

MINUTES FOR 01/21/2020 OPEB TRUST MEETING

MINUTES ACCEPTED ON 2/23/2021

in favor 4 , 1 abstention

The meeting was called to order by Tim Harrison at 3:23 PM. In attendance were James smith, David Hall, Timothy Harrison, Chris Woodruff and Lisa Lynch. Nancy Konisky was absent.

The first order of business was to nominate a new OPEB Trust Secretary. David Hall nominated Lisa Lynch to be the New OPEB Trust Secretary, Tim Harrison seconded the motion. All in favor.

The second agenda item was to accept the minutes from the 01/29/2019 meeting. Chris moved to accept the minutes, Tim seconded the motion. The minutes passed 3 in favor, 1 abstained.

The third agenda item was the Bartholomew presentation by Brian Jamros and Kathleen Glowacki. Brian stated that the markets have changed since our last meeting. He stated that historically we had a more conservative portfolio, but we changed to a moderate portfolio in 2013, and now we have a moderate to aggressive portfolio. He feels we should change to an aggressive portfolio with a 70/30 split which could give a 7-8% return. Jim stated that he would want to wait until July to decide on whether we made the change to a more aggressive portfolio. Brian noted that this past year we added Private Equity funds in November 2019 (which was Pantheon). This should yield a 10-12% return.

Next, Kathleen gave a market update. She stated that 2018 was a good year, but that ended abruptly at the end of 2018. Kathleen noted that 2019 was a strong market with over a 30% return. She also noted that 2019 unemployment was very low (3.5%), the housing market in 2019 was very strong as mortgage rates were low. She stated that the strength of the consumer is very strong and that they expect economic growth to continue. With the elections coming up, though, they do expect more volatility in the markets.

Brian stated that a Dollar Cost Averaging approach is recommended. Jim noted that our pension fund is Worcester Regional Retirement. Tim stated that the retirement system used a 7.35% discount rate.

Next, Tim asked what the difference was between a T.W.R (Time Waited Return) and M.R.R. (Money Waited Return)? Brian stated that Bartholomew used the T.W.R., but he was not familiar with M.R.R., but stated he would find out about it.

Brain stated that between 7/1/19 – 12/21/19 we had a 4.58% rate of return. Since inception (2/16/12) the rate of return is 5.7%. Kathleen stated that they try to invest in portfolio managers that are in it for the long run. Jim asked what is the down side of Private Equity? Kathleen explained that Private Equity is more volatile and those companies are more globalized because they are multi- national companies. She stated that Bartholomew tries to focus on high quality private equity firms. They are hand selected by Bartholomew.

Chris asked about Dollar Cost Averaging. Brian explained that the town is responsible for making a contribution. The town has the option of putting the funds into a Trust Fund Account and have Bartholomew manage it or have the town treasurer make these deposits.

Kathleen spoke about risk verses return. She stated that they try to keep up with the market but take less risk.

Brian stated that increasing the Private Equity doesn't necessarily increase our risk exposure. Tim asked if we stayed where we are now (5%), could we put more into Private Equity? Brian said that yes there is room.

Dave asked the members what they thought about going to "aggressive"?

Jim stated he thinks we should wait six months. Tim, Chris, and Dave all agree to hold off.

The last agenda item was new and old business. Tim stated that our 6/30/19 balance was \$1,492,426, and our 12/31/19 balance was \$1,995,037. He recommended that we show on our "Operating Statement" both the Employer Contributions and the Employee Contributions. Thought it would be helpful to have those figures broken down. Tim cited some information from the KMS Actuary report (noting that this was an interim evaluation). He stated that we went from 394 covered employees to 423 in one year. Also, active members went from 300 to 312 in one year. Tim stated that KMS will do a full evaluation next year. Tim requested Lisa to send the KMS report to all meeting members.

Chris asked if we utilize dollar cost averaging? Tim stated that this would have an administrative impact. Tim also said he may be looking at the market more carefully.

Jim stated that we should schedule our next meeting for August.

Tim motioned to adjourn at 4:40 PM. Seconded by Dave. All in favor.

Respectfully submitted,

Lisa A. Lynch
Secretary, OPEB Trustees