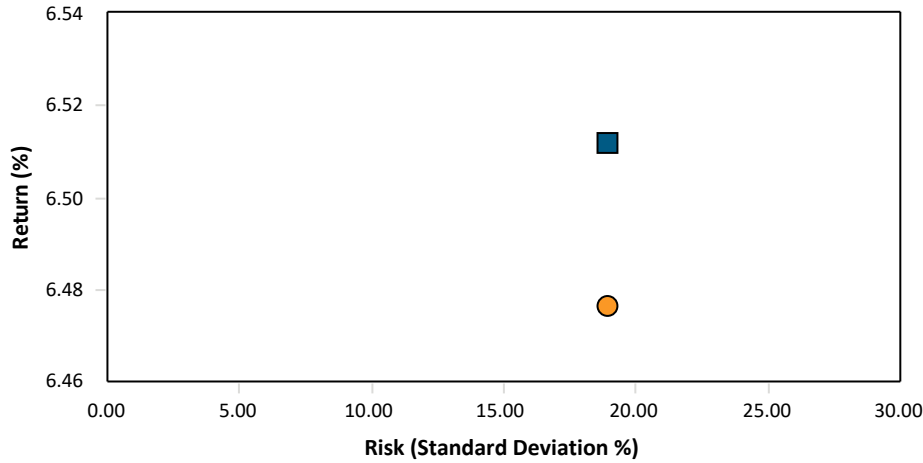
Mutual fund data sourced from Lipper Analytical Services.

Manager Evaluation

Mellon Emerging Markets

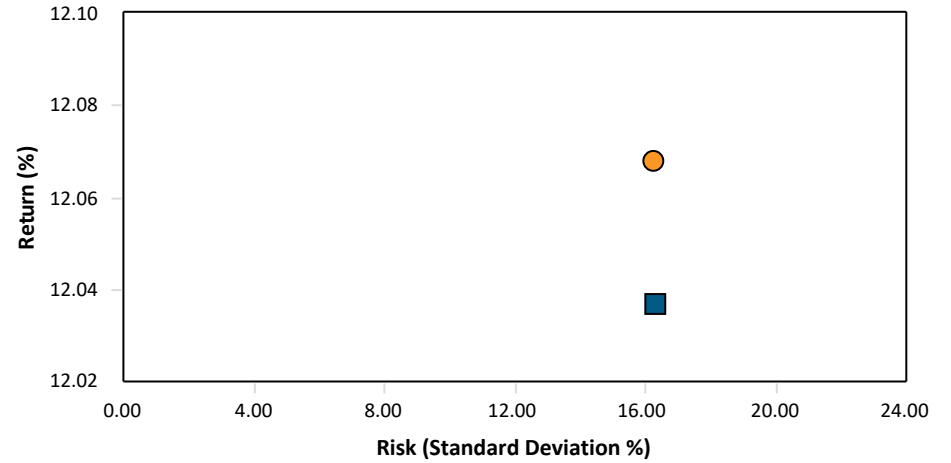
As of March 31, 2021

3 Year Risk and Return



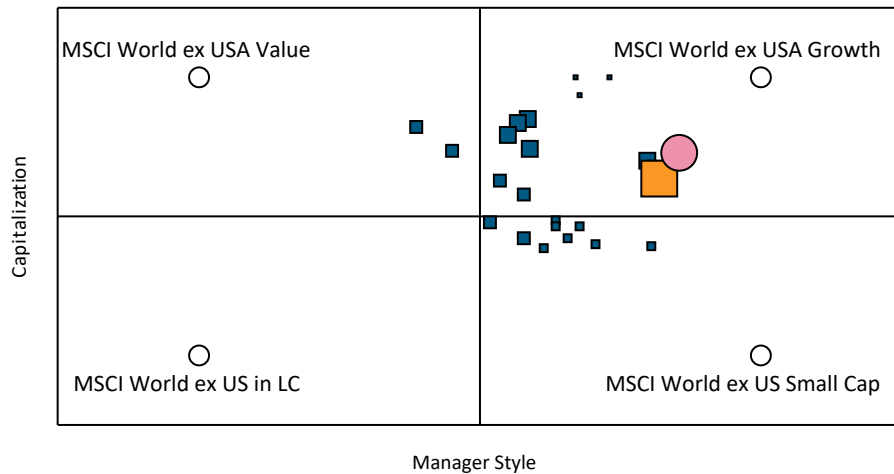
- Mellon Emerging Markets
- MSCI Emerging Markets (Net) Index

5 Year Risk and Return



- Mellon Emerging Markets
- MSCI Emerging Markets (Net) Index

Style Map - 3 Years



- Style History
- Mar-2021
- Average Style Exposure

MPT Statistics vs. MSCI Emerging Markets (Net) Index

	3 Years	5 Years
Return	6.5	12.0
Standard Deviation	18.9	16.3
vs. MSCI Emerging Markets (Net) Index		
Alpha	0.0	0.0
Beta	1.0	1.0
R-Squared	1.0	1.0
Consistency	50.0	43.3
Up Market Capture	100.1	100.0
Down Market Capture	99.9	100.2
vs. 90 Day U.S. Treasury Bill		
Sharpe Ratio	0.3	0.7

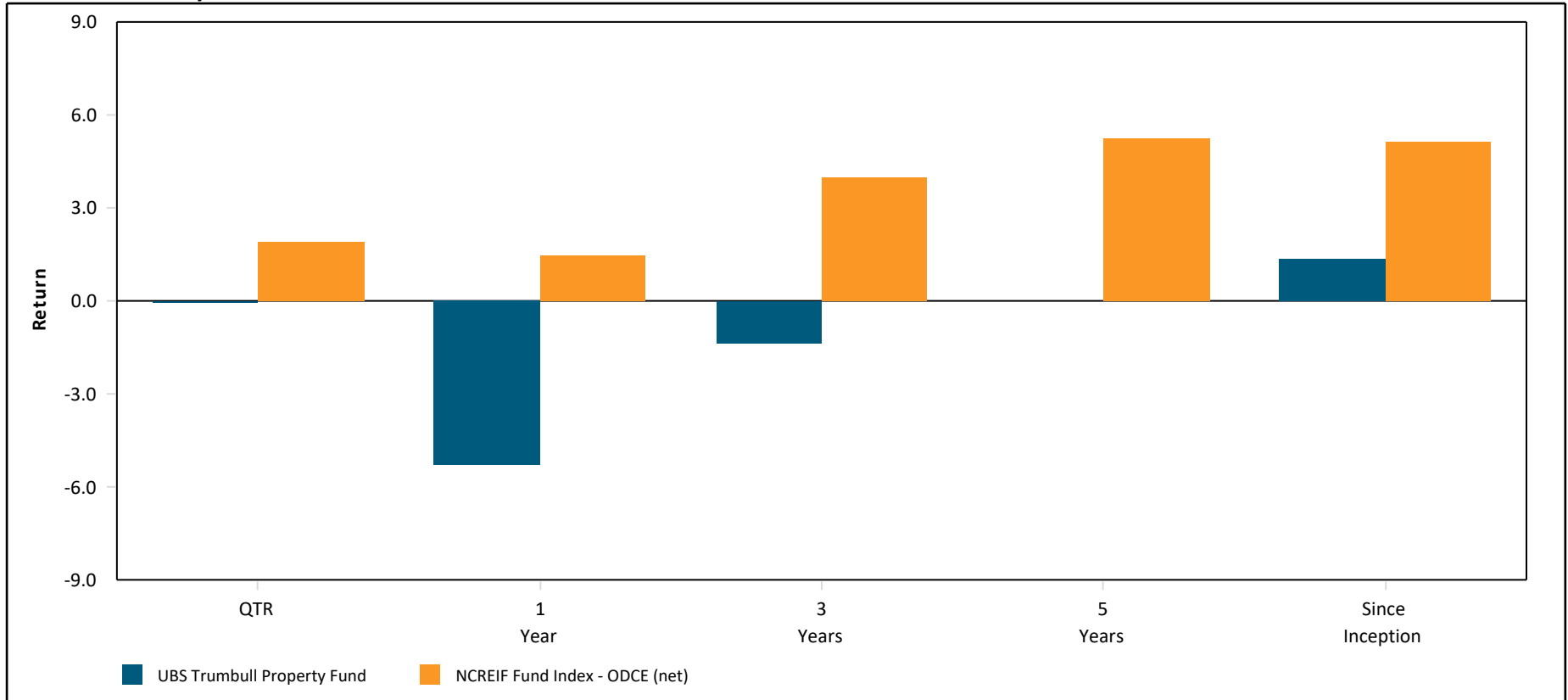
Mutual fund data sourced from Lipper Analytical Services.

Manager Evaluation

UBS Trumbull Property Fund

As of March 31, 2021

Performance Analysis



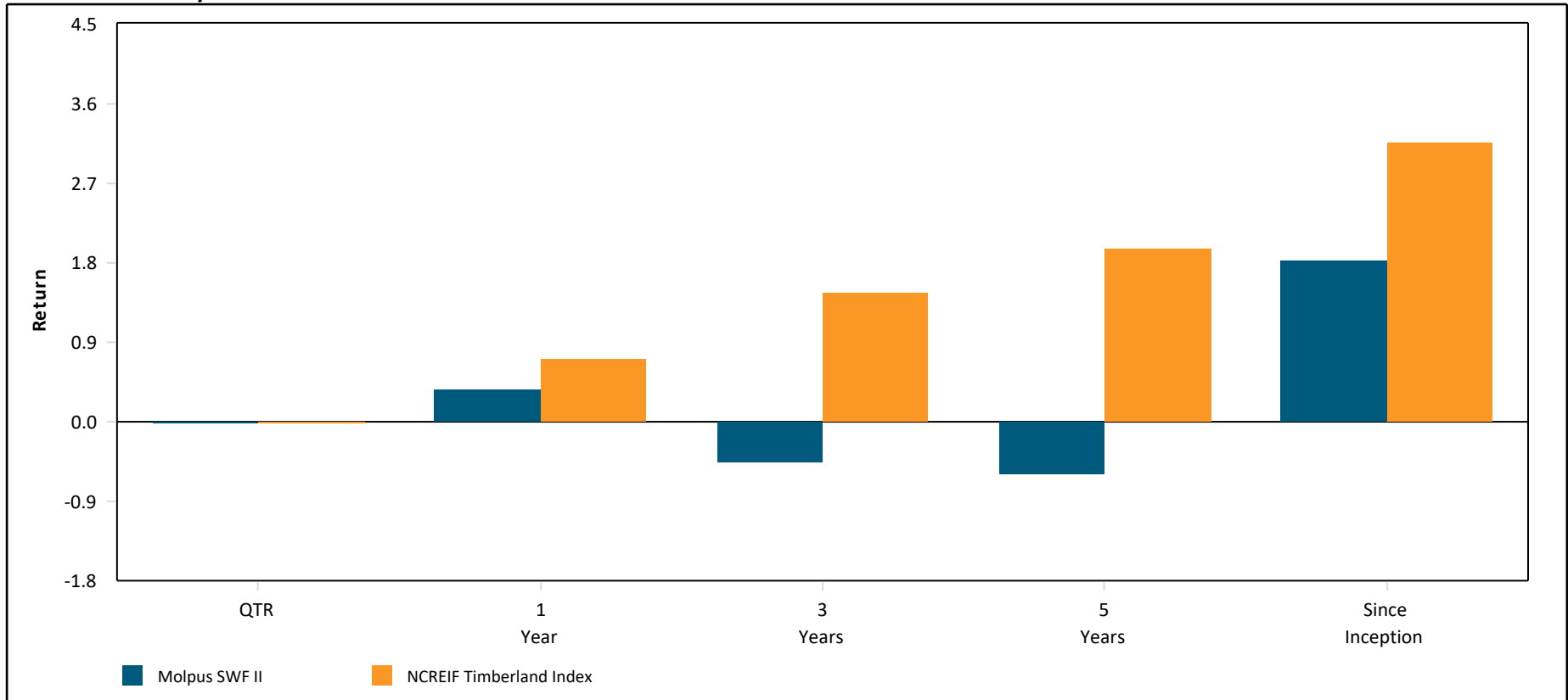
	QTR	1 Year	3 Years	5 Years	Since Inception	Inception Date
UBS Trumbull Property Fund	0.0	-5.3	-1.3	N/A	1.4	07/01/2016
<i>NCREIF Fund Index - ODCE (net)</i>	<i>1.9</i>	<i>1.5</i>	<i>4.0</i>	<i>5.3</i>	<i>5.1</i>	
Difference	-1.9	-6.8	-5.3	N/A	-3.7	

Manager Evaluation

Molpus SWF II

As of March 31, 2021

Performance Analysis



	QTR	1 Year	3 Years	5 Years	Since Inception	Inception Date
Molpus SWF II	0.0	0.4	-0.5	-0.6	1.8	03/01/2009
<i>NCREIF Timberland Index</i>	<i>0.0</i>	<i>0.7</i>	<i>1.5</i>	<i>2.0</i>	<i>3.2</i>	
Difference	0.0	-0.3	-2.0	-2.6	-1.4	

Definitions & Disclosures

Please note: Due to rounding methodologies of various data providers, certain returns in this report might differ slightly when compared to other sources

REGULATORY DISCLOSURES

Offer of ADV Part 2A: Rule 204-3 under the Investment Advisers Act of 1940 requires that we make an annual offer to clients to send them, without charge, a written disclosure statement meeting the requirements of such rule. We will be glad to send a copy of our ADV Part 2A to you upon your written request to compliance@fiducient.com.

