



BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

Robert Hooper
Chairman of the Board
Munir Kasti
Vice-Chairman

Stephanie Hanker
Retirement Administrator
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7-1-1 (TTY)

CITY COUNCIL REPORT

FOR June 2018

MISSION

The mission of the Retirement Board as defined by the Ordinance is to be trustees of the funds of the retirement system. The Board has the authority to invest funds, determine asset allocation within guidelines, develop the guidelines, and hire such managers and consultants as may be needed. The Board also sets policy and oversees the general administration of, and has the responsibility for, the proper operation of the retirement system. The Board makes decisions on disability applications and follow-ups.

HIGHLIGHTS

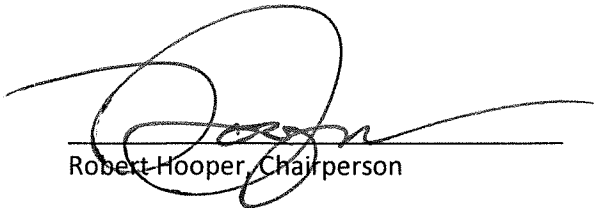
The market value of assets as of June 30, 2018 was \$191,480,598 compared to a market value as of June 30, 2017 was \$175,690,863. Investment performance, gross of fees, for the fiscal year was approximately 9.8% putting us in the 19th percentile of public funds for the year. On a net basis our percentile ranking would be even better. As of June 30, 2018 our asset totals were comprised of equity totaling 68.9%, real assets totaled 10.1%, the fixed income component was 19.3%, while the remaining 1.6% is cash and equivalents

The board continues to seek information and recommendations on the best representation of our Assumed Rate of Return, with many board members feeling it represents an overly inflated estimate of our potential long term earnings. However, we remain acutely aware of the overall impact on the Burlington Tax Payer of inappropriately adjusting the rate too quickly or excessively. Our annual rate of return for this period and our peer ranking were excellent, but overall we feel that in a correcting market such earnings may be difficult to maintain. We are consulting with our plan advisors currently to determine a point for discussion on this topic. I would remind Council that the rate is intended to reflect the LONG TERM potential for the earnings of a plan, and not indicate an expected annual result. Still, consensus of our board and other public plans trends downward from the 8% we currently designate. I would anticipate discussion with the appropriate Council committee chair before a final decision is made.

Significantly, the Board approved the City's sending out an RFP for Actuary Services. This RFP resulted in the selection of Hooker and Holcombe and as a result the department should see a significant savings for provided actuarial services to the system. Hooker and Holcombe has been instrumental in assisting in the future expected service improvements to the members of the system.

At the time of this writing there are 933 active members of the Retirement System, 714 retirees and beneficiaries, and 355 members who have left service with vested benefits. Pension benefits average about 1,277,540 per month.

The FY 2018 members of the Board were James Strouse (term expired), Robert Hooper and Roger Stone (now resigned), who are appointed by the City Council with Mayor presiding, Beth Anderson, Chief Administrative Officer, who is the Ex-Officio member, Lt. Benjamin O'Brien, Fire and Cpl. Daniel Gilligan, Police who are elected by the Class "A" employees and Munir Kasti and Matthew Dow, who are elected by the Class "B" members.



Robert Hooper, Chairperson

2/11/19
Date