

Definitions

OT Staff = Treasurer's Office Staff (Investments Team)

BERS = Burlington Employees' Retirement System Staff

City of Burlington = Administrator of BERS pension plan

VPIC = Vermont Pension Investment Committee

JPM = JPMorgan, VPIC's custodian

HV = HarbourVest is an investment manager of Private Equity assets for the VPIC

NAV = Net Asset Value of a fund

Dahab = BERS Investment Consultant

7/28/15: BERS Chairman signs letter to VPIC Director of Investments informing him that BERS Board has voted to exit VPIC for full withdrawal on December 31, 2015. **Attachment M and R**

8/6/2015: Director of Investments confirms receipt of letter from Jim Strouse (BERS Chair) informing VPIC of BERS Board vote to withdraw from VPIC. Informs Chair that OT Staff will draw up a formal letter acknowledging receipt and email a copy back to BERS Chair. **Attachment T**

8/7/15: BERS receives confirmation from OT Staff of receipt of letter and acknowledgement of BERS desire to leave VPIC

8/18/15: Dahab (BERS Consultant) informs OT Staff that Bob Rusten is the designated contact for the transition period for the City of Burlington (Chief Administrative Officer of BERS and Board member of BERS).

9/29/2015: OT Staff presents to VPIC Committee the proposed work plan (Executed copy is **Attachment N**) and the proposed resolution (Executed copy is **Attachment Q**). VPIC Committee votes to approve the work plan and resolution. **Attachment T** for materials presented to VPIC.

10/9/2015: VPIC Investment Managers are notified by OT Staff that they will need to provide an estimated fund valuation as of December 18, 2015 for all VPIC Commingled fund holdings that they manage for VPIC no later than EOD December 21st. Managers of daily liquid funds are notified that cash flow communications will be sent on December 22, 2016 to inform them of how much they will need to raise (if any) for this transaction. Separate account managers are notified during this time that they will need to raise funds for withdrawal by the Custodian on December 30, 2015 with the exact amount sent to them on December 22, 2015 as a cash flow communication. BERS is approximately 4% of VPIC plan assets.

10/13/2015: OT Staff has received confirmation from all investment managers that providing an estimate for December 18, 2015 no later than the cutoff time will not be a problem.

10/15/2015: OT Staff send the Eighth Amendment to the BERS contract with the State and the approved Work Plan to BERS for signatures.

10/16/2015: OT Staff receives executed work plan from BERS with signoff on all steps as outlined by OT Staff. **Attachment N**

10/19/2015: Dahab requests OT Staff confirmation of receipt of executed documents. Confirmation is sent. OT Staff requests from BERS confirmation that Bob Rusten is authorized to sign all documents associated with the transition out of VPIC. It is received.

10/30/2015: OT Staff receives executed Eighth Amendment to the BERS contract with the State.

Attachment Q

11/3/2015: VPIC Custodian inquires as to the wire instructions to wire the BERS money on December 30, 2015. Dahab indicates the money will likely go to the investment manager BNY Mellon once they are under contract with BERS, but that has not been finalized.

12/1/2015: OT Staff sends a reminder to all investment managers that they will need to provide December 18, 2016 fund valuation estimates no later than EOD December 21st. Investment Managers confirm that this is not a problem.

12/2/2015: Dahab indicates wire instructions for VPIC Custodian to use on December 30, 2015.

