

**BURLINGTON RETIREMENT BOARD  
CITY HALL, 1<sup>ST</sup> FLOOR BUSHOR CONF ROOM  
\*OR\*  
REMOTE MEETING WITH CALL-IN  
BURLINGTON, VERMONT  
MINUTES OF MEETING  
September 18, 2023**

**MEMBERS PRESENT:** Robert Hooper (Chair)  
Munir Kasti (Vice Chair)  
Patrick Robins  
David Mount  
Kyle Blake  
Matthew Dow  
Katherine Schad

**MEMBERS ABSENT:** Tom Chenette

**OTHERS PRESENT:** Kate Pizzi  
Chris Rowllins  
Matt Smith  
Hayley McClenahan

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**1.0 CALL TO ORDER**

Robert Hooper called the Retirement Board meeting to order at 9:30 AM.

**2.0 PUBLIC FORUM (VERBAL)**

2.01 Verbal Comments  
None.

**3.0 APPROVE MINUTES**

3.01 August 21, 2023

**MOTION by David Mount, SECOND by Patrick Robins, to approve the minutes of August 21, 2023.**

**VOTING: unanimous; motion carries.**

#### **4.0 APPROVE RETURN OF CONTRIBUTIONS**

4.01 Approve Return of Contributions

<b>Approve Return of Contributions</b>	<b>Amount</b>	<b>Effective Date of Benefit</b>
Tyler Skinner, Class B	\$18,349.61	09/01/2023
Meghann O. Cline, Class B	\$2,925.58	08/31/2023

**MOTION by Kyle Blake, SECOND by David Mount, to approve the return of contributions as presented.**

**VOTING: unanimous; motion carries.**

#### **5.0 APPROVE RETIREMENT APPLICATIONS**

<b>Approve Retirement Applications</b>	<b>Amount</b>	<b>Effective Date of Benefit</b>	<b>Payment Date</b>
Tobey A. Sicard, Class A	\$8,499.62	08/01/2023	09/15/2023
William P. Burns, Class B	\$2,337.95	12/01/2023	12/15/2023
Maura L. Sawtelle, Class B	\$749.58	09/01/2023	09/15/2023
Rich Goodwin, Class B	\$1,795.24	09/01/2023	09/15/2023

**MOTION by David Mount, SECOND by Munir Kasti, to approve the retirement applications as presented.**

**VOTING: unanimous; motion carries.**

#### **6.0 ADMINISTRATIVE UPDATE**

6.01 Administrative Update

Chief Administrative Officer Schad noted that she will be passing the updated investment policy statement to the Board of Finance for approval at its October 2, 2023 meeting and then to the City Council at its October 10, 2023 meeting. She noted that there has not been movement on the DROP, but that she has received questions from City Councilors and union members. She noted that Lisa Heald is the City's in-house Retirement Administrator and that she has been coordinating with the City Attorney's Office and Chief Administrative Officer on retirement applications on a regular basis.

#### **7.0 FIDUCIARY**

7.1 Review of August 2023 Investment Report

Mr. Rowlands began by providing an overview of asset class performance for the month of August for each fixed income, equity, and real asset/alternatives asset classes. He noted that market performance was muted in August compared to year-to-date growth, generally due to increased rates and a downgraded credit rating for the U.S. He noted that fixed-income performance was negative due to increased interest rates, and that non-U.S. debt also performed poorly due to a stronger U.S. dollar. He spoke about equity market performance, noting negative returns across the board. He also noted generally negative returns in real assets/alternatives.

Ms. Pizzi then provided an overview of the BERS portfolio's August performance. She noted that invested assets totaled approximately \$222 million, which is a net \$10 million increase from August of 2022. She noted that the portfolio is up 9.3% year-to-date. She spoke briefly about target allocations and actual allocations, noting that fixed income is currently underweighted by 1.4%, that U.S. equities is overweighted by around 2.9%, and that real assets are underweighted by around 1.6% from target allocations. She spoke about an added line to the investment report (alternative account cash), which shows the cash from redemptions from UBS Trumbull Properties, and is being used to rebalance allocations. She provided an overview of asset manager performance, noting that it has been up around 8% over each of the last three years. She said that the UBS Trumbull Properties impact on the overall portfolio year-to-date has been about 0.3%.