ASSET CLASS REPRESENTATIONS

All material and information is intended for Fiducient Advisors L.L.C. business only. Any use or public dissemination outside firm business is prohibited. Information is obtained from a variety of sources which are believed though not guaranteed to be accurate. Any forecast represents future expectations and actual returns, volatilities and correlations will differ from forecasts. Past performance does not indicate future performance. This presentation does not represent a specific investment recommendation. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice.

When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise notes. Each index is unmanaged and investors can not actually invest directly into an index:

TIPS: Bloomberg Barclays Global Inflation-Linked: U.S. TIPS Total Return Index Unhedged

Municipals 5-Year: Bloomberg Barclays Municipal Bond 5 Year (4-6) Total Return Index Unhedged USD

Core Bond: Bloomberg Barclays US Agg Total Return Value Unhedged USD

High Yield Municipals: Bloomberg Barclays Muni High Yield Total Return Index Value Unhedged USD

High Yield: Bloomberg Barclays US Corporate High Yield Total Return Index Value Unhedged USD

Foreign Bond: Bloomberg Barclays Global Aggregate ex-USD Total Return Index Value USD (50/50 blend of hedged and unhedged)

EM Debt (unhedged): J.P. Morgan GBI-EM Global Diversified Composite Unhedged USD

U.S. Large Cap: S&P 500 Total Return Index

U.S. Small Cap: Russell 2000 Total Return Index

International Developed: MSCI EAFE Net Total Return USD Index

Emerging Markets: MSCI Emerging Markets Net Total Return USD Index

World: MSCI ACWI Net Total Return USD Index

U.S. Equity REITs: FTSE Nareit Equity REITs Total Return Index USD

S&P Real Assets: S&P Real Assets Total Return Index

Commodities: Bloomberg Commodity Total Return Index

Hedge Funds: Hedge Fund Research HFRI Fund of Funds Composite Index

Balanced: 3% TIPS, 33% Core Bond, 4% High Yield, 2% Foreign Bond, 2% EM Debt (unhedged), 18% U.S. Large Cap, 6% U.S. Small Cap, 16% International, 8% Emerging Markets, 5% U.S. Equity REITs, 3% Commodities

U.S.: MSCI USA Net Total Return USD Index

China: MSCI CHINA Net Total Return USD Index

Japan: MSCI Japan Net Total Return USD Index

Germany: MSCI Germany Net Total Return USD Index

India: MSCI India Net Total Return USD Index

United Kingdom: MSCI UK Net Total Return USD Index

France: MSCI France Net Total Return USD Index

Italy: MSCI Italy Net Total Return USD Index

Brazil: MSCI Brazil Net Total Return USD Index

Canada: MSCI Canada Net Total Return USD Index

INDEX DEFINITIONS

- **Citigroup 3 Month T-Bill** measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Indexes consist of the last three three-month Treasury bill issues.
- **Ryan 3 Yr. GIC** is an arithmetic mean of market rates of \$1 million Guaranteed Interest Contracts held for three years.
- **Bloomberg Barclays Treasury U.S. T-Bills-1-3 Month Index** includes aged U.S. Treasury bills, notes and bonds with a remaining maturity from 1 up to (but not including) 3 months. It excludes zero coupon strips.
- **Bloomberg Barclays Capital US Treasury Inflation Protected Securities Index** consists of Inflation-Protection securities issued by the U.S. Treasury.
- **Bloomberg Barclays Muni Index** is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. Bonds must be rated investment-grade by at least two ratings agencies.
- **Bloomberg Barclays Muni 1 Year Index** is the 1-year (1-2) component of the Municipal Bond index.
- **Bloomberg Barclays Muni 3 Year Index** is the 3-year (2-4) component of the Municipal Bond index.
- **Bloomberg Barclays Muni 5 Year Index** is the 5-year (4-6) component of the Municipal Bond index.
- **Bloomberg Barclays Muni 7 Year Index** is the 7-year (6-8) component of the Municipal Bond index.
- **Bloomberg Barclays Intermediate U.S. Gov't/Credit** is the Intermediate component of the U.S. Government/Credit index, which includes securities in the Government and Credit Indices. The Government Index includes treasuries and agencies, while the credit index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

- **Bloomberg Barclays U.S. Aggregate Index** covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.
- **Bloomberg Barclays Global Aggregate ex. USD Indices** represent a broad-based measure of the global investment-grade fixed income markets. The two major components of this index are the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds and Canadian government, agency and corporate securities.
- **Bloomberg Barclays U.S. Corporate High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.
- **JP Morgan Government Bond Index-Emerging Market (GBI-EM) Index** is a comprehensive, global local emerging markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.
- **The S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- **The Dow Jones Industrial Index** is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry.
- **The NASDAQ** is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.
- **Russell 3000** is a market-cap-weighted index which consists of roughly 3,000 of the largest companies in the U.S. as determined by market capitalization. It represents nearly 98% of the investable U.S. equity market.
- **Russell 1000** consists of the largest 1000 companies in the Russell 3000 Index.
- **Russell 1000 Growth** measures the performance of those Russell 1000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 1000 Value** measures the performance of those Russell 1000 companies with lower P/B ratios and lower forecasted growth values.
- **Russell Mid Cap** measures the performance of the 800 smallest companies in the Russell 1000 Index.
- **Russell Mid Cap Growth** measures the performance of those Russell Mid Cap companies with higher P/B ratios and higher forecasted growth values.
- **Russell Mid Cap Value** measures the performance of those Russell Mid Cap companies with lower P/B ratios and lower forecasted growth values.
- **Russell 2000** consists of the 2,000 smallest U.S. companies in the Russell 3000 index.
- **Russell 2000 Growth** measures the performance of the Russell 2000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 2000 Value** measures the performance of those Russell 2000 companies with lower P/B ratios and lower forecasted growth values.
- **Russell 2500** consists of the 2,500 smallest U.S. companies in the Russell 3000 index.
- **Russell 2500 Growth** measures the performance of the Russell 2500 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 2500 Value** measures the performance of those Russell 2500 companies with lower P/B ratios and lower forecasted growth values.
- **MSCI World** captures large and mid-cap representation across 23 Developed Markets countries. With 1,645 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
- **MSCI ACWI (All Country World Index) ex. U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. With 1,859 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.
- **MSCI ACWI (All Country World Index) ex. U.S. Small Cap Index** captures small cap representation across 22 of 23 Developed Markets countries (excluding the US) and 23 Emerging Markets countries. With 4,368 constituents, the index covers approximately 14% of the global equity opportunity set outside the US.
- **MSCI EAFE** is an equity index which captures large and mid-cap representation across Developed Markets countries around the world, excluding the US and Canada. With 930 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
- **MSCI EAFE Value** captures large and mid-cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 507 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI EAFE Index.
- **MSCI EAFE Growth** captures large and mid-cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the US and Canada. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend. With 542 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI EAFE Index.
- **MSCI Emerging Markets** captures large and mid-cap representation across 23 Emerging Markets countries. With 836 constituents, the index covers approximately 85% of the free-float adjusted market capitalization in each country.
- **Consumer Price Index** is a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.
- **FTSE NAREIT Equity REITs Index** contains all Equity REITs not designed as Timber REITs or Infrastructure REITs.
- **S&P Developed World Property** defines and measures the investable universe of publicly traded property companies domiciled in developed markets. The companies in the index are engaged in real estate related activities, such as property ownership, management, development, rental and investment.
- **S&P Developed World Property x U.S.** defines and measures the investable universe of publicly traded property companies domiciled in developed countries outside of the U.S. The companies included are engaged in real estate related activities, such as property ownership, management, development, rental and investment.
- **Fund Specific Broad Real Asset Benchmarks:**
 - **DWS Real Assets:** 30%: Dow Jones Brookfield Infrastructure Index, 30%: FTSE EPRA/NAREIT Developed Index, 15%: Bloomberg Commodity Index, 15%: S&P Global Natural Resources Index, 10%: Barclays U.S. Treasury Inflation Notes Total Return Index
 - **PIMCO Inflation Response Multi Asset Fund:** 45% Barclays U.S. TIPS, 20% Bloomberg Commodity Index, 15% JP Morgan Emerging Local Markets Plus, 10% Dow Jones Select REIT, 10% Bloomberg Gold Subindex Total Return
 - **Principal Diversified Real Assets:** 35% BBgBarc U.S. Treasury TIPS Index, 20% S&P Global Infrastructure Index NTR, 20% S&P Global Natural Resources Index NTR, 15% Bloomberg Commodity Index, and 10% FTSE EPRA/NAREIT Developed Index NTR
 - **Wellington Diversified Inflation H:** 50% MSCI ACWI Commodity Producers Index, 25% Bloomberg Commodity Index, and 25% Bloomberg Barclays US TIPS 1 – 10 Year Index
- **Bloomberg Commodity Index** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification.
- **HFRI Fund Weighted Composite Index** is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of \$50 Million under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.
- **The Alerian MLP Index** is the leading gauge of energy Master Limited Partnerships (MLPs). The float adjusted, capitalization-weighted index, whose constituents represent approximately 85% of total float-adjusted market capitalization, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis.
- **The Adjusted Alerian MLP Index** is commensurate with 65% of the monthly returns of the Alerian MLP Index to incorporate the effect of deferred tax liabilities incurred by MLP entities.
- **Cambridge Associates U.S. Private Equity Index** is based on data compiled from more than 1,200 institutional-quality buyout, growth equity, private equity energy, and mezzanine funds formed between 1986 and 2015.

- **Cambridge Associates U.S. Venture Capital Index** is based on data compiled from over 1,600 institutional-quality venture capital funds formed between 1986 and 2015.
- **Vanguard Spliced Bloomberg Barclays US1-5Yr Gov/Cr Flt Adj Index:** Bloomberg Barclays U.S. 1–5 Year Government/Credit Bond Index through December 31, 2009; Bloomberg Barclays U.S. 1–5 Year Government/Credit Float Adjusted Index thereafter.
- **Vanguard Spliced Bloomberg Barclays US5-10Yr Gov/Cr Flt Adj Index:** Bloomberg Barclays U.S. 5–10 Year Government/Credit Bond Index through December 31, 2009; Bloomberg Barclays U.S. 5–10 Year Government/Credit Float Adjusted Index thereafter.
- **Vanguard Spliced Bloomberg Barclays US Agg Flt Adj Index:** Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009; Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter.
- **Vanguard Spliced Bloomberg Barclays US Long Gov/Cr Flt Adj Index:** Bloomberg Barclays U.S. Long Government/Credit Bond Index through December 31, 2009; Bloomberg Barclays U.S. Long Government/Credit Float Adjusted Index thereafter.
- **Vanguard Balanced Composite Index:** Made up of two unmanaged benchmarks, weighted 60% Dow Jones U.S. Total Stock Market Index (formerly the Dow Jones Wilshire 5000 Index) and 40% Bloomberg Barclays U.S. Aggregate Bond Index through May 31, 2005; 60% MSCI US Broad Market Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009; 60% MSCI US Broad Market Index and 40% Bloomberg Barclays U.S. Aggregate Float Adjusted Index through January 14, 2013; and 60% CRSP US Total Market Index and 40% Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter.
- **Vanguard Spliced Intermediate-Term Tax-Exempt Index:** Bloomberg Barclays 1–15 Year Municipal Bond Index.
- **Vanguard Spliced Extended Market Index:** Dow Jones Wilshire 4500 Index through June 17, 2005; S&P Transitional Completion Index through September 16, 2005; S&P Completion Index thereafter.
- **Vanguard Spliced Value Index:** S&P 500 Value Index (formerly the S&P 500/Barra Value Index) through May 16, 2003; MSCI US Prime Market Value Index through April 16, 2013; CRSP US Large Cap Value Index thereafter.
- **Vanguard Spliced Large Cap Index:** Consists of MSCI US Prime Market 750 Index through January 30, 2013, and the CRSP US Large Cap Index thereafter.
- **Vanguard Spliced Growth Index:** S&P 500 Growth Index (formerly the S&P 500/Barra Growth Index) through May 16, 2003; MSCI US Prime Market Growth Index through April 16, 2013; CRSP US Large Cap Growth Index thereafter.
- **Vanguard Spliced Mid Cap Value Index:** MSCI US Mid Cap Value Index through April 16, 2013; CRSP US Mid Cap Value Index thereafter.
- **Vanguard Spliced Mid Cap Index:** S&P MidCap 400 Index through May 16, 2003; the MSCI US Mid Cap 450 Index through January 30, 2013; and the CRSP US Mid Cap Index thereafter.
- **Vanguard Spliced Mid Cap Growth Index:** MSCI US Mid Cap Growth Index through April 16, 2013; CRSP US Mid Cap Growth Index thereafter.
- **Vanguard Spliced Total Stock Market Index:** Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter.
- **Vanguard Spliced Small Cap Value Index:** SmallCap 600 Value Index (formerly the S&P SmallCap 600/Barra Value Index) through May 16, 2003; MSCI US Small Cap Value Index through April 16, 2013; CRSP US Small Cap Value Index thereafter.
- **Vanguard Spliced Small Cap Index:** Russell 2000 Index through May 16, 2003; the MSCI US Small Cap 1750 Index through January 30, 2013; and the CRSP US Small Cap Index thereafter.
- **Vanguard Spliced Small Cap Growth Index:** S&P SmallCap 600 Growth Index (formerly the S&P SmallCap 600/Barra Value Index) through May 16, 2003; MSCI US Small Cap Growth Index through April 16, 2013; CRSP US Small Cap Growth Index thereafter.
- **Vanguard Spliced Total International Stock Index:** Consists of the Total International Composite Index through August 31, 2006; the MSCI EAFE + Emerging Markets Index through December 15, 2010; the MSCI ACWI ex USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter. Benchmark returns are adjusted for withholding taxes.
- **Vanguard Spliced Developed Markets Index:** MSCI EAFE Index through May 28, 2013; FTSE Developed ex North America Index through December 20, 2015; FTSE Developed All Cap ex US Transition Index through May 31, 2016; FTSE Developed All Cap ex US Index thereafter. Benchmark returns are adjusted for withholding taxes.
- **Vanguard Spliced Emerging Markets Index:** Select Emerging Markets Index through August 23, 2006; MSCI Emerging Markets Index through January 9, 2013; FTSE Emerging Transition Index through June 27, 2013; FTSE Emerging Index through November 1, 2015; and FTSE Emerging Markets All Cap China A Transition Index thereafter. Benchmark returns are adjusted for withholding taxes.
- **Vanguard REIT Spliced Index:** MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index through January 31, 2018; MSCI US Investable Market Real Estate 25/50 Transition Index through July 24, 2018; MSCI US Investable Market Real Estate 25/50 Index thereafter.

