Burlington Employees Retirement System
Board Meeting Minutes
September 20, 2012

Board Members Present:	James Strouse	Ray Nails
	Jeffrey Wick	Bob Hooper
	Munir Kasti	Ben O'Brien
Others Present:	Marina Collins	John Federico

James Strouse convened meeting at 8:35 AM.

1. Agenda: No Changes.

2. Approval of 8/23/12 Minutes: Mr. Hooper moved to approve, seconded by Rail Nails. Mr. Kasti offered a friendly amendment that the Administrator amend the minutes to reflect the discussion and Mr. Kasti's comments regarding the discussion on 8/23/12. Motion carried 6:0.

3. Approval of Bills: Mr. O'Brien moved to approve, seconded by Mr. Nails. Discussion ensued regarding how fees are assessed and how fees are paid by BERS. Mr. Kasti asked if we put the Actuary contract out to bid. Mr. Kasti also discussed the 10% invested in alternatives and outside of VPIC and would like to ask Barry Bryant to determine whether it's worth having the 10% separate from VPIC. Mr. Strouse reminded him that when we took on the alternative's that we were not going to look at them as competing with VPIC but as complimentary. Mr. Kasti was wondering if Barry could do an analysis of the 10% to see if we could lower fees and enhance returns by just having all of the assets with VPIC. Motion carried 6:0.

4. Consideration of Retirement Applications: Mr. Hooper moved to approve, seconded by Mr. Nails. Mr. Nails talked about the simple mathematics and that a lifetime payout for a pension of $77,000/year for 34 years is 2.6 million and thinks that the City should consider a cap to an annual pension that one can receive. Mr. Kasti pointed out that the City and the Employee have been making the required contribution to fund that level of benefit. Mr. Wick mentioned the two things that changed the system from having a surplus to having a deficit, benefits were increased and the market fell. Mr. Nails opined that the unions have made concessions that will eventually be recognized over time as having helped the health of the system. Motion carried 6:0.

Mr. Hooper moved to go into executive session at 9:05 AM to discuss matters that for which premature disclosure could put the City at risk, seconded by Mr. Nails. The board moved out of executive session at 9:20 AM and Mr. Hooper moved to accept the Disability Application for Mr. McLaughlin, seconded by Mr. Nails. Motion carried 6:0.

5. Ratify Refund/Rollover of Contributions: Mr. Hooper moved to approve, seconded by Mr. Nails. Motion carried 6:0.

6. Discussion – Rate of Return: The Administrator sent an email with information to consider regarding rates of return, several studies, one by the Center for Retirement Research at Boston College and one at the Center for State and Local Government Excellence as well as an article regarding the Select and Ultimate method adopted by VPIC. Buck Consultants will forward a proposal to perform a study that will look at the long term expected rate of return on assets and the discount rate under the new GASB rules for the City to consider. In addition the Board may want to consider an experience study as mortality assumptions have changed. The last experience study was done in 2009. Mr. Strouse suggested that the board have a careful look at our rate of return assumption, that we really want to do our homework and have our Consultants help us determine what changes are needed. Mr. Kasti suggested that we move the rate of return in small increments, maybe lowering to 7.9% at first. Mr. Wick suggested that we lack reasonable data from which to make a sound decision at this point and the board agreed. Discussion continued with Mr. Nails saying that we should wait until our experts give us the reports. Mr. O'Brien left at 9:42AM. Mr. Wick would like to know how much the cost of an experience study is as well as the proposed study by Buck Consultants. The board asked whether Buck could complete the proposed study before the valuation so that if indeed the rate of return was changed that it would be in time for FY14. Mr. Wick thinks that the current assumed rate of 8% is not reasonable, that we should take the response seriously. Mr. Nails agreed however, would like the experts to give the board their opinion. Mr. Kasti agreed with Mr. Wick that the 8% is too high and said that even if the Actuary recommends something like 7.5% we don't have to do it all at once, we can move more slowly until we get to 7.5%. The board agreed to be prudent and listen to the experts and take that into consideration.

7. Adjournment: Mr. Nails moved to adjourn at 9:55AM, seconded by Mr. Wick. Motion carried 5:0.