Mr. Hooper asked whether growth in private equity has continued. Ms. Pizzi replied that for investors with longer time horizons, this is an area that provides significant opportunities, but they come at a cost to liquidity. Mr. Robins asked whether these investments are appropriate for public funds. Ms. Pizzi replied that there are transparency concerns with these types of investments. She noted that a challenge for pension plans is the need to ensure liquidity to continue paying benefits to pension-holders.

#### 7.2 Rebalance Recommendation

Ms. Pizzi noted that Fiducient has taken some of the funding from redemptions that have come in and are putting it back into fixed-income to reduce the underweight, though it has not reduced the underweight enough to bring it in line with target allocations. She said that Fiducient is additionally proposing to take off some of the exposure to the S&P 500 (domestic equities) and pulling back on international developed markets to shore up the fixed-income allocation to about 25%. She said that they generally believe it is a good time to do this. Mr. Mount said that it seems like this is penalizing the high-performing asset classes and redistributing investments into lower-performing asset classes. Ms. Pizzi replied that they would be selling assets at high prices today and buying ones that are cheaper today, with the goal of rebalancing. She noted that the target asset allocations are adjusted annually by Fiducient to ensure that the portfolio is able to meet actuarial targets. Mr. Blake asked how the current target is set. Ms. Pizzi replied that it is set by looking at what is needed based on actuarial assumptions and strategic targets, and adjusting allocations in order to meet those targets. She suggested that they could potentially set trigger thresholds to automatically rebalance the portfolio's asset allocations to its investment policy, though she noted that those thresholds are not articulated in the investment policy. Mr. Mount signaled his objection to this proposal. Mr. Blake said that he is not comfortable approving recommendations to rebalance based on the new investment policy, given that it has not yet been ratified by the City Council. Assistant City Attorney McClenahan clarified that the Board is permitted to legally use its approved investment policy to guide decisions, even though it has not yet been ratified by the City Council (since it has been approved by the BERS Board).

Mr. Hooper asked for a vote on whether to approve the rebalance recommendation, and the BERS Board voted in favor, except for Mr. Blake and Mr. Mount, though there was no motion or second.

Ms. Pizzi emphasized that this rebalancing recommendation is also in line with both the new and previous investment policies. She noted that Fiducient will continue to refine its proposals for rebalancing.

#### 7.3 UBS Trumbull Properties Update

Ms. Pizzi noted that this item relates to research on what bids could look like if the BERS Board would like to sell its interest in its UBS Trumbull Properties investment (which is around \$10 million right now). Mr. Smith said that he has been conducting a review of the secondary market and that the Board is looking at a substantial discount of between 30 and 40% if it were to sell its UBS Trumbull strategy on the secondary market. He said that given the extent and magnitude of this discount, he would recommend that the BERS Board remain in the redemption pool and stay the course. Ms. Pizzi noted that it would take between 6 and 7 years to make up that discount loss. She

recommended reevaluating this in the spring. Mr. Mount asked whether cash flow from redemptions will increase in future, and Ms. Pizzi replied that yes, they anticipate an increase in cash coming back from redemptions. Mr. Blake asked if there is ever a possibility that this strategy would begin to look appetizing enough to keep. Mr. Smith replied that UBS is feeling pressure due to the extent of their redemption pool, and does not anticipate its performance increasing significantly enough to keep the strategy.

## **8.0 ADJOURN**

8.01 Motion to Adjourn

**MOTION by David Mount, SECOND by Kyle Blake, to adjourn the meeting.**

**VOTING: unanimous; motion carries.**

The meeting adjourned at 11:15 AM.

*RScty: AACoonrad*