

**OPEB TRUST COMMITTEE**  
**City Conference Room**  
**260 Constitution Plaza**  
**Friday, November 20, 2015**  
**9:00 a.m.**

**MINUTES**

**OPEB TRUST**

**MEMBERS PRESENT:** Peter Stevens, Chairman; Frank Lord; Gene Goldman; Nicholas Trigila, Employee Representative; Adam Cloud, Secretary; John Griffin, Superintendent's Designee

**MEMBERS EXCUSED:** Darrell Hill, Mayor's Designee

**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:** Richard Pokorski, Employee Benefits

**Chairman Peter Stevens called the meeting to order at 9:45 a.m.**

**I. Minutes of the Meeting of October 23, 2015**

There were no changes or corrections to the minutes as presented.

**A motion was made, seconded and unanimously adopted to accept the minutes of the October 23, 2015 meeting.**

## II. Recommendation for Custodial Services

Chairman Peter Stevens introduced the item. Secretary Adam Cloud directed the Committee's attention to the memo dated November 19, 2015 recommending that the OPEB Trust Committee select US Bank for custodial services and asked Assistant Director of Investments, Wayne Moore, to discuss the process. Mr. Moore stated that the RFI was sent out to four banks on September 29, 2015 with responses due by October 22, 2015. Mr. Moore further stated that the City of Hartford received three responses of which two were fully qualified (US Bank and BNY Mellon) and one which did not meet the minimum qualifications (Wells Fargo).

Mr. Moore explained that while both proposals were good, US Bank's was significantly better and that the search committee was impressed by US Bank's capabilities and the two glowing references for the representative who would be servicing the City of Hartford's OPEB trust. Mr. Moore also noted that NEPC, the MERF's current investment advisor, had several other clients that used OPEB trust services from US Bank. With regard to fees, Mr. Moore stated that there was a significant price advantage for US Bank and that BNY Mellon's fees were almost twice as high.

Mr. Moore, on behalf of the search committee comprised of investment staff, Plan Administrator Donna Parker and Assistant Treasurer Carmen Sierra, recommended that the OPEB Trust Committee move forward with US Bank. Chairman Stevens asked if either of US Bank's references had also worked with BNY Mellon. Mr. Moore responded that to his knowledge neither reference had experiences with BNY Mellon.

Director of Investments Gary Draghi clarified that the fees for US Bank would be locked in for five years, but that there was a 30 day termination notice clause, so the Committee could change course fairly quickly if the need arose. Richard Pokorski, from Employee Benefits, asked for clarification of the meaning of the footnote "wire and check distribution would increase the total" on the scorecard. Director of Investments Draghi responded that neither proposal would include benefit payment processing but that the fee included periodic payments and transactions. Mr. Draghi also noted the difference in the current short term cash rates offered by the two finalists, stating that although BNY Mellon's rate was higher, it would require an ongoing cash investment of \$6 million per year to make up for the annual fee difference and he did not anticipate that the Trust would maintain that level of cash.

## II. Recommendation for Custodial Services (continued)

Chairmen Stevens asked Assistant Corporation Counsel Lisa Silvestri if she had any thoughts on the timeframe. Attorney Silvestri responded that Corporation Counsel would need some time to review the contract. Mr. Draghi noted that the contract still needed to be negotiated but that a sample contract had been provided and upon a brief review, looked fairly straight-forward.

**A motion was made, seconded and unanimously adopted to authorize Secretary Cloud to execute a master custody of services contract with US Bank for the OPEB Trust, subject to satisfactory negotiations of terms.**

## III. Other Business

Chairman Stevens introduced the item. Secretary Adam Cloud updated the Committee on the OPEB Roadmap and indicated everything was on schedule for November. Secretary Cloud identified actuarial services as a December agenda item and noted that while the current pension actuary was Hooker and Holcombe, staff was instructed to look into issuing an actuarial RFI/RFP for transparency and to see what other resources are available. Secretary Cloud listed Hooker and Holcombe, Milliman and Segal as potential options.

Plan Administrator Donna Parker asked about Segal (the current OPEB actuary) and whether or not they were aware the work was possibly moving. The Superintendent's designee, John Griffith, noted that the current contract with Segal would expire in April 2016. Richard Pokorski added that Segal was aware that they were not moving forward at this point.

Secretary Cloud also noted that the Committee needed to explore the investment consultant for the OPEB Trust as well. Secretary Cloud stated that he was curious about the role NEPC, the current pension consultant, could play and wanted to have a conversation with NEPC prior to December 31, 2015 to determine their skills and abilities in this sector, and if found wanting, would recommend that the Committee send out an RFI for an investment consultant.

Chairman Stevens asked if the Committee would discuss the investment consultant at the December meeting. Director of Investments Gary Draghi stated that the cost of an investment consultant needed to be looked at and that it was slightly different than custodial services because the OPEB trust was a separate legal entity.

**III. Other Business (continued)**

Commissioner Lord noted that he was not familiar with investment consulting providers for smaller funds and whether or not NEPC had the experience. Mr. Draghi noted that the Pension Commission had asked NEPC about their deferred compensation experience in the past and NEPC responded that they had a separate group to handle smaller business and size was not an issue. Chairman Stevens asked who else is in the field for consideration. Secretary Cloud noted that he had already received a package of information from Morgan Stanley and that there were certainly others out there. Mr. Draghi stated that the critical issue was actuarial but that both actuarial and investment consultants would be explored.

There being no further business, Chairman Stevens adjourned the OPEB Trust portion of the meeting at 10:05 a.m.

**Attest:**

  
\_\_\_\_\_  
**Adam M. Cloud, Secretary**