Additional:

- Equity sector returns are calculated by Russell and MSCI for domestic and international markets, respectively. MSCI sector definitions correspond to the MSCI GICS® classification (Global Industry Classification System); Russell uses its own sector and industry classifications.
- MSCI country returns are calculated by MSCI and are free float-adjusted market capitalization indices that are designed to measure equity market performance in each specific country.
- Currency returns are calculated using Bloomberg's historical spot rate indices and are calculated using the U.S. dollar as the base currency.
- The Index of Leading Economic Indicators, calculated by The Conference Board, is used as a barometer of economic activity over a range of three to six months. The index is used to determine the direction and stability of the economy. The composite index of leading indicators, which is derived from 10 leading indicators, helps to signal turning points in the economy and forecast economic cycles. The leading indicators are the following: average weekly hours, average weekly initial claims, manufacturers' new orders, both consumer and non-defense capital goods, vendor performance, building permits, stock prices, money supply (M2), the interest rate spread and the index of consumer expectations.
- S&P Target Date Indexes are constructed using a survey method of current target date investments with \$100 million or more in assets under management. Allocations for each vintage are comprised of exchange-traded funds that represent respective asset classes used in target date portfolios. The indexes are designed to represent a market consensus glide path.

DEFINITION OF KEY STATISTICS AND TERMS

- **Returns:** A percentage figure used when reporting historical average compounded rate of investment return. All returns are annualized if the period for which they are calculated exceeds one year.
- **Universe Comparison:** The universe compares the fund's returns to a group of other investment portfolios with similar investment strategies. The returns for the fund, the index and the universe percentiles are displayed. A percentile ranking of 1 is the best, while a percentile ranking of 100 is the worst. For example, a ranking of 50 indicates the fund outperformed half of the universe. A ranking of 25 indicates the fund was in the top 25% of the universe, outperforming 75%.
- **Returns In Up/Down Markets:** This measures how the fund performed in both up and down markets. The methodology is to segregate the performance for each time period into the quarters in which the market, as defined by the index, was positive and negative. Quarters with negative index returns are treated as down markets, and quarters with positive index returns are treated as up markets. Thus, in a 3 year or 12 quarter period, there might be 4 down quarters and 8 up quarters. A simple arithmetic average of returns is calculated for the fund and the index based on the up quarters. A simple arithmetic average of returns is calculated for the fund and the index based on the down quarters. The up market capture ratio is the ratio of the fund's return in up markets to the index. The down market capture ratio is the ratio of the fund's return in down markets to the index. Ideally, the fund would have a greater up market capture ratio than down market capture ratio.

- **Standard Deviation:** Standard deviation is a statistical measure of the range of performance within which the total returns of a fund fall. When a fund has a high standard deviation, the range of performance is very wide, meaning there is a greater volatility. Approximately 68% of the time, the total return of any given fund will differ from the average total return by no more than plus or minus the standard deviation figure. Ninety-five percent of the time, a fund's total return will be within a range of plus or minus two times the standard deviation from the average total return. If the quarterly or monthly returns are all the same the standard deviation will be zero. The more they vary from one another, the higher the standard deviation. Standard deviation can be misleading as a risk indicator for funds with high total returns because large positive deviations will increase the standard deviation without a corresponding increase in the risk of the fund. While positive volatility is welcome, negative is not.
- **R-Squared:** This reflects the percentage of a fund's movements that are explained by movements in its benchmark index. An R-squared of 100 means that all movements of a fund are completely explained by movements in the index. Conversely, a low R-squared indicates very few of the fund's movements are explained by movements in the benchmark index. R-squared can also be used to ascertain the significance of a particular beta. Generally, a higher R-squared will indicate a more reliable beta figure. If the R-squared is lower, then the beta is less relevant to the fund's performance. A measure of diversification, R-squared indicates the extent to which fluctuations in portfolio returns are explained by market. An R-squared = 0.70 implies that 70% of the fluctuation in a portfolio's return is explained by the fluctuation in the market. In this instance, overweighting or underweighting of industry groups or individual securities is responsible for 30% of the fund's movement.
- **Beta:** This is a measure of a fund's market risk. The beta of the market is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the market in up markets and 10% worse than the market in down markets. It is important to note, however, a low fund beta does not imply the fund has a low level of volatility; rather, a low beta means only that the fund's market-related risk is low. Because beta analyzes the market risk of a fund by showing how responsive the fund is to the market, its usefulness depends on the degree to which the markets determine the fund's total risk (indicated by R-squared).
- **Alpha:** The Alpha is the nonsystematic return, or the return that can't be attributed to the market. It can be thought of as how the manager performed if the market's return was zero. A positive alpha implies the manager added value to the return of the portfolio over that of the market. A negative alpha implies the manager did not contribute any value over the performance of the market.
- **Sharpe Ratio:** The Sharpe ratio is the excess return per unit of total risk as measured by standard deviation. Higher numbers are better, indicating more return for the level of risk experienced. The ratio is a fund's return minus the risk-free rate of return (30-day T-Bill rate) divided by the fund's standard deviation. The higher the Sharpe ratio, the more reward you are receiving per unit of total risk. This measure can be used to rank the performance of mutual funds or other portfolios.
- **Treynor Ratio:** The Treynor ratio measures returns earned in excess of that which could have been earned on a riskless investment per each unit of market risk. The ratio relates excess return over the risk-free rate to the additional risk taken; however, systematic risk is used instead of total risk. The Treynor ratio is similar to the Sharpe ratio, except in the fact that it uses the beta to evaluate the returns rather than the standard deviation of portfolio returns. High values mean better return for risk taken.
- **Tracking Error:** Tracking error measures the volatility of the difference in annual returns between the manager and the index. This value is calculated by measuring the standard deviation of the difference between the manager and index returns. For example, a tracking error of +/- 5 would mean there is about a 68% chance (1 standard deviation event) that the manager's returns will fall within +/- 5% of the benchmark's annual return.
- **Information Ratio:** The information ratio is a measure of the consistency of excess return. This value is determined by taking the annualized excess return over a benchmark (style benchmark by default) and dividing it by the standard deviation of excess return.
- **Consistency:** Consistency shows the percent of the periods the fund has beaten the index and the percent of the periods the index has beat the fund. A high average for the fund (e.g., over 50) is desirable, indicating the fund has beaten the index frequently.
- **Downside Risk:** Downside risk is a measure similar to standard deviation but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the product.
- **M-Squared:** M-squared, or the Modigliani risk-adjusted performance measure is used to characterize how well a portfolio's return rewards an investor for the amount of risk taken, relative to that of some benchmark portfolio and to the risk-free rate.

DEFINITION OF KEY PRIVATE EQUITY TERMS

- **PIC (Paid in Capital):** The amount of committed capital that has been transferred from the limited partner to the general partner.
- **TVPI (Total Value to Paid in Capital):** Money returned to limited partners plus the fund's unrealized investments, divided by money paid-in to the partnership. The TVPI should equal RVPI plus DPI.
- **DPI (Distribution to Paid In Capital):** Money returned (distributions) to limited partners divided by money paid in to the partnership. Also called cash-on-cash multiple.
- **RVPI (Residual Value to Paid In Capital):** The value of a fund's unrealized investments divided by money paid-in to the partnership.
- **Internal rate of return (IRR):** This is the most appropriate performance benchmark for private equity investments. It is a time-weighted return expressed as a percentage. IRR uses the present sum of cash drawdowns (money invested), the present value of distributions (money returned from investments) and the current value of unrealized investments and applies a discount.
- **Commitment:** Every investor in a private equity fund commits to investing a specified sum of money in the fund partnership over a specified period of time. The fund records this as the limited partnership's capital commitment. The sum of capital commitments is equal to the size of the fund.
- **Capital Distribution:** These are the returns that an investor in a private equity fund receives. It is the income and capital realized from investments less expenses and liabilities. Once a limited partner has had their cost of investment returned, further distributions are actual profit. The partnership agreement determines the timing of distributions to the limited partner. It will also determine how profits are divided among the limited partners and general partner.
- **Carried Interest:** The share of profits that the fund manager is due once it has returned the cost of investment to investors. Carried interest is normally expressed as a percentage of the total profits of the fund.
- **Co-Investment:** Co-Investments are minority investments made alongside a private equity investor in an LBO, a recapitalization, or an expansion capital transaction. It is a passive, non-controlling investment, as the private equity firm involved will typically exercise control and perform monitoring functions.
- **General Partner (GP):** This can refer to the top-ranking partners at a private equity firm as well as the firm managing the private equity fund.
- **GP Commitments:** It is normal practice for the GP managing a private equity fund to also make a financial commitment to the fund on the same basis as the LPs in the fund, and this is seen as an important factor driving the alignment of GP and LP interests. The historic benchmark for GP commitments has been 1% of the total fund size, but this is by no means universal, and many GPs commit significantly larger amounts. Furthermore, there has been a marked trend towards GPs making larger commitments to their funds over recent years.
- **Leveraged Buy-Out (LBO):** The acquisition of a company using debt and equity finance.
- **Limited Partner (LP):** Institutions or high-net-worth individuals/sophisticated investors that contribute capital to a private equity fund.
- **Public Market Equivalent (PME):** Performance measure used to evaluate performance relative to the market. It is calculated as the ratio of the discounted value of the LP's inflows divided by the discounted value of outflows, with the discounting performed using realized market returns.
- **Primaries:** An original investment vehicle that invests directly into a company or asset.

VALUATION POLICY

Fiducient Advisors does not engage an independent third-party pricing service to value securities. Our reports are generated using the security prices provided by custodians used by our clients. Our custodial pricing hierarchy is available upon request. If a client holds a security not reported by the first custodian within the hierarchy, the valuation is generated from the next custodian within the hierarchy, and so forth. Each custodian uses pricing services from outside vendors, where the vendors may generate nominally different prices. Therefore, this report can reflect minor valuation differences from those contained in a custodian's report. In rare instances where Fiducient Advisors overrides a custodial price, prices are taken from Bloomberg.

REPORTING POLICY

This report is intended for the exclusive use of the client listed within the report. Content is privileged and confidential. Any dissemination or distribution is strictly prohibited. Information has been obtained from a variety of sources believed to be reliable though not independently verified. Any forecast represents median expectations and actual returns, volatilities and correlations will differ from forecasts. Please note each client has customized investment objectives and constraints and the investment strategy for each portfolio is based on a client-specific asset allocation model. Past performance does not indicate future performance and there is a possibility of a loss. Performance calculated net of investment fees. Certain portfolios presented may be gross of Fiducient Advisors' fees and actual performance would be reduced by investment advisory fees. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney, and accountant, as appropriate, regarding specific advice.

Custodian reports are the reports that govern the account. There will be different account values between Fiducient Advisors' reports and the custodian reports based on whether the report utilizes trade date or settlement date to calculate value. Additionally, difference between values contained on reports may be caused by different accrued income values. Any forecasts represent future expectations and actual returns, volatilities and correlations will differ from forecasts. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney, and accountant, as appropriate, regarding specific advice. Past performance does not indicate future performance and there is a possibility of a loss.