12/16/2015: OT Staff executed five capital call cash flow communications with settlement on December 16, 2015. These capital calls were with Harbourvest, who was wired the funds by the custodian. BERS was excluded from these capital calls per the contract amendment. **Attachment W**

12/21/2015: OT receives estimated NAVs as of 12/18/2015 from Custodian for all funds and valuations from Investment managers for their Commingled funds value as of 12/18/2015 (the custodian NAV provides the accurate separate account NAV and the manager does not need to send it since it's custodied at the Custodian JPMorgan). OT Staff compares the Investment Managers estimated NAV to the Custodian Estimated NAV to ensure there are not large disparities. The November 2015 ratios per plan were then applied to estimate BERS total holding of the fund for 12/18/2015, adjusting for any cash flows that took place in the month of December (**Attachment L**). All managers complied, except HarbourVest which was not noticed by Staff until after the cutoff and the most recent estimated capital account statement value was used for each fund rolled forward to account for any capital contributions or distributions up until 12/18/15. **Attachments Y & U**

12/22/2015: OT sent wire communications to JPMorgan using the estimated 12/18/2015 values and 11/30/2015 ratios for BERS. Funds that did not have daily liquidity, inter-fund transfers were used to allow the VSTRS, VMERS & VSERS plans to purchase the market value of BERS rather than liquidating the funds. This allows for a single wire transfer to occur from the VPIC fund to the BERS Retirement fund on the date specified by BERS. More liquid funds were used to raise funds within the other plan accounts to pay BERS for the value of the less liquid funds. **Attachment B**

12/28/2015: OT Staff request confirmation of wire instructions to be used by BERS. Confirmation is received from BERS.

12/30/15: OT wired through JPMorgan (Custodian) \$144,587,146.40 to Burlington, which was the amount estimated to be in the fund as of December 30, 2015. It was requested for liquidity purposes by investment managers and agreed upon by Burlington and the OT Staff to use December 30, 2015 rather than December 31, 2015 wire date. Burlington confirmed they received the wire. **Attachment Z**

1/8/16: OT Staff sent preliminary valuation materials to Dahab and BERS. These materials were used to estimate the December 30, 2015 BERS position. **Attachment D**

1/15/16: OT Staff wires \$500,000 to BERS due to an error by OT Staff, which contractually were only obligated to holdback \$1mm not \$1.5mm as initially forecasted. **Attachment AA**

2/4/2016: JPMorgan (custodian) provides December final reporting to OT Staff and a true-up report. OT Staff confirm the true-up numbers per the JPM email. Cash flow communications are drawn up to make the changes. **Attachment H**

2/5/2016: OT Staff sends executed cash flow communications to JPMorgan to reconcile the December Manager Statements and reconciled custodian NAVs to the estimated 12/30/15 NAVs from the 12/18/15 NAV estimates and 11/30/15 BERS plan ratios. Dahab inquires how much the true-up will send back to BERS. OT Staff sends BERS an email containing documentation for the February True-up and cash flow communications for a \$1,176,271.97 wire to the wire instructions BERS provided. **Attachment CC**

2/18/16: OT Staff send executed cash flow instructions to JPMorgan custodian to back date the T Rowe Price moneys for January 1/1/16. **Attachment BB**

3/21/16: OT Staff conducted a reconciliation for the BERS December NAV used for the December 30, 2015 wire. It is concluded that the value was reasonable given a 20bps tolerance. **Attachment A**

3/30/16-5/26/16: OT Staff receives audited financial statements from real estate and private equity funds to be used for true-up of these managers' balances compared to the unaudited positions used in the February true-up using the custodians final December NAV. **Attachment DD**

5/26/16: OT Staff estimate the fee holdback for BERS after 6/30/16 based on prior Custodian invoices and estimated transaction frequency (assuming four wires per year for custody invoices and two wires per year for Corporate Action wires to BERS when needed). **Attachment O & S**

5/27/16: OT Staff compares the audited financials for Real Estate and Private Equity with the unaudited financials for December 31, 2016 used for the true-up in February and used the November NAV ratios to determine BERS share of the funds adjusted for any cash flows that took place during the month of December. **Attachment P**

6/16/2016: OT Staff sent a cash flow communication to the custodian to wire \$132,851.56 to the State of Vermont for BERS invoices due to the State for CY 4Q15, CY 1Q16, CY 2Q16 (**Attachment EE, FF, GG**). After June 30, 2016 only the JPMorgan account fee will be deducted from the remaining holdback of \$8,500.

