

Minutes for 8/5/14 OPEB TRUST MEETING

Minutes accepted on 1/20/15.

3 in favor, 2 abstention.

The meeting was called to order by Tim Harrison at 4:00 PM. In attendance were James Smith, Kenneth Stuart, Timothy Harrison, Susan Rothermich and Lisa Troast. Christopher Woodruff was absent.

The first order of business was to accept the minutes from the 1/21/2014 meeting. The quorum had not been met, so Tim advised that this vote had to be rescheduled for the next meeting.

The second order of business was to nominate Lisa Troast as the new OPEB Trust Secretary. Kenneth Stuart made the motion to nominate Lisa Troast as the new OPEB Trust Secretary. Susan Rothermich seconded that motion. The motion passed (3, 0, 1). Lisa Troast abstained and Christopher Woodruff was absent.

Dory Huard from Bartholomew & Company gave an update on the funds for fiscal year 2014 and the anticipated trend for fiscal year 2015. Dory noted that FY14 was an exceptionally good year with a return rate of 11%. Our return since inception is 7.71% over a two year period. She stressed that although FY15 should also end as an up year, it is not anticipated to create as good a yield as FY14. They are expecting some market stress due to pullbacks in response to world turmoil.

Tim noted that our contributions for FY14 included \$100,000 from Town allocated funds, \$21,000 from Sewer Enterprise and \$38,398 from Medicare Part D reimbursement. He commented that our FY15 contributions would be similar with \$20,900 final reimbursement from Medicare Part D, \$100,000 from town allocation and \$21,000 from sewer enterprise.

Dory advised that we may want to increase our portfolio from moderate to aggressive. She explained that this is a long term investment, so the Town can afford to ride the market peaks and valleys and potentially earn more over the long run. She advised bumping our discount rate up to 5 or 6% which will reduce our unfunded liability. Specifically she noted increasing our equity allocation from 45% to 50% which would bump our portfolio up to an Aggressive-Moderate rating.

Jim responded that he would be comfortable increasing the rate of return to 5 or 6% and he'd like our actuary to show us those figures. Tim confirmed that our actuary can do two tables for us – one showing the 4.5% rate of return and one showing a 6% return. Discussion ensued and it was agreed that we would request the two tables from the actuary and possibly meet shortly after the data is received, so we could discuss where to go with our portfolio.

Tim stated our next meeting would be announced at a later date, but it will be sometime between November 2014 and January 2015.

The meeting was adjourned at 4:40 PM.

Respectively submitted

Lisa M. Troast

Secretary, OPEB Trustees