Manager performance for mutual funds and ETFs is based on NAV and provided by Lipper. Performance for non-mutual fund or ETF investments is based on the returns provided by managers, calculations based on a manager statement, or calculations based on a statement or data from the client's custodian. Unless specified otherwise, all returns are net of individual manager fees, represent total returns and are annualized for periods greater than one year. The deduction of fees produces a compounding effect that reduces the total rate of return over time. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 0.50% annual investment advisory fee would be \$5,228 in the first year, and cumulative effects of \$30,342 over five years and \$73,826 over ten years. Additional information on advisory fees charged by Fiducient Advisors are described in Part 2 of the Form ADV.

OTHER

By regulation, closed-end funds utilizing debt for leverage must report their interest expense, as well as their income tax expense, as part of their total expense ratio. To make for a useful comparison between closed-end funds and both open-end funds and exchange-traded funds, adjusted expense ratios excluding interest and income tax expenses are utilized for closed-end funds within this report. See disclosure on closed-end fund fact sheets for information regarding the total expense ratio of each closed-end fund.

Please advise us of any changes in your objectives or circumstances.

CUSTODIAN STATEMENTS

Please remember to review the periodic statements you receive from you custodian. If you do not receive periodic statements from your custodian or notice issues with the activity reported in those statements, please contact Fiducient Advisors or your custodian immediately.



FIDUCIENT
Advisors

Helping Clients Prosper

Burlington Employees' Retirement System

Fossil Fuel Divestment Report - April 2021

This report is intended for the exclusive use of clients or prospective clients of Fiducient Advisors. The information contained herein is intended for the recipient, is confidential and may not be disseminated or distributed to any other person without the prior approval of Fiducient Advisors. Any dissemination or distribution is strictly prohibited. Information has been obtained from a variety of sources believed to be reliable though not independently verified. Any forecasts represent future expectations and actual returns; volatilities and correlations will differ from forecasts. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice.

Past performance does not indicate future performance and there is a possibility of a loss.



Disclosure

This report is intended for the exclusive use of clients or prospective clients of Fiducient Advisors. The information contained herein is intended for the recipient, is confidential and may not be disseminated or distributed to any other person without the prior approval of Fiducient Advisors. Any dissemination or distribution is strictly prohibited. Information has been obtained from a variety of sources believed to be reliable though not independently verified. Any forecasts represent future expectations and actual returns; volatilities and correlations will differ from forecasts. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice. Past performance does not indicate future performance and there is a possibility of a loss.

Table of Contents



Section 1	Overview of City Resolution
Section 2	Fossil Fuel Divesting - Exposure
Section 3	Fossil Fuel Divesting – Approach, Costs, and Reporting



Section 1 Overview of City Resolution



Resolution Relating to Divestment of City Fund, Including Retirement, From Fossil Fuel Investments

Background:

In 2012, the City adopted a 2012 resolution which expressed its opposition to the transport of tar sands oil and requested the city's Retirement Board to examine the portion of pension funds' investments it oversees and remove money from investments for oil companies that profit from tars sands.

In 2014, the City Council then followed the 2012 divestment resolution with an additional resolution on December 1, 2014 creating a *Divestment Task Force* to examine the costs, benefits and means of divesting Burlington's public funds from the top 200 fossil fuel companies (also know as the Carbon Underground 200) as identified by the Fossil Fuel Index, LLC.

- 2014 resolution also called for research into other municipalities' Divestment Policies
- Task force met eleven (11) times between July 2015 and June 2016 to hear from experts and the public



Resolution Relating to Divestment of City Fund, Including Retirement, From Fossil Fuel Investments

The *Divestment Task Force* issued preliminary report in November 2015 and final draft report in March 2017, and found that the BERS, as of January 2016, had stock investments in fossil fuel companies totaling a little over \$3 million, less than 2% of its total equities' portfolio

- Task Force acknowledged that the analysis **was of stocks only** and that further analysis was needed to determine the City's other fossil fuel holdings in investments such as corporate bonds

Since then, the *Divestment Task Force* heard from investment experts, notably Eric Becker of Clean Yard, and examined divestment policies from other institutions, including municipalities. The *Divestment Task Force's* final report recommended:

- An annual analysis and review of fossil fuel exposure in the investment portfolio, using the Carbon Underground 200 as a metric;
- An annual review of fossil fuel free investment product availability;
- Working to further limit/eliminate Carbon Underground 200 in Burlington's investment portfolio, where feasible;
- Assessing what other municipalities are doing with divestment from fossil fuels

The *Divestment Task Force's* final report will serve as the basis for the City's resolution passed in November 2002



Resolution Directives for BERS:

Consistent with the directives from the resolution, BERS is tasked with the following:

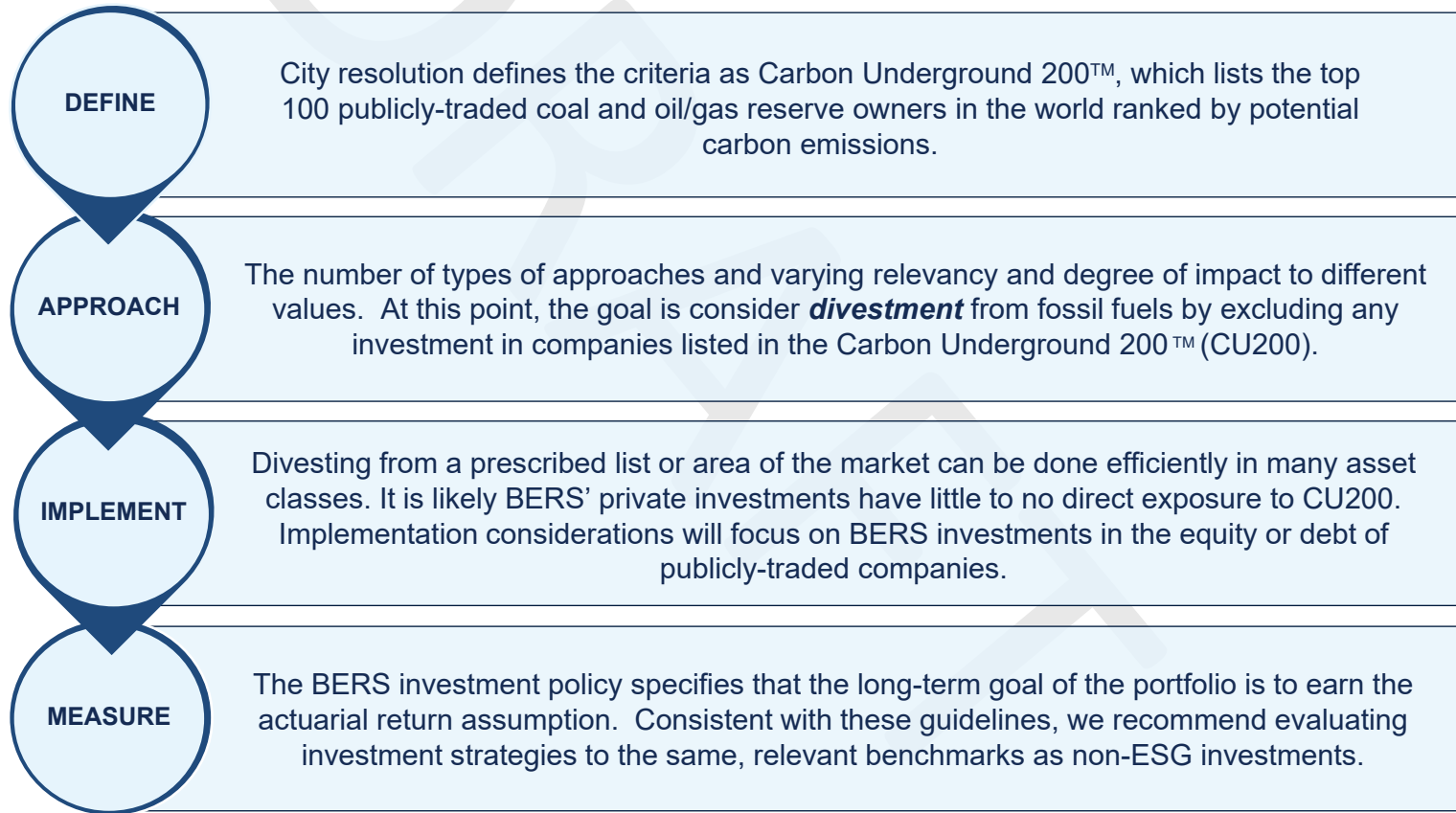
- BERS provided the City Council with a current accounting of the fossil fuel investments in its investment portfolio, including non-stock investments, as soon as possible, but in any event **no later than its last meeting in April 2021** (April 26, 2021)
- City Council request that BERS commit to a full divestment from fossil fuel companies and outline a timeline by which that divestment will be completed and towards this end, at this **same meeting in April 2021**, report to the City Council on the feasibility of:
 - Making an annual analysis and review of fossil fuel exposure in the investment portfolio, using the Carbon Underground 200 as a metric;
 - Making an annual review of fossil fuel free investment product availability;
 - Further limiting and/or eliminating Carbon Underground 200 in Burlington's investment portfolio, where feasible and in concert with the timeline for divestment;
 - Assessing what other municipalities are doing with regard to fossil fuel investments



Mission-Aligned Investing

Fossil Fuel Divestment

Burlington Employees' Retirement System



Fossil Fuel Divestment

Define

DEFINE

Carbon Underground 200™

- Identifies the 100 largest public coal companies, and the 100 largest publicly traded oil and gas companies, based on estimates of the potential CO2 emissions of their reported reserves.
- Ranking of these largest emitters are constructed on a reserves-based methodology with the underlying core data based on “reported” reserves.
- Compiled and maintained by Fossil Free IndexesSM
- Names include Coal India, Gazprom, ExxonMobil

Source: Fossil Free Funds

Rankings are constructed using a reserves-based methodology with the underlying core data based on “reported” reserves. Coal reserves are the sum of proven and probable reserves based on the last reported reserves amount by mine. Reserves are allocated to listed companies based on percentage ownership of individual mines. Oil and gas companies are ranked on proven reserves (1P) net of royalty payments. The Carbon Underground 200™ relies on the IPCC Revised 1996 Guidelines for National Greenhouse Gas Inventories as a methodological framework. The calculation of CO2 emission potential requires several conversions to the raw reserves figure.



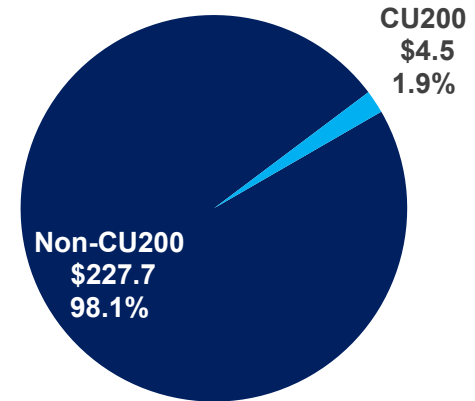
Section 2 Fossil Fuel Divesting - Exposure



BERS Investment Portfolio

Overall Fossil Fuel Exposure

- Total investment in companies identified by the Carbon Underground 200™ (CU200) is \$4.5 million as of 12/31/2020, which represents 1.9% of the total BERS assets.
- Of the \$4.5 million, \$2.3 million (51%) represents international companies while \$2.2 million (49%) represents US companies.
- International equities have the largest exposure to CU200, with 5.5% of the international developed market exposure invested in companies on the list and 4% of the BERS investment in emerging market companies.



City of Burlington Employees Retirement System				12/31/2020 Allocation*		Exposure to CU200 ¹	
Investment	Type	Percentage	Dollar	Percentage	Dollar		
Johnson Institutional Core Bond Fund I	Core Bonds	17.9%	40,820,480	0.40%	164,616		
BNYM Mellon Stock Index Fund	US Large Cap	32.7%	74,473,546	1.79%	1,333,076		
BNYM Mellon Smid Cap Stock Index Fund	US Small Cap	21.4%	48,640,021	1.39%	676,096		
BNYM Mellon International Stock Index Fund	International Dev Markets	10.2%	23,341,844	5.50%	1,283,801		
NYM Mellon Emerging Markets Stock Index Fund	Emerging Markets	11.2%	25,402,453	4.00%	1,016,098		
Private Investments	Private Investments	7.7%	17,523,931	N/A	N/A		
<u>Cash & Equivalents</u>	<u>Cash</u>	<u>-1.1%</u>	<u>-2,466,316</u>	N/A	N/A		
Total		100.0%	227,735,959			4,473,689	1.96%

*Per Dahab Associates 12/31/2020 Investment Report for the City of Burlington Employees Retirement Plan

¹Exposure to the companies listed on the Carbon Underground 200 (CU200) as of Q3 2020 and reported by FFI Solutions, .



