

**OPEB TRUST COMMITTEE**  
**City Conference Room**  
**260 Constitution Plaza**  
**Friday, February 26, 2016**  
**9:00 a.m.**

**MINUTES**

**OPEB TRUST**

**MEMBERS PRESENT:** Peter Stevens, Chairman; Frank Lord; Adam Cloud, Secretary; Superintendent's Designee John Griffin

**MEMBERS EXCUSED:** Gene Goldman; Nicholas Trigila, Employee Representative

**STAFF PRESENT:** Donna Parker, Plan Administrator; Rebecca Crowley, Assistant Plan Administrator; Lisa Silvestri, Assistant Corporation Counsel; Gary Draghi, Director of Investments; P. Wayne Moore, Assistant Director of Investments; Carmen Sierra, Assistant City Treasurer; J. Sean Antoine, Principal Administrative Analyst; Terry Williams, Senior Administrative Assistant; Chelsea Mott, Accountant

**OTHERS PRESENT:** Luke Bronin, Mayor; Richard Pokorski, Employee Benefits; George Zoltowski, Management and Budget; Leigh Ann Ralls, Finance; Tomek Furtak, Risk Management

**Chairman Peter Stevens called the meeting to order at time 9:05 a.m.**

**I. Minutes of the Meeting of January 29, 2016**

Approval of the January 29, 2016 minutes was postponed until the March Committee meeting due to the absence of Frank Lord at the January 29, 2016 meeting and the absence of Gene Goldman at the February 26, 2016 meeting.

## **II. Update on RFI Processes**

Chairman Stevens introduced the item. Assistant Director of Investments, P. Wayne Moore, stated that the investment consultant RFI had been issued to three firms, Fiduciary Investment Advisors, NEPC and Morgan Stanley. Mr. Moore also noted that the custody contract with US Bank was almost complete and the team was working to set up internal accounts to receive the assets and finalize the mechanics of the asset transfer into the Trust.

With regard to the actuarial consultant, Mr. Moore explained that staff was currently evaluating the three responses and the next step would be to bring each firm in for an interview. Mr. Moore asked the Plan Administrator, Donna Parker, to speak to the timing constraints. Ms. Parker stated that the July 1, 2015 valuation would need to be completed once an actuary was selected and that the timing would be tight. With that in mind, Ms. Parker explained that she had asked Richard Pokorski of employee benefits to provide details regarding past data collection processes so that the July 1, 2015 data collection could begin prior to the selection of an actuary by the Committee. Mr. Pokorski stated that he had contacted the current actuary, Segal, and that Segal was working on providing a roster of data and information that would be needed for the valuation.

Mr. Moore asked if members of the Committee would like to be involved in the interviews. Chairman Stevens indicated that he was interested and that the week of March 6<sup>th</sup> would not work. Chairman Stevens also noted that Commissioner Gene Goldman should be present and agreed with Ms. Parker that the interviews should be as soon as possible. Secretary Adam Cloud indicated that his staff would send out a list of possible dates and that a special meeting of the Committee would occur before the end of March.

Secretary Cloud formally welcomed Mayor Luke Bronin to the meeting and provided background on the OPEB Trust for Mayor Bronin. Secretary Cloud noted that the Board of Education had \$22 million in funds available, though the actuary had stated the figure was \$19 million. Secretary Cloud stated that the City had \$6 million available and was not sure how much of that would be contributed to the Trust and asked Mayor Bronin if additional discussions after the Committee meeting could be held. Mayor Bronin agreed to further discussions and noted that the amount in the City account was \$4 million as of June 30, 2015. Controller Leigh Ann Ralls confirmed the \$4 million figure.

## II. Update on RFI Processes (continued)

Secretary Cloud also asked Mr. Griffin to confirm the \$19 million contribution for the Board of Education. Mr. Griffin stated that the Board of Education had \$17.8 million to commit and that the \$19 million dollar figure from the actuary was based on a hypothetical conversation and not an actual valuation. Mr. Griffin further stated that he would forward documentation of this conversation with the actuary to Secretary Cloud. Secretary Cloud asked Ms. Ralls to confirm the amount in the Board of Education account. Ms. Ralls stated that the amount in the account as of June 30, 2015 was \$19.2 million.

Mayor Bronin asked what the implications were of funding the OPEB Trust. Secretary Cloud stated that the liabilities and asset allocation would be determined and that the return on those assets would generate income to offset the pay-as-you-go figure. Secretary Cloud noted that scenarios could be run to determine the short and long term impacts of varying levels of contributions. Secretary Cloud further noted that the \$19 million figure for the Board of Education was based on assuming the liability attributable to the Board of Education was fully funded by this amount and that a \$2 million contribution by the City would not fully fund the City's portion of its liability. Secretary Cloud cautioned that the Committee would need to be mindful of investment decisions because different investment allocations would be undertaken based on funding level.

Plan Administrator Parker further explained that there was an actuarial impact as well. Ms. Parker stated that the liability could be valued using a higher interest rate if the plan was funded, versus using a market rate if the plan was not funded, as required under Government Accounting Standard Board (GASB) rules. Ms. Parker noted that using a higher interest rate would result in a lower liability.

## III. Other Business

Chairman Stevens introduced the item. There was no Other Business to come before the Commission at this meeting.

There being no further business, Chairman Stevens adjourned the OPEB Trust portion of the meeting at 9:20 a.m.

Attest:

  
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Adam M. Cloud, Secretary