

Burlington Employees Retirement System
Board Meeting Minutes
October 20, 2011

Board Members Present: James Strouse Ben O'Brien
Munir Kasti Ray Nails
William "Chip" Mason via phone at 9:04 AM
Rich Goodwin

Others Present: Susan Leonard Marina Collins

James Strouse convened meeting at 8:44 AM.

1. Agenda: No changes.

2. Approval of Minutes 9/22/11: Mr. Strouse suggested a change, correcting spelling. Mr. Kasti moved to approve, seconded by Mr. Goodwin. Motion carried 5:0.

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

4. Executive Session – Not needed: Mr. Strouse pointed out that there was no need for executive session and moved to the next item.

5. Consideration of Retirement Applications: Mr. Nails moved to approve, seconded by Mr. Kasti. Motion carried 5:0.

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

7. Ordinance Committee 10/11/11 Discussion: Mr. Strouse gave the board an overview of the Ordinance Committee meeting that took place on 10/11/11. The ordinance committee discussed Board Composition, Training and Disability Retirement. The board discussed what the recommendation to the ordinance committee should be. Mr. Strouse suggested that perhaps it would be a good idea to add another member, elected by the City Council. Sharon Bushor had offered that perhaps that person should have some area of expertise and Mr. Strouse, and many board members, thought that BERS already has experts who advise them and that it was not necessary to have the additional member have expertise, just that they be "bright" and be able to understand the recommendations from our experts. Mr. Nails and Mr. O'Brien were not opposed to adding another member. Mr. Goodwin opined that the current make-up is good, the size is good, and it is good because Mr. O'Brien can go back to Fire, Mr. Nails can go back to Police, Mr. Kasti to BED, HR

is involved and members are getting updated from board members. Mr. Goodwin discussed current issues with regard to Burlington School District, and how they pay FICA and retirement expenses. Mr. Goodwin suggested that maybe down the road we would want to add someone from BSD if we expense things differently. Mr. Nails opined in general, he thought that we should look at FICA not coming out as a BERS expense at all, that it belongs to the general fund. Mr. Goodwin agreed but understands both sides of the argument, that the retirement tax rate is able to be raised without voter approval and that general fund tax increases must have voter approval. Mr. Strouse added that years ago, before the City bargained retirement benefits, it was a matter of parody between the Class A and Class B members. Mr. Kasti asked, should we also make a recommendation about FICA expense? Discussion continued regarding why Police and Fire members do not participate in Social Security. Mr. Strouse offered to send an email to Gene Bergman with the board's recommendation to add an additional member, appointed by the City Council, but there be no requirement to have a special expertise. The board agreed. Mr. Strouse said that at the Ordinance Committee meeting there was discussion about training for board members. The committee wanted to know if BERS had money in the budget, Mr. Strouse responded that we do and that that he would also, if the board agrees, send in the email to Gene Bergman, that BERS has a training budget and are able to seek training as they see fit. The board agreed. Mr. Kasti added that we are receiving quarterly training from Dahab Associates. Mr. Strouse mentioned that the Ordinance Committee also discussed disability retirement and that it appeared that the committee objected to BERS having private health information. Mr. O'Brien responded that all other Municipalities use this process and they understand that it is part of a due diligence process to determine whether an individual qualifies for such a benefit. He also recognized that it is a confidential process. Susan Leonard suggested that BERS doesn't need to know what the diagnosis is, why should they know? Mr. Mason disagreed. Mr. Nails disagreed. Mr. Strouse and Mr. Mason discussed these points and that under the current board composition disability retirement decisions are being made responsibly. Mr. Kasti suggested that we obliterate the member's name when considering an application. Mr. Strouse said that it is possible, we could decide to change our administrative procedures, however, the type of retirement is a matter of public information and is published in the annual report. Mr. Mason reminded the board that we are supposed to keep the information confidential and if it is your best friend applying for disability then you should recuse yourself. Mr. Nails thought that the process works just fine, no need to fix it. Mr. Strouse offered to email Gene Bergman the board's feelings about the disability retirement process as well.

8. Other Business: Mr. Strouse mentioned that he has read through the memo Jonathan Leopold sent to the Mayor and Board of Finance regarding funding of non-teacher employees of the Burlington School Department. The recommendations are good and we will follow the progress as it gets resolved.

The board discussed next meetings. They will be November 17th at BED at 8:30 AM and on December 22nd at BED at 8:30 AM. In December the board will discuss when and where the next few meetings will be held after the new year.

Mr. Kasti asked where we were at in terms of Rate of Return analysis and Mr. Strouse responded that we are waiting for the FY11 Actuarial Valuation and then we will ask Buck about running the various rate assumptions and it's effect on funding.

Mr. Mason brought up a conversation with Joe Reinert regarding the recent Fire contract and the actual savings with regard to unfunded liability. The Mayor would like to have a discussion with the board to present his plan with regard to the unfunded liability. Mr. Strouse said, he is welcome anytime.

9. Adjournment: Mr. Mason moved to adjourn. Mr. Kasti seconded. Motion carried 6:0 at 10:39 AM.