

OPEB BOARD OF TRUSTEES MEETING

Minutes

February 22, 2018

8:00 AM

Republican Caucus Room, 4th FLOOR
GOVERNMENT CENTER
888 Washington Boulevard
Stamford, CT

OPEB Board of Trustees Members in Attendance:

David R. Martin	Mayor
Michael E. Handler - Vice Chair	Director of Administration
Clemon Williams	Director of Human Resources
David Yanik	Controller
David Mannis	President, Board of Education
Earl Kim	Superintendent of Schools
Hugh Murphy	Finance Director, Stamford Public Schools
Joseph Caruso	CERF Pension Appointee
Jay Fountain - Secretary	Fire Pension Appointee
Michael Noto	Police Pension Appointee
Dudley Williams	Board of Finance Appointee

The meeting of the OPEB Board of Trustees was called to order by Mr. Handler at 8:07 a.m. A quorum of 9 members was present. Also present was Joseph DePalma of Wells Fargo Bank. The following materials were distributed in advance: meeting agenda, minutes of the November 16, 2017 meeting, Fourth Quarter OPEB Trust Investment Review, draft Long-Term Investment Policy Statement, and financial reports.

Approval of Minutes – A motion was made and seconded to approve the November 16, 2017 minutes. **The motion carried 8-0-1.** Mr. Handler abstained. Mayor Martin and Clemon Williams entered the meeting.

Election of Officers – Held until the next meeting.

Report on Investments of the Funds – Mark Wetzel, of Fiduciary Investment Advisors, LLC (FIA), reported on OPEB Trust Fund investments and answered Board members' questions.

At the last Board meeting the Trustees voted to terminate the American Century Alternatives Market Neutral Value I investment and reallocate to new targets. A \$10 million contribution to the portfolio in November was invested according to the new target allocations. A share class exchange from Vanguard Extended Market Index Admiral shares to Institutional shares resulted in fee savings.

Fourth quarter economic review: The S&P Index was up 6.6% for the quarter and 21.8% YTD. Through year end the market continued to be strong. Growth did better than value for the past year. International and emerging markets investments did well. On a five year basis the U.S. is well ahead of international markets. However, international markets outperformed the U.S. in the last year.

The OPEB Plan is at approximately \$117.7 million in assets at the end of the quarter. Allocations are close to the targets. The plan is at 27% in fixed income investments and 73% in equities. On a one year basis the portfolio is up 19.1%. The short-term account at year end was \$15.8 million.

L-T Investment Policy – A motion was made and seconded to amend target asset allocations of the Long-Term Investment Policy according to Appendix A and based on the termination of the AC Alternatives Market Neutral Value I investment. **The motion carried 11-0-0.**

Report of Bills Paid and Financial Reports – Mr. Yanik discussed the Summary Schedule of Expenses for FY2017 which was first distributed at the last meeting but not submitted for approval because the audit had not been complete. There have been no changes to the schedule. Also discussed were the financials for FY2017.

A motion was made and seconded to accept the OPEB Trust Summary Schedule of Expenses for FY2017 and the OPEB Trust financials as of June 30, 2017. **The motion carried 11-0-0.**

Banking – Mr. Yanik discussed the Administrative Report of Trust Fund balances for the period ending January 31, 2018 provided by Joseph DePalma of Wells Fargo Bank at the beginning of the meeting.

Next, Mr. Yanik reported that, in January, the State of Connecticut Treasurer's Office sent a letter to all the cities in the State regarding the Community Investment Act "needs to improve" rating for Wells Fargo and one other bank and referenced certain State statutes. Since the City uses Wells Fargo for its pension plans and OPEB it was concerned about what this meant.

Clemon Williams contacted Assistant State Treasurer Larry Wilson for clarification but did not receive a satisfactory response. It was unclear as to whether the rating had any impact on trust accounts and the Office could not advise municipalities on what to do.

As a gesture to their clients, FIA commissioned the legal firm Robinson & Cole for an independent legal opinion which they distributed to many cities in Connecticut. Robinson & Cole's opinion is that monies held in trust are not public funds and therefore the statute does not apply. Wells Fargo sent a letter to the City's Law Department stating that while the Bank's rating at the national level was "needs to improve," the State level rating was "satisfactory."

Mr. Yanik stated that Mike Toma of the City's law department recommends that the City not rush to make big, disruptive changes and take no action at this time. A new rating is due in the near future.

After discussion, the Board decided to initiate the preparation of an updated RFP for the Custodial Banking Services performed by Wells Fargo in order to be prepared in the event the City is required to change banks. This process will require the involvement of the CERF and Custodians' pension boards as well as OPEB with Clemon Williams acting as the project manager for the RFP.

A motion was made and seconded to begin the RFP process for banking services. **The motion carried 11-0-0.**

Other Business – There was no other business.

The meeting adjourned at 8:43 a.m.

Next meeting is scheduled for May 17, 2018 at 8:00 a.m.
Republican Caucus Room, 4th FLOOR
GOVERNMENT CENTER