BERS Fossil Fuel Exposure

US Large Cap

BNYM Mellon Stock Index Fund: \$74,473,546 (32.7% of the total portfolio)

	Number of Companies		Allocation Weight		
	Fund	S&P 500	Fund	S&P 500	Difference
Total Constituents	505	505	100.00%	99.84%	0.16%
Non-CU200	491	490	98.21%	97.65%	0.56%
CU200	14	15	1.79%	2.19%	-0.40%
Coal 100	1	1	0.05%	0.08%	-0.03%
Oil and Gas 100	13	14	1.74%	2.10%	-0.37%

Constituents	Ticker	Primary Exchange	Reserve Type	Coal 100 Rank	O&G 100 Rank
Exxon Mobil Corporation	XOM	New York Stock Exchange	Oil & Gas	0	4
Chevron Corporation	CVX	New York Stock Exchange	Oil & Gas	0	10
ConocoPhillips	COP	New York Stock Exchange	Oil & Gas	0	18
Occidental Petroleum Corporation	OXY	New York Stock Exchange	Oil & Gas	0	22
EOG Resources, Inc.	EOG	New York Stock Exchange	Oil & Gas	0	23
Cabot Oil & Gas Corporation	COG	New York Stock Exchange	Oil & Gas	0	31
FirstEnergy Corp.	FE	New York Stock Exchange	Coal	81	0
Hess Corporation	HES	New York Stock Exchange	Oil & Gas	0	42
Marathon Oil Corporation	MRO	New York Stock Exchange	Oil & Gas	0	43
Diamondback Energy, Inc.	FANG	NASDAQ	Oil & Gas	0	44
Pioneer Natural Resources Company	PXD	New York Stock Exchange	Oil & Gas	0	45
Concho Resources Inc.	CXO	New York Stock Exchange	Oil & Gas	0	48
Apache Corporation	APA	NASDAQ	Oil & Gas	0	49
Devon Energy Corporation	DVN	New York Stock Exchange	Oil & Gas	0	57

Source: FFI Solutions Portfolio Diagnostic Report, CU200 list as of 9/30/2020

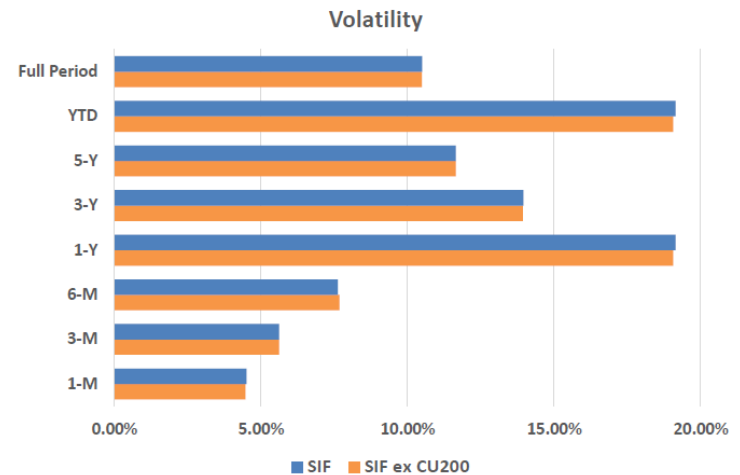
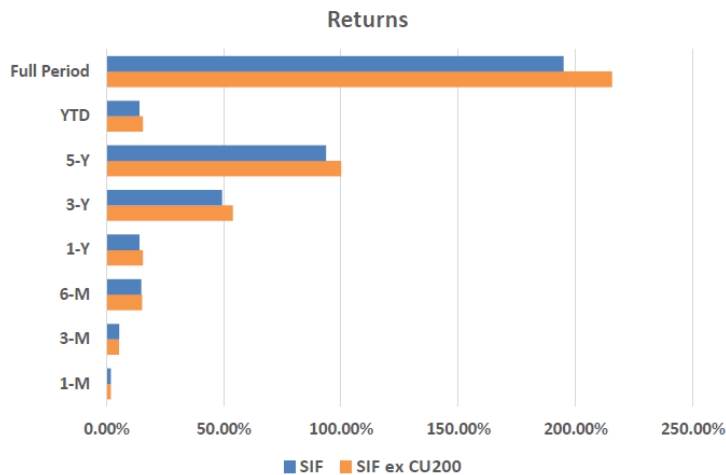


Performance Comparison

US Large Cap

BNYM Mellon Stock Index Fund: \$74,473,546 (32.7% of the total portfolio)

Stock Index Fund (SIF) vs SIF Divested of *The Carbon Underground 200™*



		1-M	3-M	6-M	1-Y	3-Y	5-Y	YTD	Full Backtest
DS SIF	Return	1.89%	5.40%	14.92%	14.03%	49.34%	93.62%	14.03%	194.96%
	Volatility	4.51%	5.62%	7.62%	19.14%	13.95%	11.65%	19.14%	10.50%
DS SIF ex CU200	Return	1.89%	5.37%	15.28%	15.59%	53.94%	100.12%	15.59%	215.57%
	Volatility	4.48%	5.62%	7.68%	19.06%	13.94%	11.65%	19.06%	10.49%

Source: FFI Solutions Portfolio Diagnostic Report, backtested data as of 9/30/2020



BERS Fossil Fuel Exposure

US Small/Mid Cap

BNYM Mellon SMID Cap Stock Index Fund: \$48,640,021 (21.4% of the total portfolio)

	Number of Companies		Allocation Weight		
	Fund	Benchmark	Fund	Benchmark	Difference
Total Constituents	2,450	2,120	100.00%	99.65%	0.35%
Non-CU200	2,424	2,074	98.61%	94.40%	4.22%
CU200	26	46	1.39%	5.25%	-3.86%
Coal 100	6	16	0.16%	1.89%	-1.73%
Oil and Gas 100	20	32	1.23%	2.98%	-1.75%

Constituents	Ticker	Primary Exchange	Reserve Type	Coal 100 Rank	O&G 100 Rank
Peabody Energy Corporation	BTU	NYSE	Coal	16	0
Arch Resources, Inc. Class A	ARCH	NYSE	Coal	27	0
NACCO Industries, Inc. Class A	NC	NYSE	Coal	48	0
Antero Resources Corporation	AR	NYSE	Oil & Gas	0	26
Range Resources Corporation	RRC	NYSE	Oil & Gas	0	27
EQT Corporation	EQT	NYSE	Oil & Gas	0	28
ALLETE, Inc.	ALE	NYSE	Coal	66	0
Southwestern Energy Company	SWN	NYSE	Oil & Gas	0	34
Ovintiv Inc	OVV	NYSE	Oil & Gas	0	35
Continental Resources, Inc.	CLR	NYSE	Oil & Gas	0	37
Warrior Met Coal, Inc.	HCC	NYSE	Coal	72	0
CNX Resources Corporation	CNX	NYSE	Oil & Gas	0	41
Marathon Oil Corporation	MRO	NYSE	Oil & Gas	0	43

Constituents	Ticker	Primary Exchange	Reserve Type	Coal 100 Rank	O&G 100 Rank
Diamondback Energy, Inc.	FANG	NASDAQ	Oil & Gas	0	44
Black Hills Corporation	BKH	NYSE	Coal	90	0
Apache Corporation	APA	NASDAQ	Oil & Gas	0	49
Murphy Oil Corporation	MUR	NYSE	Oil & Gas	0	51
Comstock Resources, Inc.	CRK	NYSE	Oil & Gas	0	52
Devon Energy Corporation	DVN	NYSE	Oil & Gas	0	57
Parsley Energy, Inc. Class A	PE	NYSE	Oil & Gas	0	63
PDC Energy, Inc.	PDCE	NASDAQ	Oil & Gas	0	65
Cimarex Energy Co.	XEC	NYSE	Oil & Gas	0	67
WPX Energy, Inc.	WPX	NYSE	Oil & Gas	0	68
National Fuel Gas Company	NFG	NYSE	Oil & Gas	0	71
SM Energy Company	SM	NYSE	Oil & Gas	0	77
Matador Resources Company	MTDR	NYSE	Oil & Gas	0	99

Source: FFI Solutions Portfolio Diagnostic Report, CU200 list as of 9/30/2020

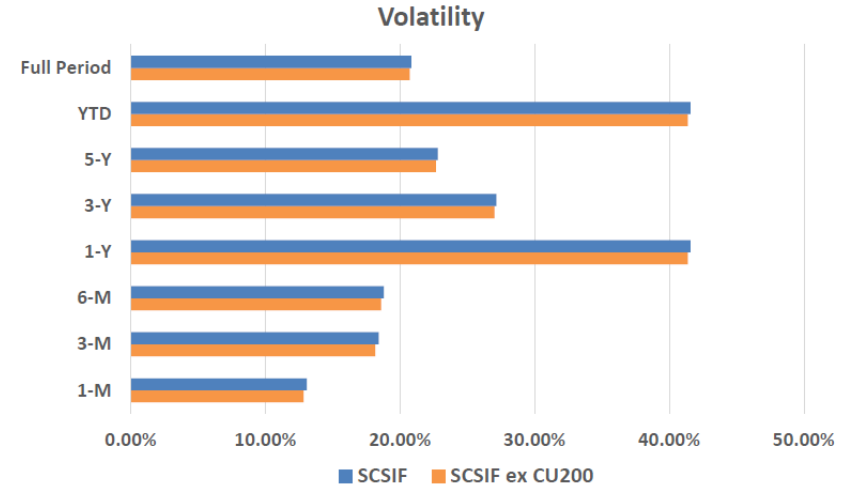
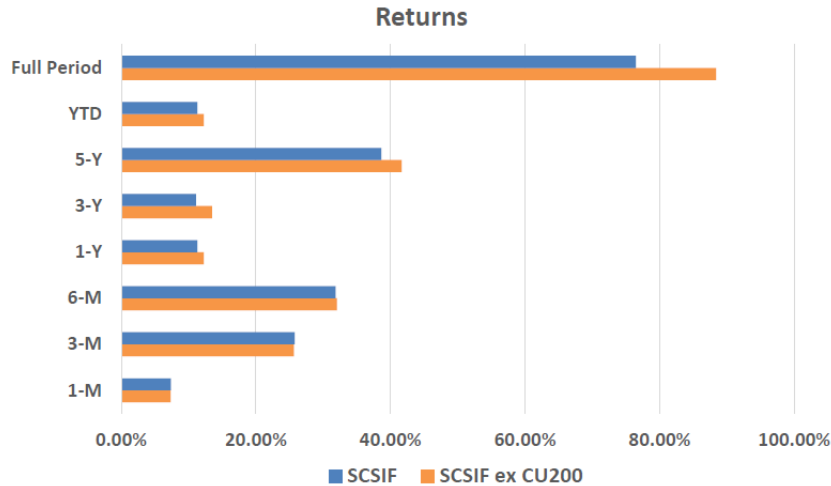


Performance Comparison

US Small/Mid Cap

BNYM Mellon SMID Cap Stock Index Fund: \$48,640,021 (21.4% of the total portfolio)

SMID CAP STOCK INDEX FUND (SCSIF) vs SCSIF Divested of *The Carbon Underground 200™*



		1-M	3-M	6-M	1-Y	3-Y	5-Y	YTD	Full Backtest
SCSIF	Return	7.32%	25.75%	31.79%	11.28%	11.07%	38.63%	11.28%	76.44%
	Volatility	13.05%	18.40%	18.78%	41.56%	27.15%	22.80%	41.56%	20.84%
SCSIF ex CU200	Return	7.30%	25.60%	32.00%	12.21%	13.47%	41.62%	12.21%	88.34%
	Volatility	12.82%	18.14%	18.58%	41.37%	27.00%	22.66%	41.37%	20.71%

Source: FFI Solutions Portfolio Diagnostic Report, backtested data as of 9/30/2020



BERS Fossil Fuel Exposure

Developed Markets (ex US)

BNYM Mellon International Stock Index Fund: \$23,341,844 (10.2% of the total portfolio)

	Number of Companies		Allocation Weight		
	Fund	Benchmark	Fund	Benchmark	Difference
Total Constituents	875	917	100.00%	99.53%	0.47%
Non-CU200	845	886	94.50%	93.90%	0.60%
CU200	30	31	5.50%	5.63%	-0.13%
Coal 100	15	15	2.65%	2.38%	0.26%
Oil and Gas 100	18	19	2.85%	3.25%	-0.40%

Constituents	Ticker	Primary Exchange	Reserve Type	Coal 100 Rank	O&G 100 Rank
Glencore plc	GLEN	London Stock Exchg	Coal	11	0
BP p.l.c.	BP	London Stock Exchg	Oil & Gas	0	6
BHP Group Ltd	BHP	Australian Securities Exchg	Dual	14	56
BHP Group Plc	BHP	Australian Securities Exchg	Dual	14	56
RWE AG	RWE	Deutsche Boerse AG	Coal	15	0
Mitsubishi Corporation	8058	Tokyo Stock Exchg	Coal	20	0
Total SE	FP	Euronext - Paris	Oil & Gas	0	9
Royal Dutch Shell Plc Class A	RDSA	London Stock Exchg	Oil & Gas	0	13
Royal Dutch Shell Plc Class B	RDSB	London Stock Exchg	Oil & Gas	0	13
Eni S.p.A.	ENI	Borsa Italiana	Oil & Gas	0	15
Anglo American plc	AAL	London Stock Exchg	Coal	29	0
Equinor ASA	EQNR	Oslo Stock Exchg	Oil & Gas	0	17
AGL Energy Limited	AGL	Australian Securities Exchg	Coal	37	0
South32 Ltd.	S32	Australian Securities Exchg	Coal	42	0
Evraz PLC	EVR	London Stock Exchg	Coal	43	0