6/28/16: Siguler Guff audited financial statement received. The true-up evaluation of the real estate and private equity funds is finalized by including the Siguler Guff audited financial statement data by OT Staff. **Attachment P**

6/29/2016: OT Staff sends a cash flow communication to the custodian to effect the true-up of the Real Estate and Private Equity funds **Attachment HH**. OT Staff sends the custodian a letter requesting the fund used for BERS cash be transitioned to a standalone account and assign the City of Burlington Tax Identification Number to the account **Attachment II**.

6/30/2016: OT Staff sends a cash flow communication to the custodian to liquidate the BERS cash account with a wire to the State of Vermont for the holdback of \$8,500 and a wire to the City of Burlington for the remainder of the funds \$1,094,970.07 **Attachment JJ**. OT Staff emailed BERS to notify them of the wire and receives confirmation from BERS that they are aware of the wire to be sent. OT Staff emailed a link with BERS process documentation to BERS for their records.

Attachments Index:

- A) "A_NAV_TrueUpFINAL.xlsx" reviews the actual total cash flows that took place with a calculated NAV estimate for BERS using return information from NEPC (return information keeper of record for VPIC) and the November 30, 2015 NAV from JPMorgan (NAV information keeper of record for VPIC). Total difference is less than 20 bps. See note from 3/21/2016
- B) "B_BERS_Cash_Flow_Communication.pdf" is the communication sent December 22, 2015 (redacted for account information) to JPMorgan liquidate the BERS position from all funds and raise cash to wire BERS its portion of VPIC on December 30, 2015.
- C) "C_BERS_Reconciliation_Uploader.xlsm" is an internal OST review to ensure the estimate NAV used was reasonable as new information was made available (January-March 2016).
- D) "D_BERS_Valuation_Files.zip" are the files used for a December 18th estimated BERS NAV sent to BERS for their records and review. See note from 2/5/2016.
- E) "E_Capital Calls HV December 2015" are communications (redacted for account information) sent to JPMorgan to move money to fund the HV capital calls on December 16, 2015.
- F) "F_Cash Positions 12212015.xls" is a report produced by JPMorgan used by OT Staff to estimate the cash balances in each plan STIF cash account custodied at JPMorgan.
- G) "G_Comp NAVs Estimates 01112016.xlsx" OT Staff initial reconciliation of December 31, 2015 NAV at JPMorgan through online query at JPMM.com.
- H) "H_NAV_TrueUp.xlsx" OT Staff check of JPMorgan provided reconciliations for each fund
- I) "I_VERMONT_Cash_For_Benefits_Needs_December_2015.pdf" is an email sent on December 15, 2015 from the Cash and Investment Manager communicating the cash flow needs for the month of December for each plan to be raised by the OT Investments staff.
- J) "J_vpvc - 12.18.2015 estimates.pdf" is the communication file from HarbourVest estimating their funds' values as of December 18, 2015. This email was sent prior to December 18th and was not noticed by OT Staff until after the cutoff time of December 21st EOD. Therefore, these estimates were not used for the initial NAV estimate for BERS and instead a roll-forward using the latest Capital Accounts Statement Estimates from November 30, 2015 and known cash flows were applied.
- K) "K_Private Funds Roll Forward.xlsx" is the roll-forward used to estimate the HV fund NAVs as of December 18, 2015

