



BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

James T. Strouse
Chairman of the Board
Robert Hooper
Vice-Chairman

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CITY COUNCIL REPORT **FOR May 2011**

- **MISSION**

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

- **HIGHLIGHTS**

The market value on 3/31/2011 was \$132,280,504 versus \$112,896,109 on 3/31/2010. In the 3/21/2011 Dahab report – over the trailing year, the portfolio returned 14.2%, which was 2.0% greater than the benchmark's 12.2% return, and ranked in the 24th percentile.

In July 2010 Jeb Spaulding, Steven Rauh, and Stephen Wisloski from VPIC made a presentation to the board regarding the various changes to the portfolio. Mr. Spaulding expressed that he appreciated the opportunity to work with Burlington Employees' Retirement System and discussed changes to the VPIC board structure in recent history. Mr. Rauh discussed changes to the portfolio and relative performance. Mr. Rauh talked about changes to the fixed income allocation and manager changes within the fixed income allocation. Mr. Rauh discussed the VPIC policy of re-balancing and how that strategy worked well as it amplified positive returns. He stated that in the last few years VPIC has reduced the equity exposure and added risk parity. Mr. Rauh stated that VPIC renewed the contract with New England Pension Consultants. Mr. Wisloski also provided handouts. Mr. Wisloski stated that VPIC has reduced the exposure to risk by 50% in equity to about 39%. The VPIC representatives and the BERS members had a discussion about the evolution of private equity in VPIC, Timber and about the fund of funds allocation.

The board has been working on vetting out whether to add to our Private Equity investment and will hear a presentation from Hamilton Lane at our May meeting. Performance in private equity thus far has been superior, and has netted 31.04% for the period ending 12/31/10.

The Retirement Administrator continues working with the City Attorney's Office to effect several technical corrections to the Retirement Ordinances. In addition, we have applied for a determination, notification and advisory letter from the IRS concerning the qualification of our plan. Under this voluntary correction program, we have been and will continue to make corrections to the Retirement Ordinances.

In September 2010 the board made a recommendation to the City Council with regard to employee's who return to service. The board recommended having the ordinance language changed to reflect that the vested certificate from the first period of service would remain in effect, with all of the provisions in effect at that time. When the person returns to service they would again accrue at the rate in effect upon re-hire. When the person eventually retires the benefit would be calculated in regard to the rules to those two specific periods of service, ensuring that there would be no loss of benefit. In March 2011 the City Council referred the matter to Ordinance Committee and the matter is still pending.

In December 2010 the board approved a budget and forwarded a draft to the Clerk Treasurer for the Board of Finance.

In March 2011 the Morgan Stanley arbitration was resolved which netted about \$140,000 for the fund.

We have been working with the Assistant City Attorney to formalize our procedures.

At the time of this writing there are 863 active members of the Retirement System, 477 retirees and beneficiaries, and 378 members who have left service with vested benefits. Pension benefits average \$722,000 per month.

Finally, the Retirement Administrator has updated our website which now contains a Q & A format for Class A and Class B employees, copies of approved minutes, investment performance reports, meeting agendas and retirement forms.

• **BOARD MEMBERS**

The members of the Board are James Strouse, Robert Hooper and Donald Horenstein, who are appointed by the City Council, Jonathan Leopold, Chief Administrative Officer, who is the Ex-Officio member, Firefighter Benjamin O'Brien, Fire and Cpl. Ray Nails, Police who are elected by the Class "A" employees, and Munir Kasti and Paul Paquette, who are elected by the Class "B" employees.