Constituents	Ticker	Primary Exchange	Reserve Type	Coal 100 Rank	O&G 100 Rank
INPEX CORPORATION	1605	Tokyo Stock Exchg	Oil & Gas	0	21
Itochu Corporation	8001	Tokyo Stock Exchg	Coal	51	0
Mitsui & Co.,Ltd	8031	Tokyo Stock Exchg	Dual	62	74
Repsol SA	REP	Bolsa de Madrid	Oil & Gas	0	30
CLP Holdings Limited	0002	Hong Kong Stock Exchg	Coal	73	0
ArcelorMittal SA	MT	Luxembourg Stock Exchg	Coal	77	0
OMV AG	OMV	Wiener Boerse AG	Oil & Gas	0	40
Sumitomo Corporation	80530	Tokyo Stock Exchg	Coal	87	0
Idemitsu Kosan Co., Ltd.	5019	Tokyo Stock Exchg	Coal	98	0
Woodside Petroleum Ltd	WPL	Australian Securities Exchg	Oil & Gas	0	55
Santos Limited	STO	Australian Securities Exchg	Oil & Gas	0	75
GALP Energia SGPS SA Class B	GALP	Euronext - Lisbon	Oil & Gas	0	78
Lundin Energy AB	LUPE	Stockholm Stock Exchg	Oil & Gas	0	79
ENEOS Holdings, Inc.	5020	Tokyo Stock Exchg	Oil & Gas	0	86
Oil Search Limited	OSH	Australian Securities Exchg	Oil & Gas	0	87

Source: FFI Solutions Portfolio Diagnostic Report, CU200 list as of 9/30/2020

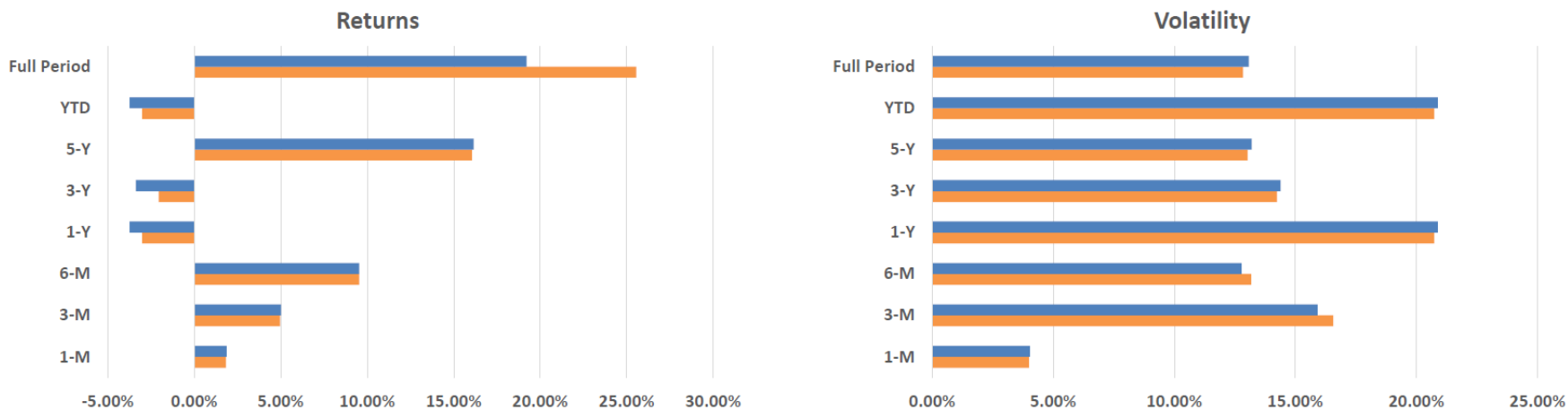


Performance Comparison

Developed Markets (ex US)

BNYM Mellon International Stock Index Fund: \$23,341,844 (10.2% of the total portfolio)

International Stock Index Fund (ISIF) vs ISIF Divested of *The Carbon Underground 200™*



		1-M	3-M	6-M	1-Y	3-Y	5-Y	YTD	Full Backtest
ISIF	Return	1.86%	5.01%	9.53%	-3.74%	-3.38%	16.14%	-3.74%	19.20%
	Volatility	4.03%	15.91%	12.77%	20.87%	14.38%	13.19%	20.87%	13.07%
ISIF ex CU200	Return	1.82%	4.95%	9.53%	-3.01%	-2.05%	16.05%	-3.01%	25.55%
	Volatility	3.99%	16.55%	13.17%	20.73%	14.23%	13.02%	20.73%	12.83%

Source: FFI Solutions Portfolio Diagnostic Report, backtested data as of 9/30/2020



BERS Fossil Fuel Exposure

Emerging Markets

BNYM Mellon Emerging Markets Stock Index Fund: \$25,402,453 (11.2% of the total portfolio)

	Number of Companies		Allocation Weight		
	Fund	Benchmark	Fund	Benchmark	Difference
Total Constituents	1,297	917	100.00%	99.53%	0.47%
Non-CU200	1,263	886	96.00%	93.90%	2.10%
CU200	34	31	4.00%	5.63%	-1.63%
Coal 100	18	15	1.32%	2.38%	-1.06%
Oil and Gas 100	18	19	2.68%	3.25%	-0.56%

Constituents	Ticker	Primary Exchange	Reserve Type	Coal 100 Rank	O&G 100 Rank
Saudi Arabian Oil Co.	2222	Saudi Stock Exchg	Oil & Gas	0	1
Coal India Ltd.	COALINDIA	National Stock Exchg of India	Coal	1	0
Gazprom PJSC	GAZP	Moscow Exchg	Oil & Gas	0	2
Shaanxi Coal Industry Co., Ltd. Cla	601225	Shanghai Stock Exchg	Coal	3	0
China Shenhua Energy Co. Ltd. Class	1088	Hong Kong Stock Exchg	Coal	5	0
China Shenhua Energy Co. Ltd. Class	601088	Hong Kong Stock Exchg	Coal	5	0
Rosneft Oil Co.	ROSN	Moscow Exchg	Oil & Gas	0	3
Yanzhou Coal Mining Co. Ltd. Class	1171	Hong Kong Stock Exchg	Coal	7	0
Exxaro Resources Limited	EXX	Johannesburg Stock Exchg	Coal	10	0
PetroChina Company Limited Class A	601857	Hong Kong Stock Exchg	Oil & Gas	0	5
PetroChina Company Limited Class H	0857	Hong Kong Stock Exchg	Oil & Gas	0	5
Oil company LUKOIL PJSC	LKOH	Moscow Exchg	Oil & Gas	0	7
Shanxi Xishan Coal & Electricity Po	000983	Shenzen Stock Exchg	Coal	17	0
NOVATEK JSC Sponsored GDR RegS	NVTK	Moscow Exchg	Oil & Gas	0	8
Shanxi Lu'An Environmental Energy D	601699	Shanghai Stock Exchg	Coal	21	0
Petroleo Brasileiro SA Pfd	PBRA	BM&F BOVESPA	Oil & Gas	0	12
Petroleo Brasileiro SA	PBR	BM&F BOVESPA	Oil & Gas	0	12

Constituents	Ticker	Primary Exchange	Reserve Type	Coal 100 Rank	O&G 100 Rank
Sasol Limited	SOL	Johannesburg Stock Exchg	Dual	25	62
TATNEFT PJSC	TATN	Moscow Exchg	Oil & Gas	0	14
Oil & Natural Gas Corp. Ltd.	ONGC	Bombay Stock Exchg	Oil & Gas	0	16
Tata Steel Limited	TATASTEEL	Bombay Stock Exchg	Coal	31	0
PT Adaro Energy Tbk	ADRO	Jakarta Stock Exchg	Coal	35	0
Vale S.A.	VALE3	BM&F BOVESPA	Coal	45	0
CNOOC Limited	883	Hong Kong Stock Exchg	Oil & Gas	0	20
Severstal PAO	CHMF	Moscow Exchg	Coal	63	0
PTT Public Co., Ltd. NVDR	PTT	Stock Exchg of Thailand	Dual	89	46
Shanxi Meijin Energy Co., Ltd. Clas	000723	Shenzen Stock Exchg	Coal	64	0
Ecopetrol SA	ECOPETROL	Colombia Stock Exchg	Oil & Gas	0	29
Vedanta Limited	VEDL	Bombay Stock Exchg	Coal	75	0
PGE Polska Grupa Energetyczna S.A.	PGE	Warsaw Stock Exchg	Coal	84	0
YPF SA Sponsored ADR Class D	YPF	Buenos Aires Stock Exchg	Oil & Gas	0	47
African Rainbow Minerals Limited	ARI	Johannesburg Stock Exchg	Coal	94	0
SK Innovation Co., Ltd	096770	Korea Stock Exchg	Oil & Gas	0	58
Polskie Gornictwo Naftowe i Gazowni	PGN	Warsaw Stock Exchg	Oil & Gas	0	72

Source: FFI Solutions Portfolio Diagnostic Report, CU200 list as of 9/30/2020

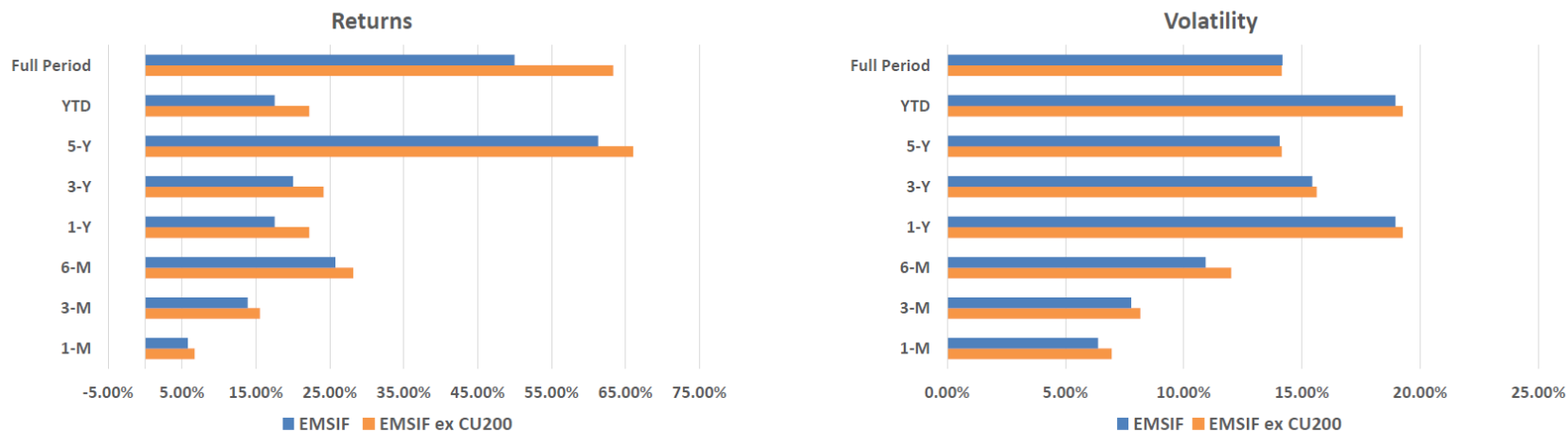


Performance Comparison

Emerging Markets

BNYM Mellon Emerging Markets Stock Index Fund: \$25,402,453 (11.2% of the total portfolio)

EMERGING MARKETS STOCK INDEX FUND (EMSIF) vs EMSIF Divested of *The Carbon Underground 200™*



		1-M	3-M	6-M	1-Y	3-Y	5-Y	YTD	Full Backtest
EMSIF	Return	5.76%	13.88%	25.72%	17.52%	20.00%	61.30%	17.52%	49.99%
	Volatility	6.38%	7.78%	10.92%	18.95%	15.43%	14.06%	18.95%	14.17%
EMSIF ex CU200	Return	6.67%	15.52%	28.15%	22.19%	24.14%	66.02%	22.19%	63.32%
	Volatility	6.95%	8.16%	12.01%	19.26%	15.62%	14.14%	19.26%	14.14%

Source: FFI Solutions Portfolio Diagnostic Report, backtested data as of 9/30/2020



BERS Fossil Fuel Exposure


Fixed Income

Johnson Institutional Core Bond Fund I: \$40,820,480 (17.9% of the total portfolio)

	Number of Companies	
	Count	Allocation
Total Constituents	483	100.00%
Non-CU200	482	99.60%
CU200	1	0.40%
Coal 100	0	0.00%
Oil and Gas 100	1	0.40%

Constituents	Reserve Type	Coal 100 Rank	O&G 100 Rank
Royal Dutch Shell Plc - Shell International Finance Company	Oil & Gas	0	13

