

**Joint Meeting Minutes**  
**Dukes County Pooled OPEB Trust**  
**May 4, 2018**  
**Dukes County Administration Building Meeting Room**

**Members Present:** Kathy Logue, West Tisbury; Amy Tierney, MV Schools Business Administrator; Curtis Schroeder, MV Commission; Sander Shapiro, West Tisbury; Melanie Becker, Chilmark

**Also Present:** Maura McGroarty, Oak Bluffs Finance Committee

**Members not present:** Jonathan Snyder, Chair, Tisbury; Lauren Thomas, MV Transit Authority; Noreen Flanders, Dukes County; Steve Jordan, Edgartown; Sibel Sumin, Aquinnah

Kathy convened the meeting at 9:05 am

**Financial Statements and FY2019 Budget – Curtis Schroeder**

Curtis started by citing the recent 1<sup>st</sup> quarter losses in the Rockland account which reinforces our decision to engage a Financial Manager. There was discussion that the % of funding column labeling may still not be accurate. Kathy said that she will check to see if Barbara Howard at Rockland is using the correct unfunded numbers.

**Curtis moved, seconded by Amy, to approve the minutes as written of the April 6, 2018 meeting. All ayes.**

**9:15 am conference call; David Lee of DAHAB Associates**

David said that today we will be selecting a Fixed Income manager, representing 20% of our portfolio and a Real Estate manager representing 10% of our portfolio. He explained that the real estate portion will initially be invested with the bond money for approximately six months while it waits in the Real Estate manager's queue and is subsequently called for by the Real Estate manager.

**Core Plus Fixed Income (Bonds) Manager Search**

We reviewed the four contenders: Loomis Sayles, Manulife Asset Management, PIMCO and Western Asset Management Company. Some of the items looked at were total assets managed; philosophy and grade or quality of bonds purchased. All of the managers had a portfolio average of investment grade for their strategies. During the fee schedule discussion Manulife was eliminated for having the highest fees.

All four had for the past five years out performed the Bloomberg Barclays benchmark. After discussion of the mid-range risk strategy of Boston based Loomis Sayles, David agreed with the group's choice that they were the strongest. **Melanie moved, seconded by Curtis to select Loomis Sayles as our Core Plus Fixed Income Manager. All ayes**

**Core Real Estate Manager Search**

Of the five contenders; **American Realty Advisors**, Los Angeles, CA; **ASB Real Estate Investments**, Bethesda, MD; **Barings**, Charlotte, NC; **Blackrock**, New York, NY; and **TA Realty**, Boston, MA; only Blackrock had for five years beaten the NCREIF benchmark. TA Realty is the exception in that it is a new fund so doesn't have five or even three year's track record. Some of the things discussed were Geographical Distribution; TA Realty invests more heavily in the south, American more heavily in the west. Melanie questioned TA Realty's strategy of focusing so much on Miami and coastal Texas which she felt were subject to impact from climate change. We also discussed Property Distribution which all were concentrated in Apartments, Industrial, Office and Retail; and Leverage with ASB have the lowest level of borrowing at 15% and TA Realty the highest at 27%. We discussed two different real estate Strategies of focusing just on high occupancy buildings in large cities versus a value added strategy the include some

distressed properties that need some investment. There was considerable discussion of TA Realty's fee structure of offering 70 basis points in perpetuity for its founding investors, definitely the lowest fee of the group. **Curt moved, seconded by Amy to accept TA Realty as our Core Real Estate Manager; 3 ayes and 1 nay.**

#### **10:30 am Antony Teberio; People's United Bank – Financial Custodian**

Kathy started by discussing our fiduciary responsibility and our policy of requiring two people to sign for a transfer. Curtis questioned how the arrangement will work; Tony said that first the consultant finds the manager and second the custodian opens accounts with the managers. Kathy stressed to Tony that our group has no staff, we are all volunteering in addition to our primary positions and we need a process that will work with that in mind.

Tony said that any money wired will go through the custodian bank and People's also requires dual authorization for any money to be sent to a new manager, but after the first time a single authorization is sufficient. It was agreed that we will have a pool of three people to approve/authorize to avoid slowing down the process when one person isn't available. Kathy pointed out that we won't be authorizing withdrawals at this time except to pay manager fees. Curt and Kathy asked about reporting; Tony said that his primary job is to collect the statements from the managers and composite the funds into one report on a monthly basis that he will send via email as a .pdf report. DAHAB, David Lee, will prepare the quarterly report broken out for individual units. **Tony discussed what he will need for the transition:**

- **the Pooled Trust's Federal ID number**
- **the Trust documents**

Tony said he will provide a *contract, W-9 and an Authorized Signature List and an Authorized Vendor List*. He will open an account for the Pooled Trust at People's United and send banking instructions. **Melanie moved, seconded by Amy to accept People's United Bank as our OPEB Pooled Trust custodian. All ayes. Kathy will email Tony with a link to our website which has the Trust documents. She suggested that Tony send the contract to Jon Snyder and send the signature and vendor lists to Curtis Schroeder. Curtis will send Tony the TIN number and Kathy will send him the original IRS form.**

#### **FY18 Budget shortfall and revised Budget for FY19**

We begin by discussing the need to send out a reminder that contributions to be credited in FY18 need to be received by Curt by June 27<sup>th</sup>; and FY19 contributions to be credited in the first quarter should be received by him by July 25<sup>th</sup>.

Curt discussed how we came to have our current shortfall; unexpected expenses for our actuarial study i.e. the increase in the KMS fee and expenses. There was discussion that we need to send an email before our next meeting, to give the units and explanation of the shortfall and two options for how they pay their portion: in this fiscal year or in FY2019. Kathy stressed the importance of this 'extra assessment' announcement and how we need an answer from every unit; then we can finalize the budget at our next meeting. Curt will prepare a revised budget sheet for the next meeting.

**The board will meet next on May 23, 2018 at 11:00 am at the Dukes County Meeting Room.**

Because David Lee will be on the island for the DCRS meeting at 9:00 am; the OPEB Pool Trust will take the opportunity for a face to face meeting with our Financial Manager.

The meeting was adjourned at 11:20 pm

Respectfully submitted, Melanie Becker, Secretary/Clerk

Approved: May 23, 2018