

Burlington Employees Retirement System
Board Meeting Minutes
December 20, 2012

Board Members Present: James Strouse Ray Nails
Bob Hooper (8:36 AM) Paul Sisson
Munir Kasti Ben O'Brien

Others Present: Marina Collins Springer Harris
Christopher Talbert Karen Paul (8:41 AM)

James Strouse convened meeting at 8:32 AM.

1. Agenda: No Changes

2. Approval of 11/15/12 Minutes: Mr. Nails moved to approve, seconded by Mr. O'Brien. Motion carried 5:0. Mr. Strouse noted that he has been asked by a member of the City Council to have the minutes expanded and I suspect that it is in response to the October minutes were short but the meeting was just regular business and the meeting/minutes reflected that.

3. Approval of Bills: Mr. O'Brien moved to approve, seconded by Mr. Nails. Motion carried 5:0.

4. Consideration of Retirement Applications: Mr. Nails moved to approve, seconded by Mr. Kasti. Motion carried 5:0. Mr. Nails clarified that once a disability member is approved for Social Security disability that BERS offsets the benefit. (Note – there was no need for executive session and the disability retirements were approved)

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

Mr. Hooper entered at 8:36AM.

6. Executive Session: There was no need for executive session as all retirement were approved in #4.

7. Discussion – FY 2012 Annual Valuation: Mr. Kasti just wanted to repeat what he has said before; that in 2005, 2006 and in 2008 the City did not put in the entire Annual Required Contribution (ARC) and I really recommend that the City put in the recommended ARC because if you look at those years we are talking about plus or minus 2 million dollars. In addition to that, when BERS recommended that we add in the over age 65 group, as we were made aware through the IRS determination process, we recommended that the City fully fund the additional

\$374,000 unfunded liability rather than amortize it over 30 years. Mr. Sisson stated that while he would love to do that that the City cannot afford it; that we do not have the cash to make the contribution you requested. Mr. Kasti asked if the City would have a plan to put it in over maybe a 3 or 5 year period versus spreading it out over a 30 year period. Mr. Sisson responded that not under the present circumstances, not with this administration and its desire not to raise the General City property tax rate. Mr. Sisson would have liked to do that but we are only able to make our normal contribution. He pointed out that prior administrations failed to make the ARC and to make an additional 2 million dollar payment that happened in a prior administration – this administration does not have the ability to do under the present circumstances. Mr. Nails suggested a plan for raising revenue or increasing taxes. Mr. Sisson responded that the City is not prepared to raise the general City tax rate. Mr. Hooper responded, as someone who pays that (taxes in Burlington), I have to agree with Munir, this is like robbing Peter to pay Paul, and this is an incredibly expensive way to float a loan. Mr. Sisson would have fully supported paying the \$374,000 if the City had the cash. Mr. Sisson said that this was brought to the Board of Finance and we brought it to them for the approval of putting them back into the system and making their past missed employee contributions but we did not address immediately funding it. Mr. Nails said so what you did was allow them to come in so that the problem did not get worse. Mr. Sisson agreed. Mr. Kasti suggested that the board recommend that it be addressed in the FY14 budget. Mr. Nails suggested a fundamental change for employee's making over \$100,000. Mr. Sisson commented on the benefit increases from the year 2000. Mr. Hooper suggested that employees pay a little more for a specified time period to help with the problem, after all it is the employees' system. Mr. Kasti noted that Class B benefits have been reduced substantially and he suggested that the Disability benefit be changed to 66 2/3% for all new hires. Mr. Sisson also wanted to revisit those employees who were in a temporary or limited service status for too long a time period and that someone is asking for retroactive membership in the retirement system. Mr. Kasti reiterated that the department responsible for allowing that to go on should have to pay the additional liability associated with that. Mr. Sisson responded that the department may not have the budget to support that. Mr. Strouse asked if there was any further discussion on the Actuarial Valuation. Mr. Nails moved to accept the Valuation and the recommend that the City Council fund the ARC as per the report. The motion was seconded by Mr. Hooper. Motion carried 5:0 with Mr. Sisson abstaining because of a potential conflict of interest between his role as CAO and his membership on the Retirement Board. Mr. Kasti moved to recommend that the City budget in FY14 the \$374,000 additional unfunded liability associated with adding over 65 people back into the system, seconded by Mr. Nails. Motion carried with 5 yes and 1 no (Mr. Sisson). Mr. Hooper recalled that it be cost neutral. Mr. Strouse said we didn't have a choice; we had to add them into the system. Mr. Strouse asked that the resolutions be forwarded to the City Council. Mr. Sisson said it needs to start with the board of finance.

Karen Paul said that a copy of a resolution will come to the Retirement Board requesting the board to make a request to VPIC and other investment funds to find out what percentage of investments derive profits from Tar Sands Oil. The resolution will come from the City Attorney's office.

8. Adjournment: Mr. Nails moved to adjourn at 9:04 AM, seconded by Mr. O'Brien. Motion carried 6:0.