Source: FFI Solutions Portfolio Diagnostic Report, CU200 list as of 9/30/2020



Section 3 Fossil Fuel Divesting – Approach,
Costs, and Reporting



Approach and Timeline Considerations

- If BERS decides to divest from fossil fuels where feasible, a custodial banking relationship would need to be established because divesting would require separately managed accounts for each strategy.
 - Fiducient would conduct a search on behalf of the City – typical timeframe to conduct a search and evaluate responses is 60-90 days
 - Typical timeframe to open a new custody account once a bank is selected is 60 days

	Approach	Timing
Core Fixed Income	Transition current Johnson mutual fund to separately managed account in order to divest in accordance with the Carbon Underground 200.	Johnson can transition as soon as custodial relationship is established. Implementation September 2021.
Dynamic Bonds	Given the recommended position size of this mandate a separate account would not be feasible as the investment would fall below minimum investment requirements.	N/A
US Equities	Maintain passive approach via separate account manager that can divest in accordance with the Carbon Underground 200.	Ability to transition once custodial relationship is established and manager is approved by BERS. November 2021 implementation.
International Developed Markets	Maintain passive approach via separate account manager to divest.	Ability to transition once custodial relationship is established and manager is approved by BERS. November 2021 implementation.
Emerging Markets	Not feasible at this time to divest. Revisit once the market has matured to allow for more entrants into this market.	Revisit feasibility at least annually.
Alternatives	Not feasible to divest at this time.	N/A



Costs of Divesting

There are two main components to evaluating the costs of divesting:

- 1. **Direct costs** – Costs associated with maintaining investment strategies that exclude exposure to companies included in the Carbon Underground 200

Estimated Direct Costs	
Custodian Costs	\$20,000 - \$40,000 (<0.02% of assets)
Incremental Investment Management Costs (Passive)	\$170,000 (~0.07% of assets)
Total Estimated Direct Costs	\$190,000 – \$210,000 (~0.08%- 0.09% of assets)

- 2. **Indirect costs** – Costs associated with the performance considerations from excluding companies included in the Carbon Underground 200
 - Limiting the investment universe may have a negative (or positive) impact on performance
 - Based on backtesting previously conducted¹, an investment strategy excluding the CU200 list of companies would have added 0.45% in annualized return based on the 12/31/2020 backtested BERS portfolio²
 - During the first two months of 2021, a divesting strategy would have likely underperformed the broader market as MSCI ACWI Index returned 0.41% more than the MSCI ACWI ex Fossil Fuel Index³

¹FPI Solutions, as of 12/31/2020
²Portfolio values per Dahab Associates 12/31/2020 Investment Report for the City of Burlington Employees Retirement Plan
³Factset, 2/28/2021



Proposed BERS Divested Portfolio: Passive Exposure in Public Equities

Asset Class / Manager	Style	Allocation as of February 28, 2021 ¹		Expense Ratio ²
Fixed Income		39,707,859	16.8%	
Johnson Core Bond - Divested	Core Bonds	39,707,859	16.8%	0.25%
US Equities		128,837,850	54.6%	
Russell 3000 Index - Divested	Passive All Cap	128,837,850	54.6%	0.12%
International Equities		49,993,508	21.2%	
MSCI EAFE Index - Divested	Passive Intl. Dev.	23,615,003	10.0%	0.12%
Mellon Emerging Markets	Passive Emerging Mkts	26,378,505	11.2%	0.05%
Private Equity		1,105,131	0.5%	
Hamilton Lane II	Private Equity	74,773	0.0%	N/A
Hamilton Lane VII A	Private Equity	630,114	0.3%	1.0%
Hamilton Lane VII B	Private Equity	400,244	0.2%	1.0%
Real Assets		16,348,476	6.9%	
UBS TPF	Private RE	14,242,454	6.0%	0.916%
Molpus SWF II	Timber	2,106,022	0.9%	1.0%
Total		235,992,825	100.0%	0.20%

*Allocation above does not include cash or amounts payable. ¹Hamilton Lane & UBS capital balances are valued as of 12/31/2020. Molpus capital balance is valued as of 9/30/2020 as year-end data is not yet available. ²Expense ratios shown above do not include any applicable performance based fees. UBS TPF expense ratio is the estimated annual fee based on the following fee schedule: 0.955% on first \$10 million; 0.825% on next \$10 million. Hamilton Lane Secondary Fund II ceased from charging management fees in August 2020.

- Johnson can offer the same strategy in a separate account format to screen out the CU200 list. The separate account is modestly cheaper than the mutual fund, but custody and screening costs would likely offset the savings.
- The cost to divest US and international developed equities by screening out the CU200 list while still using a passive approach would be approximately 10-11 basis points for each strategy.
- Fossil fuel divestment in emerging markets equities is the hardest to achieve. Due to the nature of emerging market economies and fossil fuel dependence, divestment would require significant exclusion of a larger proportion of companies, reducing the diversification and significantly altering the composition and market capitalization of the asset class.

Sources: Johnson, Mellon, Hamilton Lane, UBS, and Molpus capital statements



Proposed BERS Divested Portfolio:

Active Exposure in Fixed Income and Emerging Markets

Asset Class / Manager	Style	Allocation as of February 28, 2021 ¹		Expense Ratio ²
Fixed Income		39,707,859	16.8%	
Johnson Core Bond - Divested	Core Bonds	32,579,756	13.8%	0.25%
US Bonds - Dynamic	Dynamic Bonds	7,128,103	3.0%	0.76%
US Equities		128,837,850	54.6%	
Russell 3000 Index - Divested	Passive All Cap	128,837,850	54.6%	0.12%
International Equities		49,993,508	21.2%	
MSCI EAFE Index - Divested	Passive Intl. Dev.	23,615,003	10.0%	0.12%
Active Emerging Markets	Active Emerging Mkts	26,378,505	11.2%	1.00%
Private Equity		1,105,131	0.5%	
Hamilton Lane II	Private Equity	74,773	0.0%	N/A
Hamilton Lane VII A	Private Equity	630,114	0.3%	1.0%
Hamilton Lane VII B	Private Equity	400,244	0.2%	1.0%
Real Assets		16,348,476	6.9%	
UBS TPF	Private RE	14,242,454	6.0%	0.916%
Molpus SWF II	Timber	2,106,022	0.9%	1.0%
Total		235,992,825	100.0%	0.32%

*Allocation above does not include cash or amounts payable. ¹Hamilton Lane & UBS capital balances are valued as of 12/31/2020. Molpus capital balance is valued as of 9/30/2020 as year-end data is not yet available. ²Expense ratios shown above do not include any applicable performance based fees. UBS TPF expense ratio is the estimated annual fee based on the following fee schedule: 0.955% on first \$10 million; 0.825% on next \$10 million. Hamilton Lane Secondary Fund II ceased from charging management fees in August 2020.

- The current low interest rate environment leaves investors with few opportunities to earn meaningful income from their fixed income assets. A dynamic bond strategy can use its flexibility to identify and gain exposure to sectors with greater income opportunities. Feasibility of fossil fuel divestment in a strategy with this size is limited. Separate account minimum requirements are typically much larger.
- Active management in emerging markets equities would also be recommended given the ability of strong active managers to outperform the index sufficiently to more than offset the increased cost.

Sources: Johnson, Mellon, Hamilton Lane, UBS, and Molpus capital statements



Disclosure

This report is intended for the exclusive use of clients or prospective clients of Fiducient Advisors. The information contained herein is intended for the recipient, is confidential and may not be disseminated or distributed to any other person without the prior approval of Fiducient Advisors. Any dissemination or distribution is strictly prohibited. Information has been obtained from a variety of sources believed to be reliable though not independently verified. Any forecasts represent future expectations and actual returns; volatilities and correlations will differ from forecasts. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice. Past performance does not indicate future performance and there is a possibility of a loss.

**INVESTMENT POLICY STATEMENT
CITY OF BURLINGTON, VERMONT
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM**

CURRENT VERSION: _____, 2021

**Revised October 3, 2019
Revised November 19, 2015
Revised December 3, 2009
Revised June 23, 2005
Revised February 2, 2000
Revised June 27, 1997
Revised September 18, 1996
Revised October 28, 1993
Revised September 24, 1992
Revised May 28, 1992
Revised November 2, 1989
Adopted March 19, 1987**

I. OVERVIEW

The Burlington Employees' Retirement System ("BERS" or the "Plan") is a defined benefit pension plan established to provide retirement benefits to participants in accordance with the benefit structure adopted by the City of Burlington, Vermont.

The Plan is governed by Chapter 24 of the City of Burlington Code of Ordinances as authorized by Title VII of the City of Burlington Charter.

This IPS amends, supersedes and restates in its entirety all prior BERS Investment Policy Statements.

If any terms of this IPS conflict with the Plan documents, the terms and conditions of the plan documents shall prevail.

II. PURPOSE OF THE PLAN AND IPS

The Plan's purpose is to provide retirement benefits to employees who are eligible to receive benefits under the Plan.

The purpose of the IPS is to outline the following general provisions affecting the Plan by:

- Assisting the Board to fulfill its fiduciary responsibilities;
- Conveying the Plan's purpose, investment objective, investment strategy and constraints;
- Establishing a decision-making framework to promote the effectiveness of the Plan;
- Intending for the Plan to be maintained in compliance with applicable laws and the Internal Revenue Code;

Setting forth the roles and responsibilities of the Board, Investment Consultant ("Consultant") and other relevant parties.

III. STANDARDS AND DUTIES

A. Fiduciary Standards

Assets of BERS shall be managed in a manner consistent with fiduciary standards. Investments shall be made with the care, skill, and diligence that a prudent person would use in achieving the aims outlined in this IPS.

B. Board Duties

The Board has the responsibility of establishing and maintaining policies governing management of BERS' financial assets (the "Fund"), including:

1. Act solely in the best interest of the Plan beneficiaries and the Plan's objectives.
2. Setting of investment policy;
3. Choosing an asset allocation to balance risk and return;
4. Selecting and evaluating professionals to manage those assets;
5. Communicating guidelines to those professionals.
6. Monitoring performance of the plan.
7. Avoid prohibited transactions and conflicts of interest.

C. Consultant Duties

1. Assist in the development and periodic review of the investment policy.
2. Proactively recommend changes to enhance the effectiveness of the investment policy, investment strategy or asset allocation.
3. Make proactive investment manager hire and fire recommendations.
4. Monitor aggregate and manager-level performance to ensure compliance with stated objectives.
5. Provide the Board with quarterly performance and attribution updates.
6. On a timely basis, notify the Board if there are pertinent developments with any of the Plan's investment managers.

D. Investment Managers

1. Manage assets in accordance with the guidelines and objectives outlined in prospectuses (mutual funds), investment agreements (commingled funds, private partnerships, etc.), or manager-specific investment guidelines (separate accounts).
2. Exercise investment discretion to buy, manage and sell assets held in the portfolios.
3. Promptly vote proxies and related actions in a manner consistent with the long-term interest of the Plan as an investor.
4. Communicate all organizational changes in a timely manner, including but not limited to ownership, organizational structure, financial condition and professional staff.
5. Seek "best price and execution" for transactions. Both explicit and implicit transactions costs should be considered.

E. Custodian(s)

1. Safeguard portfolio assets.
2. Accurately value portfolio holdings.
3. Execute buy/sell orders and cash transfers in a timely manner as directed by the Board.

4. Collect all income and dividends owed to the Plan.
5. Settle all transactions (buy/sell orders) initiated by separate account investment managers.
6. Provide reports at least quarterly that detail transactions, cash flows, securities values and changes in the value of each security and the overall portfolio since the previous report.
7. Provide all requested portfolio information to the Consultant and Board in a timely manner.

IV. INVESTMENT GOAL

The long-term goal of the portfolio is to earn the actuarial return assumption net of fees over a long period of time such as 20 years while assuming only as much risk as the Board believes is needed to achieve that return. The return assumption shall not be used to justify taking excessive risk.

The following philosophy should be followed in pursuing that goal:

A. Philosophy

1. Adhere to a long-term perspective;
2. Align strategy with goals and risk tolerance;
3. Maintain consistent exposure to the capital markets;
4. Use simple investment structures that the Trustees understand;
5. Minimize investment costs.

V. INVESTMENT STRATEGY

The Plan is expected to be maintained in perpetuity. Future amendments to the Plan may occur, but the optimal investment strategy will be determined based on the plan provisions as they exist at any point in time.

The Board acknowledges that the Plan's asset allocation strategy is likely to be its primary determinant of performance. The following strategy should be followed in implementing this philosophy:

1. Diversify;
2. Focus primarily on asset allocation;
3. Rebalance to targets, which is likely to result in reducing exposure to investments that have recently outperformed and/or adding to investments that have recently underperformed;
4. Emphasize index management;
5. Keep manager and asset turnover low

With the assistance of its Consultant, the Board intends to review or revise the target allocation to asset classes periodically to ensure the investment strategy remains consistent with the Plan's investment objectives, as those objectives may evolve over time given the plan's funding status and other factors.

In addition to achieving the investment objectives previously outlined in this Statement, the goal of the overall investment strategy is to meet or exceed (a risk-appropriate) benchmark over full market cycles. The benchmark will constitute underlying market indices appropriate for the strategy, and its components will be illustrated in the periodic performance report provided by the Consultant.

