

OPEB BOARD OF TRUSTEES MEETING
Minutes
February 14, 2013
8:00 AM
Mayor's Conference Room, 10th FLOOR
GOVERNMENT CENTER
888 Washington Boulevard
Stamford, CT

OPEB Board of Trustees Members in Attendance:

Emmet P. Hibson	Director of Human Resources
Michael E. Handler	Director of Administration
David Yanik	Controller
Hugh Murphy	Superintendent's Appointee (for COO, SPS)
Mike Briscoe	CERF Pension Appointee
Mary Lou Rinaldi (by phone)	Board of Finance Appointee
Kathleen Murphy	Board of Finance Appointee
Mary Fedeli (by phone)	Board of Representatives Appointee
Randall M. Skigen – Vice Chair	Board of Representatives Appointee

The meeting of the OPEB Board of Trustees was called to order at approximately 8:05 a.m. by Mr. Handler. A quorum was present. Mr. Skigen participated by phone and in person. The following materials were distributed in advance: meeting agenda, November 16, 2012 meeting minutes, Fourth Quarter 2012 Executive Summary for OPEB Trust, and Draft Long-Term Investment Policy.

Approval of Minutes – A motion to approve the November 16, 2012 minutes was made and seconded. **The motion passed 9-0-0.**

Election of Officers – Election of Officers is held annually at the beginning of the year because the composition of the board changes as a result of November elections. The board briefly discussed nominations and a motion was made and seconded to table this item until the next meeting. **The motion passed 9-0-0.**

Report on Investments of the OPEB Trust – Mark Wetzel, of Fiduciary Investment Advisors, LLC (FIA), announced that the annual FIA client conference will take place at Waters Edge in Westbrook, CT on June 6th.

Mr. Wetzel reported on OPEB Trust investments. Fourth quarter economic review: the economy is improving, the GDP increased at an annual rate of 3.1%, unemployment stayed steady, the consumer index fell but remained at a reasonable level of 65.1, housing prices have bottomed out and are rebounding, CPI/inflation seems to be under control. In the US the S&P 500 was down .4% for the quarter but up 16% for the year. International markets outpaced US markets. The US Treasury yield curve did not move much for the quarter but since year end rates have moved up. Looking forward, 2013 should be much like 2012, there is a commitment to the euro and emerging markets have stabilized. Equities are not overvalued. Fixed income investments will be the greatest risk area because when rates go up principle goes down. Therefore, the plan should have a broadly diversified fixed income portfolio across the global market.

The OPEB Plan is at \$27.0 million at the end of the quarter. Allocations are close to the targets and all cash has been invested. For the quarter, there were no contributions or withdrawals; for the year, there were \$8.0 million in contributions and \$2.0 million in gains. Mr. Wetzel reported on performance of individual funds. All funds are doing well. The plan is ahead of its benchmark by almost a percent for the year: up 2.3% for the quarter and 9.6% for the year versus the benchmark of 8.7%. Actuarial report assumptions were discussed. Mr. Wetzel recommended that, over the next 6 to 12 months, the board consider changing the portfolio asset allocation from 60/40 equity/fixed income to 65/35. The board discussed the amount of cash in the Short-Term Account.

The fixed income proportions are very conservative and are projected to produce a low to negative return. Mr. Wetzel recommended adjusting the target: within fixed income move 4% from Vanguard Total Bond Market to Met West and move Vanguard Short-Term Bond at (4% allocation) from Fixed Income to PIMCO All Asset. A motion was made and seconded to lower the fixed income target allocation by from 25% to 21% by decreasing and eliminating the Vanguard line, and increasing PIMCO All Asset by 4%. **The motion passed 9-0-0.**

Next the board discussed proposed changes to the Long-Term Investment Policy. The word "Plan" was changed to "Trust" in most places, the word "Committee" was changed to "Board" throughout the document. A motion was made and seconded to remove the sentence "Currently this return is set at 7.75%." **The motion passed 8-1-0.** Ms. Murphy opposed. The bottom of page one a sentence was added regarding investing the principal of the Trust. A motion was made and seconded to change the "the Administration" to "the City" at the bottom of page two. **The motion passed 9-0-0.** The last motion was withdrawn and a second motion was made to say: "The trust shall maintain a cash or near-cash position in accordance with the Board's need to meet obligations of the Trust and the City will provide a schedule of the anticipated cash needs of the Plan." The motion was seconded and **passed 9-0-0.** A motion was made and seconded to change the paragraph above to remove the specified target allocation amounts to read: "Please see Appendix A for the target asset allocation." **The motion passed 9-0-0.** A motion was made and seconded to change the word "quarterly" to "at each Board meeting" in Section V. **The motion passed 9-0-0.** A motion was made and seconded to change the word "quarterly" to "at each Board meeting" in Section IX. **The motion passed 9-0-0.** A motion was made and seconded to change the word "termination" to "re-evaluated" in Section X. **The motion passed 9-0-0.** The board discussed the definition of the terms "Plan" versus "Trust." Emmet Hibson will investigate the legal definitions for discussion at the next meeting.

Report on Bills Paid and Approval of Bills Exceeding Authorized Amount – Mr. Yanik reported that that there were no unusual expenses regarding the OPEB Trust and no bills exceeding the authorized amount. Short-term cash expenses were discussed. David Yanik will prepare a report which will be discussed at the next meeting.

Other Business

- **Impact on the actuarial valuation of employees vested after 10 years and subsequently leave the City's employ** – Ms. Murphy has not yet received an opinion requested from the Law Department regarding this issue.

The meeting adjourned at 9:00 a.m.

**The next meeting is scheduled for May 16, 2013 at 8:00 a.m.
in the Mayor's Conference Room.**