

OPEB BOARD OF TRUSTEES MEETING
Minutes
July 24, 2014
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
Clemon Williams	Director of Human Resources
Randall M. Skigen – Chairman	Board of Representatives Appointee
Michael E. Handler – Vice Chair	Director of Administration
David Yanik	Controller
Hugh Murphy	Finance Director, Stamford Public Schools
Joseph Caruso	CERF Pension Appointee
James Hricay - Secretary	Fire Pension Appointee
Michael Noto	Police Pension Appointee
Sal Gabriele	Board of Finance Appointee
Mary Fedeli	Board of Representatives Appointee

The meeting of the OPEB Board of Trustees was called to order by Mr. Skigen at 8:05 a.m. A quorum of ten members was present. The following materials were distributed in advance: meeting agenda, May 15, 2014 meeting minutes, Second Quarter OPEB Trust Executive Summary, cash flow work sheets, CDARs information, and summary and detail year-to-date OPEB Expense reports.

Approval of Minutes – A motion was made and seconded to approve the May 15, 2014 minutes. **The motion carried 9-0-1. Mr. Noto abstained.**

Report on Investments of the OPEB Trust Funds – Mark Wetzel of Fiduciary Investment Advisors, LLC (FIA) reported on OPEB Trust fund investments. Mayor Martin entered the meeting during the report.

Second quarter economic review: despite a 2.9% decline in the real GDP in the first quarter, recent economic data indicates a strengthening economy. The unemployment rate continues to fall from 6.7% to 6.1% in June. The Fed continued to taper its bond buying program. The S&P 500 ended the second quarter with a 5.2% return, up 7.1% year-to-date, and up 24% in the last 12 months. International markets were strong but not as strong as the U.S. and emerging markets outpaced developed markets for the quarter. For fixed income, the aggregate was up 2% for the quarter, 3.9% year-to-date, and 4.4% for one year driven by rates coming down. It is a good time to borrow or issue debt and be cautious in fixed income and not chase yield.

The OPEB Plan was at \$44.5 million at the end of the quarter and is currently at \$54.5 million. . Allocations are close to the targets. The plan is at approximately 32% in fixed income. 28% in domestic equities, 21% in developed international, 9.5% in emerging markets, and the rest in commodities and alternatives which is a good balance between equity and fixed and between international and domestic. The portfolio is up 4% for the quarter and up 15.4% for one year

versus the benchmark of 13.9% for the year. The Board discussed investment strategies and the performance of individual investments.

Mr. Wetzel distributed cash flow worksheets outlining two possible investment scenarios for the recent \$9.8 million contribution: invest all at once now, or half now and half in September, according to proposed new target allocations. Mr. Yanik explained that the long-term contribution of \$9.8 million for the full year FY2015 is based on estimates supplied by actuaries employed by the City and is customarily paid at the beginning of the year to get earnings credits. A motion was made and seconded to invest the 2015 OPEB Trust allocation all at once, on a pro rata basis, as outlined in cash flow worksheet Option 1. After discussion, the motion carried unanimously **11-0-0**.

The Board also discussed the short-term fund; its balance was approximately \$142,000 as of June 30, 2014. Mr. Wetzel distributed information regarding CDAR investments, a short-term account investment option; the Board took no action.

Extension of FIA Contract

Mr. Williams reported that he is waiting for the rating sheets for the RFP for Investment Consultant for the CERF and Custodians' Pension Funds and the OPEB Trust. One member of review panel is away for a month so he expects to have a decision by the end of August. The FIA contract has "evergreen" terms – it rolls over month to month until it is terminated. No action is necessary at this time.

Financial Reports and Approval of Bills Exceeding Authorized Amount

Mr. Yanik distributed, and discussed, a draft FY2014 OPEB summary of expenses report. He requested that the Board approve expenses year-to-date based on this preliminary report or wait until the next meeting to approve the final version of the FY 2014 report. A motion was made and seconded to allow bills to be paid but not approve the report until the final numbers have been determined. The motion carried unanimously **11-0-0**.

Other Business

There was no other business.

The meeting adjourned at 8:46 a.m.

**The next meeting is scheduled for November 13, 2014 at 8:00 a.m.
Republican Caucus Room, 4th FLOOR
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