

Burlington Employees Retirement System  
Board Meeting Minutes  
June 16, 2011

Board Members Present:

Munir Kasti	James Strouse
Richard Goodwin	Robert Hooper
Ray Nails	

Others Present:

Marina Collins	Chip Mason
Susan Leonard	Ken Schatz (9:39 AM)

James Strouse convened the meeting at 9:15 AM.

1. Agenda: Chairman Strouse suggested we have a place holder for Return to Service under other business.
2. Approval of Minutes 5/19/11: Mr. Hooper moved to approve, seconded by Mr. Nails. Motion carried 5:0.
3. Approval of Bills: Mr. Hooper moved to approve, seconded by Mr. Nails. Motion carried 5:0. The board went over each bill individually. Dr. Landry was paid for services in regard to a disability retirement. Dahab Associates was paid the quarterly fee, a bill was paid regarding the Morgan Stanley arbitration and Buck Consultants was paid the quarterly fee for Actuarial Services.
4. Approval of Retirement Applications: Mr. Hooper moved to approve, seconded by Mr. Nails. Motion carried 5:0. Mr. Kasti asked about the "type" of each retirement and it was explained there are vested retirements, disability, service, early, and survivor types of payments.
5. Ratify Refund/Rollover of Contributions: Mr. Nails moved to approve, seconded by Mr. Goodwin. Motion carried 5:0.
6. Other Business: Mr. Strouse presented the board with Mr. Horenstein's resignation letter and asked the board to review and return with thoughts, comments, concerns. While the board was waiting for Ken Schatz to arrive, Mr. Strouse gave a brief background on the Return to Service issue. He began by summarizing; because benefits have been reduced that could cause some members to have a reduction since they left under a more generous benefit and returned under a less generous benefit. The ordinance provides for a benefit calculated (re-calculated) under the provisions of the plan at the end of entire service and because we can't do that we have to update the ordinance to allow for two separate benefit calculations. There is a transitional provision that was suggested to allow for those members who have returned after 1/1/06 to choose in terms of how they want the benefit calculated: to have the benefit calculated as two separate calculations with the plan provisions for each period of service applied or to have the benefit calculated under the plan they leave under. Mr. Nails wanted to confirm that the transitional language does not change the core of what the board recommended when they suggested only a split method. Mr. Strouse confirmed that that is true. Mr. Nails wanted to confirm that the vesting and AFC are updated at the end for both approaches. This was confirmed by Mr. Strouse. Mr. Kasti asked why are we not treating everyone under the split benefit approach as initially recommended. Mr. Schatz arrived at 9:39 AM and the discussion continued. Mr. Goodwin wanted to discuss the age 65 limit for Class B members and

that he was aware of an employee who had come into service after age 65 and was not afforded membership. Mr. Strouse confirmed that the ordinance was recently changed to allow for membership beyond age 65 and the Retirement Administrator confirmed that she had identified the affected members and has asked the City Attorney to analyze and advise on how this change will effect current member's who were denied membership. Mr. Schatz confirmed that his office is involved and will work on a solution once the facts are gathered. Mr. Kasti wanted to know why the 1/1/2006 date was being used. There was a discussion on this topic and Mr. Schatz suggested some slight re-wording to section 1 in order to resolve. Mr. Schatz explained that the transitional provision applies to about 25 people and once they have left that the benefit will be calculated in two separate calculations, with AFC and vesting updated at the end of service, and the member would than choose from each of the separately calculated benefits. Mr. Mason asked about whether this ordinance revision only addresses non-union. Mr. Schatz replied that a union contract supersedes if the collective bargaining agreement (CBA) addresses the subject. Mr. Nails talked about that Police has essentially 3 pension systems going on currently and that when people return to service there will be more questions because the most recently negotiated benefit is quite different and more generous than the one negotiated in 2006. Mr. Schatz reminded the board that the ordinance provides that the board has the authority to promulgate rules and you administer this ordinance and one of the things, to make sure that we are clear in the future, when details come up that have to be interpreted, you can act on those in a formal manner so that they are there, they are written and available so that anyone can review and understand how they are being interpreted. Mr. Kasti asked how do we address the union issue? Mr. Schatz responded that if the CBA addresses the issue then it supersedes the ordinance but if it does not then the ordinance will apply. Mr. Nails confirmed that the BPOA collective bargaining agreement does not address this issue. Ms. Collins confirmed that she has not found language in any contract that deals with return to service with respect to retirement. Mr. Schatz said that there is actually language in the ordinance that allows the contract to supersede the ordinance and that it was unique in that respect. Mr. Schatz said that the bargaining unit in the future could want to talk about it at a future date if they wanted to negotiate a change. Mr. Hooper moved that the board adopt and recommend to the Ordinance Committee or City Council the amended language as discussed today and agreed upon to be changed, seconded by Mr. Nails. Motion carried 5:0.

Mr. Hooper wanted to remind members that he had sent an email about how we manage our investments and was thinking about whether or not it makes sense to stay with VPIC. He wanted the board to have a discussion about the cost we are incurring with regard to the 10% piece (alternative investments that are outside of the VPIC portfolio) and whether it warrants continuing with that. He said that overall he thought that the board spends too little time talking about money, citing that it is our fiduciary responsibility. Mr. Strouse commented that he had raised this very point with Mr. Bryant last month and Mr. Bryant thought that giving VPIC a full 5 years before making a decision would be his recommendation. Mr. Nails agreed that we should spend more time talking about it. Mr. Hooper discussed how we pay fees and how much we are actually making. Mr. Strouse pointed out that Barry is not just looking at the 10%, he is looking at the whole thing, and advising us about the total. Mr. Nails agreed, that BERS wants to make the best return for the lowest risk.

7. Adjournment: Mr. Nails moved to adjourn, seconded by Mr. Kasti. Motion carried 5:0 at 10:25 AM.