

Burlington Employees Retirement System
Board Meeting Minutes
October 17, 2013

Board Members Present: James Strouse via phone Jeff Wick
Munir Kasti at 9:25 AM Matthew Dow
Bob Rusten John Federico
Bob Hooper Ben O'Brien

Others Present: Marina Collins
Kim Sturtevant

James Strouse convened meeting at 9 AM. Mr. Kasti joined at 9:25 AM.

1. Agenda: Amend the agenda to reflect an executive session when Attorney Sturtevant arrives.
2. Approval of 09/19/13 & 09/26/13 Minutes: Mr. Hooper moved to approve, seconded by Mr. Rusten. Motion carried 7:0.
3. Approval of Bills: Mr. Hooper moved to approve, seconded by Mr. Dow. Motion carried 7:0.
4. Consideration of Retirement Applications: Mr. Hooper moved to approve, seconded by Mr. Federico. Mr. Wick asked about Jennifer Morrison's retirement and asked if it was a typo. Mr. Federico responded that she was the Deputy Chief and had worked for the department for over 22 years. Motion carried 7:0.
5. Ratify Refund/Rollover of Contributions: Mr. O'Brien moved to approve, seconded by Mr. Wick. Motion carried 7:0.
6. VPIC Contract Extension: Mr. Strouse reminded the board that they had discussed this several months ago but by the time they were to approve it they no longer had a quorum. The expectation is that we will have enough information from Barry by then to decide whether we will sign a longer term contract. Mr. Rusten asked if we were also authorizing the extension of the contract with Dahab Associates? It was agreed that there may be some changes with regard to the Dahab contract and the Retirement Administrator will follow up with Dahab and report back. Mr. Federico moved to approve the VPIC contract extension through October 2014, seconded by Mr. Wick. Motion carried 7:0.
7. Retirement Summit Discussion: Mr. Rusten passed around a new draft agenda and mentioned that he brought the board comments to the planning committee and they have amended Session 2 based on that discussion. Now the panel will consist of Joe McNeil, David Driscoll most likely

and Bob Rusten. The planning committee thought that having the entire board on this panel would be too much and that in Session 3 they have asked that the board be on the panel for the question and answer section. Mr. Rusten said that we did meet with the Board of Finance and discussed putting material on the website; he had found some documents, such as the 2012 Experience Study, a 2005 report about the history of the retirement system, a report by Paul Sisson, the retirement task force report from 2007 and a report from Buck from 2002 and they thought it might be useful to have these things easily found on the City website. Mr. Rusten asked the board what their thoughts were. Mr. Wick said that he understood why he was pulled from the agenda but he was disappointed. He asked the board if they remembered when Ross Perot ran for President and he had used simple slides that were easy to understand. Mr. Wick had wanted to develop simple slides showing that the funding is unsustainable. Mr. Wick stated that that was his opinion and that he was hoping to have a "plain English truth teller". Mr. Rusten believes that Joe McNeil and David Driscoll will tailor the presentation to be easily understood. Mr. Rusten also welcomed Mr. Wick to prepare the slides and together they could see if they would work for Session 2. Mr. Hooper somewhat agreed with Mr. Wick, that the Actuary is sometimes difficult to understand to the average person. Mr. Federico stated he wanted to say, with all due respect, that he didn't agree with that kind of presentation, that he didn't want the presentation to be a "scare the crap" out of people type of presentation and that it should be historical and factual. Mr. Federico thought that it should be balanced, and he couldn't remember if it was a discussion with Brian Lowe about BPOA being invited or another discussion, but he thought that Jim Dunn would be a very good panelist for Session 2 and that way it would be balanced, one would get a perspective from the City as well as from an experienced union attorney. Mr. Wick asked Mr. Federico if he thought that the increasing unfunded liability was a problem. Mr. Federico responded that he didn't really think so, that the valuation just gives a snapshot picture in time and that if we had a real crystal ball then we would really know. He discussed the new GASB rules and the relationship to the City credit rating agencies and he has never seen the credit rating agencies drop the City because of the pension. He opined that it is the "big lie" across the industry and that the City should have been putting money in all along. The board talked about the year of not funding and the year the City underfunded and what effect it may have had on the underfunding. Mr. Rustin opined that we know that this is a problem looking forward and going back to where it started and how we got there is needed to move forward to address the problem. He asked the board again about their thoughts with regard to putting documents on the website. Mr. Federico asked if records back to 1990 could be found and Mr. Rusten responded that he had only come across the ones he mentioned earlier but would be happy to search for more of if Mr. Federico had one to consider to bring it forward. Mr. Rusten orated that he was hearing that more was better. Mr. Wick asked Mr. Federico if he was skeptical. Mr. Federico responded that he was very skeptical, that we/the City was not at a point where they couldn't pay the bills. Mr. Kasti entered at 9:25 AM. The board discussed the changes to the GASB rules and what effect that may have on the funding. Mr. Rusten stated that we are not going to address GASB for this summit and suggested that maybe in the future that Buck Consultants could make a presentation to the board on that specifically. The board discussed the actuarial assumptions and how the valuation works with regard to those assumptions. Mr. Federico remembered the last experience study showing that the only suggested changes to the assumptions was with regard to the turnover rate and had we adopted those assumptions the previous year the City would have seen a savings in the contribution for that year. Mr. Kasti wondered about the effect given the fact that the City the City underfunded in the past which increases the unfunded liability and had they funded we might be in better shape for sure. He also mentioned the question about retroactively admitting

people to the system because the City let employees stay in a temporary status too long. He talked about what the effect of having that additional 2.5 million that was not funded 6 or 7 years ago compounded by the rate of return, which would maybe have put BERS in a better position. Mr. Rusten stated that we are not going to resolve these issues at the summit. After the summit, the intent is to get into an in depth conversation as to how to fix it and hopefully coming out of the summit is a process of dealing with fixing it. Mr. Rusten opined that you have to understand root causes before you can begin to understand how to fix it. Mr. Kasti responded that he read the task force report from several years ago and one suggestion was a hiring freeze, which he felt we have increased our workforce and it would be interesting to see those numbers and what the effect would be. Ms. Sturtevant arrived at 9:40 AM. Discussion continued about the summit and how to move forward. Mr. O'Brien suggested that there were serious concessions made in Class A bargaining unit contracts and that we simply have not had enough time to reap the benefits of such changes. Mr. Federico asked Mr. Rusten if anyone had asked him about his opinion of how to deal with the underfunded issue given that he helped South Burlington with theirs. Mr. Rusten explained what they did in South Burlington, that they locked into a bond rate lower than the rate of return and opined that he didn't feel the City of Burlington could get any kind of deal like that with our credit rating. Mr. Strouse acknowledged Ms. Sturtevant and asked if there were any further discussion about the summit.

8. Executive Session to discuss Legal Matters: Mr. Hooper moved to go into executive session to discuss matters that premature disclosure may put the City at harm, seconded by Mr. Wick at 9:58 AM. Motion carried 8:0. At 10:25 the board moved back into regular session.

9. Executive Session – Disability Retirement: Mr. Federico moved to go into executive session at 10:27 to discuss approval of a disability retirement, seconded by Mr. Kasti. Motion carried 8:0. The board came out of executive session at 10:40. Mr. Hooper moved to approve the disability retirement application of Amanda Brandolino, effective on the date the Retirement Administrator determines is appropriate, seconded by Mr. Rusten. Motion carried 8:0.

10. Adjournment: Mr. Wick moved to adjourn at 10:47 AM, seconded by Mr. Rusten. Motion carried 8:0.

Note: Next meetings are 11/21/13 and 12/19/13 at BED 9 AM.