- L) "L_Capital_Calls_HV.pdf" are the communications to the custodian prior to the BERS transaction to wire money for capital calls, excluding the BERS fund
- M) "M_Letter_of_withdrawal_from_BERS.pdf" is the letter from BERS communicating their decision to withdraw their funds from VPIC. See note 7/28/15
- N) "N_VPIC - BERS WorkPlan EXECUTED FINAL.pdf" is the executed Work Plan agreed to per the contract extension and initialed by BERS
- O) "O_Q2 2015 JPMorgan invoice.pdf" BERS cash fund portion of JPMorgan invoice from 06302015 used to estimate the final holdback for BERS.
- P) "P_TrueUp_05262016.xlsx" is a true-up of the NAV estimates used for the Real Estate managers and Private Equity managers using audited financial statements. The difference is offset by the outstanding invoices due to the State from BERS and the net amount of cash will be sent to BERS once the Siguler Guff (private real estate) manager's financial statement is finalized and received by OT Staff.
- Q) "Q_Amendment 8 BERS transition.pdf" is the amendment signed by BERS for the transition. Please note the work plan signed by BERS was provided as attachment N
- R) "R_150922 Retirement Board Minutes-Final.pdf" are the BERS Board minutes showing the vote approving the work plan presented to BERS by OT Staff. It was decided to present it to BERS prior to the VPIC meeting to allow them time to review and make any changes necessary prior to the VPIC vote
- S) "S_HoldbackCalc_Custody.xlsx" document to calculate holdback after June 30, 2016
- T) "T_VPIC Packet 09292015_Updated.pdf" is the portion of the VPIC packet pertaining to the BERS withdrawal presented to the VPIC Board within the Director of Investments Report
- U) "U_VPIC_NAV_Nov_2015_Final.xlsx" is the custodian report for November 30, 2015 balances after the custodian has reconciled all balances in separate accounts with the investment managers.
- V) "V_VPIC_NAV_Dec_2015_Final.xlsx" is the custodian report after the custodian reconciles all separate account balances with the investment managers outlining the recorded balances for all investment managers as of December 31, 2015
- W) "W_Capital_Calls_HV_12182015.pdf" are the capital call cash flow communications sent to JPMorgan on December 16, 2015 for execution on that day. They exclude BERS, per the agreed upon amendment's instructions, from the capital calls.
- X) "X_VPIC_NAV_Dec_2015_Prelim.xlsx" is the custodian report with a preliminary balance of all manager NAVs on December 31, 2015. This is prior to the custodian reconciliation with managers
- Y) "Y_VPIC_NAV_Dec_18th_2015_Estimate.xlsx" is the custodian report estimating the balances of all separate accounts on December 18th
- Z) "Z_BERS_Wire_12302015_Redacted.pdf" is the communication from OT Staff to the Custodian to wire the funds to BERS per the wire instructions BERS provided
- AA) "AA_BERS_Wire_01132016.pdf" is the wire communication to BERS from the VPIC Custodian for \$500,000 (account numbers redacted)
- BB) "BB_TrueUpTRowe.pdf" is the cash flow instruction for T Rowe that was not executed on 12/30/15 and needed to be back dated to 1/1/16 during a true-up. This account was liquidated

by VPIC and terminated and a \$307.44 position was remaining in the BERS fund. It was moved to the other accounts and BERS was paid cash for the position.

- CC) "CC_REVISSED_Cash_Flow_Communications_02052016.pdf" is a packet of communications to the custodian to true-up the balances in each account for BERS to the custodian final NAV provided in a report from JPMorgan. A future true-up of private accounts and real estate managers for the audited NAV amount will take place at a later date from this communication.
- DD) "DD_Audited_Statements_2015" folder of audited statements from private fund managers
- EE) " EE_BERS_INVOICE_CY4Q15.pdf" BERS invoice for the fourth quarter 2015 (calendar year)
- FF) "FF_BERS_1Q16_INVOICE_CY.pdf" BERS invoice for the 1st quarter 2016 (calendar year)
- GG) "GG_BERS_2Q16_INVOICE_CY.pdf" BERS invoice for the 2nd quarter 2016 (calendar year)
- HH) "HH_BERS_Cash_Flow_Communication_06292016.pdf" True-up Communication to custodian
- II) "II_BERS_Account_notice.pdf" Communication to JPM to make the BERS Cash account a standalone fund with the BERS TIN attached to it
- JJ) "JJ_BERS_Cash_Flow_Communication_06302016.pdf" Communication to JPM to liquidate the BERS cash account with a wire to the State and a wire to the City of Burlington