VI. INVESTMENT MANAGER SELECTION

The Plan may select investment managers through a variety of investment vehicles including, but not limited to, separate accounts, mutual funds, commingled funds or private partnerships.

The underlying investment managers selected for the Plan are intended to be selected with the care, skill and diligence that would be applied by a prudent person acting in a like capacity and knowledgeable about investing.

With the assistance of its Consultant, the Board will examine investment managers' investment objectives and processes; historical adherence to stated objectives and processes; depth of resources; quality of personnel; historical performance (including risk) versus various appropriate benchmarks; appropriateness of diversification; reasonableness of fees; and any other metric that may be material when evaluating investment managers' capabilities. The Board will use all available information and its best judgment when seeking to hire skillful investment managers. The Board may also select low cost, passively managed investment products where appropriate.

The Trustees understand that should Burlington choose to invest in a commingled fund, the investment policies governing that fund take precedence over the policies in this IPS. When investing in any commingled structure, the Trustees should consider whether those guidelines are sufficiently compatible with BERS own goals.

Should the Trustees decide to invest in any individual account that must conform to standards set forth in this IPS, those standards shall be set forth in the manager's contract and attached to this IPS following the Investment Addendum.

VII. INVESTMENT MANAGER EVALUATION AND OVERSIGHT

With the assistance of its Consultant, the Board intends to periodically review the performance of the underlying investment managers. Investment manager performance will be evaluated against proper indices, peer group comparisons and risk-adjusted performance metrics. They will also be evaluated against other metrics that may include but are not limited to expenses, consistency of strategy or style or other qualitative factors.

Investment managers may be considered for possible termination if they fail to meet performance or other guidelines enumerated in the Plan's periodic performance report provided by the Consultant. The performance summary section of the most recent performance report, including managers and their various benchmarks, will serve as an appendix to this IPS.

With the assistance of its Consultant, the Board intends to use all known information and its best judgment to determine if and when terminating a manager is warranted. Events that may trigger a termination include but are not limited to illegal or unethical behavior on the part of the manager; failure to follow investment guidelines; underperformance; turnover among key personnel; a change in investment style or strategy; insufficient infrastructure to keep pace with asset growth; significant increase in expenses or fees; and any other observation the Board deems may prevent the manager from carrying out its duties effectively. In addition, managers may be terminated at any time for any reason at the discretion of the Board.

VIII. PROXY VOTING

For separately managed accounts, if applicable, investment managers will be expected to vote proxies in the best interest of the Plan as an investor. When applicable, mutual fund proxies are intended to be voted in the best interest of the Plan.

INVESTMENT APPENDIX

The following sets out the Board's current choices regarding the asset allocation targets and acceptable ranges.

B. Asset Allocation

The asset allocation and allowable ranges are:

Asset Allocation Guidelines:	Lower Limit	Target	Upper Limit
Fixed Income and Cash Equivalents	10%	18%	30%
Publicly Traded Global Equity	60%	74.5%	90%
<i>Domestic Equity</i>	<i>30%</i>	<i>41.5%</i>	<i>55%</i>
<i>International Equity</i>	<i>20%</i>	<i>33%</i>	<i>45%</i>
Real Estate	0%	6%	10%
Timber	0%	1%	3%
Private Equity	0%	0.5%	3%

Cash flow should be managed to maintain each allocation close to the target. Rebalancing becomes mandatory if an allocation falls outside the range.

I. OVERVIEW

The Burlington Employees' Retirement System ("BERS" or the "Plan") is a defined benefit pension plan established to provide retirement benefits to participants in accordance with the benefit structure adopted by the City of Burlington, Vermont.

The Plan is governed by Chapter 24 of the City of Burlington Code of Ordinances as authorized by Title VII of the City of Burlington Charter.

~~This Investment Policy Statement (the "IPS") shall establish the process to be followed in making and executing investment policy. The various outcomes of this process—the assumed investment return, asset allocation, and measurement criteria—shall be included in the investment addendum.~~

This IPS amends, supersedes and restates in its entirety all prior BERS Investment Policy Statements.

If any terms of this IPS conflict with the Plan documents, the terms and conditions of the plan documents shall prevail.

II. PURPOSE OF THE PLAN AND IPS

The Plan's purpose is to provide retirement benefits to employees who are eligible to receive benefits under the Plan.

The purpose of the IPS is to outline the following general provisions affecting the Plan by:

- Assisting the Board to fulfill its fiduciary responsibilities;
- Conveying the Plan's purpose, investment objective, investment strategy and constraints;
- Establishing a decision-making framework to promote the effectiveness of the Plan;
- Intending for the Plan to be maintained in compliance with applicable laws and the Internal Revenue Code;
- Setting forth the roles and responsibilities of the Board, Investment Consultant ("Consultant") and other relevant parties.

III. STANDARDS AND DUTIES

A. Fiduciary Standards

Assets of BERS shall be managed in a manner consistent with fiduciary standards. Investments shall be made with the care, skill, and diligence that a prudent person would use in achieving the aims outlined in this IPS.

B. Board Duties

The Board has the responsibility of establishing and maintaining policies governing management of BERS' financial assets (the "Fund"), including:

1. Act solely in the best interest of the Plan beneficiaries and the Plan's objectives.
- 1.2. Setting of investment policy;
- 2.3. Choosing an asset allocation to balance risk and return;
- 3.4. Selecting and evaluating professionals to manage those assets;
- 4.5. Communicating guidelines to those professionals.
6. Monitoring performance of the plan.
7. Avoid prohibited transactions and conflicts of interest.

C. Consultant Duties

1. Assist in the development and periodic review of the investment policy.
2. Proactively recommend changes to enhance the effectiveness of the investment policy, investment strategy or asset allocation.
3. Make proactive investment manager hire and fire recommendations.
4. Monitor aggregate and manager-level performance to ensure compliance with stated objectives.
5. Provide the Board with quarterly performance and attribution updates.
6. On a timely basis, notify the Board if there are pertinent developments with any of the Plan's investment managers.

D. Investment Managers

1. Manage assets in accordance with the guidelines and objectives outlined in prospectuses (mutual funds), investment agreements (commingled funds, private partnerships, etc.), or manager-specific investment guidelines (separate accounts).
2. Exercise investment discretion to buy, manage and sell assets held in the portfolios.
3. Promptly vote proxies and related actions in a manner consistent with the long-term interest of the Plan as an investor.
4. Communicate all organizational changes in a timely manner, including but not limited to ownership, organizational structure, financial condition and professional staff.

5. Seek “best price and execution” for transactions. Both explicit and implicit transactions costs should be considered.

E. Custodian(s)

1. Safeguard portfolio assets.
2. Accurately value portfolio holdings.
3. Execute buy/sell orders and cash transfers in a timely manner as directed by the Board.
4. Collect all income and dividends owed to the Plan.
5. Settle all transactions (buy/sell orders) initiated by separate account investment managers.
6. Provide reports at least quarterly that detail transactions, cash flows, securities values and changes in the value of each security and the overall portfolio since the previous report.
7. Provide all requested portfolio information to the Consultant and Board in a timely manner.

IV.HI. INVESTMENT GOAL

The long-term goal of the portfolio is to earn the actuarial return assumption net of fees over a long period of time such as 20 years while assuming only as much risk as the Board believes is needed to achieve that return. The return assumption shall not be used to justify taking excessive risk.

The following philosophy should be followed in pursuing that goal:

A. Philosophy

1. Adhere to a long-term perspective;
2. Align strategy with goals and risk tolerance;
3. Maintain consistent exposure to the capital markets;
4. Use simple investment structures that the Trustees understand;
5. Minimize investment costs.

~~The following strategy should be followed in implementing this philosophy:~~

~~B. Implementation Strategy~~

- ~~1. Diversify;~~
- ~~2. Focus primarily on asset allocation;~~
- ~~3. Rebalance to targets, selling on strength and buying on weakness;~~
- ~~4. Emphasize index management;~~
- ~~5. Keep manager and asset turnover low.~~

IV. INVESTMENT ~~GUIDELINES~~STRATEGY

The Plan is expected to be maintained in perpetuity. Future amendments to the Plan may occur, but the optimal investment strategy will be determined based on the plan provisions as they exist at any point in time.

The Board acknowledges that the Plan's asset allocation strategy is likely to be its primary determinant of performance. The following strategy should be followed in implementing this philosophy:

1. Diversify;
2. Focus primarily on asset allocation;
3. Rebalance to targets, which is likely to result in reducing exposure to investments that have recently outperformed and/or adding to investments that have recently underperformed;
4. Emphasize index management;
5. Keep manager and asset turnover low

With the assistance of its Consultant, the Board intends to review or revise the target allocation to asset classes periodically to ensure the investment strategy remains consistent with the Plan's investment objectives, as those objectives may evolve over time given the plan's funding status and other factors.

In addition to achieving the investment objectives previously outlined in this Statement, the goal of the overall investment strategy is to meet or exceed (a risk-appropriate) benchmark over full market cycles. The benchmark will constitute underlying market indices appropriate for the strategy, and its components will be illustrated in the periodic performance report provided by the Consultant.

VI. INVESTMENT MANAGER SELECTION

The Plan may select investment managers through a variety of investment vehicles including, but not limited to, separate accounts, mutual funds, commingled funds or private partnerships.

The underlying investment managers selected for the Plan are intended to be selected with the care, skill and diligence that would be applied by a prudent person acting in a like capacity and knowledgeable about investing.

With the assistance of its Consultant, the Board will examine investment managers' investment objectives and processes; historical adherence to stated

objectives and processes; depth of resources; quality of personnel; historical performance (including risk) versus various appropriate benchmarks; appropriateness of diversification; reasonableness of fees; and any other metric that may be material when evaluating investment managers' capabilities. The Board will use all available information and its best judgment when seeking to hire skillful investment managers. The Board may also select low cost, passively managed investment products where appropriate.

The Trustees understand that should Burlington choose to invest in a commingled fund, the investment policies governing that fund take precedence over the policies in this IPS. When investing in any commingled structure, the Trustees should consider whether those guidelines are sufficiently compatible with BERS own goals.

Should the Trustees decide to invest in any individual account that must conform to standards set forth in this IPS, those standards shall be set forth in the manager's contract and attached to this IPS following the Investment Addendum.

VII. INVESTMENT MANAGER EVALUATION AND OVERSIGHT

With the assistance of its Consultant, the Board intends to periodically review the performance of the underlying investment managers. Investment manager performance will be evaluated against proper indices, peer group comparisons and risk-adjusted performance metrics. They will also be evaluated against other metrics that may include but are not limited to expenses, consistency of strategy or style or other qualitative factors.

Investment managers may be considered for possible termination if they fail to meet performance or other guidelines enumerated in the Plan's periodic performance report provided by the Consultant. The performance summary section of the most recent performance report, including managers and their various benchmarks, will serve as an appendix to this IPS.

With the assistance of its Consultant, the Board intends to use all known information and its best judgment to determine if and when terminating a manager is warranted. Events that may trigger a termination include but are not limited to illegal or unethical behavior on the part of the manager; failure to follow investment guidelines; underperformance; turnover among key personnel; a change in investment style or strategy; insufficient infrastructure to keep pace with asset growth; significant increase in expenses or fees; and any other observation the Board deems may prevent the manager from carrying out its duties effectively. In addition, managers may be terminated at any time for any reason at the discretion of the Board.

VIII. PROXY VOTING

For separately managed accounts, if applicable, investment managers will be expected to vote proxies in the best interest of the Plan as an investor. When applicable, mutual fund proxies are intended to be voted in the best interest of the Plan.

DRAFT

INVESTMENT APPENDIX

The following sets out the Board's current choices regarding the ~~actuarial assumption, asset allocation targets and acceptable ranges and performance measurement standards.~~

~~A. Actuarial Assumption: 7.5%~~

B. Asset Allocation

The asset allocation and allowable ranges are:

Asset Allocation Guidelines:	Lower Limit	Target	Upper Limit
Fixed Income and Cash Equivalents	10%	18%	30%
Publicly Traded Global Equity	60%	74.5%	90%
<i>Domestic Equity</i>	30%	41.5%	55%
<i>International Equity</i>	20%	33%	45%
Real Estate	0%	6%	10%
Timber	0%	1%	3%
Private Equity	0%	0.5%	3%

Cash flow should be managed to maintain each allocation close to the target. Rebalancing becomes mandatory if an allocation falls outside the range.

~~C. Performance Measurement~~

~~1. Time Period. Measurement of return for both the portfolio and for individual managers will be over a market cycle assumed for simplicity to be 3-5 years. Trustees are encouraged to make judgments over time periods sufficiently long to encompass both up and down market trends.~~

~~2. Portfolio Goal. The short-term goal of the portfolio is to rank in the upper half of a universe of similar portfolios. The long-term goal of the portfolio is to earn the actuarial assumption over a long period of time such as 20 years while assuming only as much risk as needed to achieve that return.~~

~~3. Manager Goals. Each manager shall be measured by an assigned benchmark. Active managers are expected to out-perform their benchmark over a market cycle net of fees, and to perform in the upper half of a universe of managers in~~

a similar style. Passive managers are expected to nearly match their benchmark on a monthly basis gross of fees.