

**Joint Meeting Minutes
Dukes County Pooled OPEB Trust
February 23, 2018
Dukes County Administration Building Meeting Room**

Members Present: Jonathan Snyder, Chair, Tisbury; Lauren Thomas, MV Transit Authority; Kathy Logue, West Tisbury; Noreen Flanders, Dukes Co.; Curtis Schroeder, MV Commission; Melanie Becker, Chilmark

Also Present: Maura McGroarty and Herb Kiehn, both Oak Bluffs Finance Committee; and David Lee, DAHAB Associates

Members not present: Amy Tierney, MV Schools Business Administrator; Steve Jordan, Edgartown; Sibel Sumin, Aquinnah

Jonathan convened the meeting at 11:33 am

Kathy moved, seconded by Noreen, to approve the minutes as corrected of January 26, 2018. All ayes.

Meeting with David Lee of DAHAB for contract discussions

Jonathan introduced David Lee and David gave the group background information about DAHAB Associates. There was discussion that several units will significantly be increasing their OPEB contributions in the coming Fiscal Year and this is a good time for the group to begin working with an Investment Advisor. David said there are three areas that he foresees addressing:

- Investment Policy – we would work together on that
- Asset Allocation –David said Asset Allocation is the cornerstone of the portfolio; this is the primary driver of returns. He recommended, given the magnitude of the liability, taking a long view of the fund by increasing the allocation to stocks; as well as considering some real estate exposure
- As a rule he does not recommend drastic changes to the portfolio – but in this case he recommends moving away from individual stocks toward Mutual Funds; away from individual bonds into mutual bond funds

Kathy asked how the custodial part would work. David said he recommends aggregating all our custodial relationships into one entity; he suggests People's United because of their relationship with the Dukes County Retirement System. Investment fees were discussed; he said we are now paying on a sliding scale, which adds up to be about 36 basis points. David said that will go up to approximately 50 basis points.

There was discussion of the timeline; David said realistically the transition will take a month and half to complete.

David asked if we feel comfortable changing our asset allocation; Jon replied "Yes".

Motion was made by Melanie, seconded by Curtis to nominate a sub-committee of Jonathan, Kathy and Curtis to work with David on the language of the contract; with the chairman being authorized to sign the finalized document. All ayes. The contract subcommittee will meet on March 6, 2018 at 9:30 at the Tisbury Town Hall with David Lee participating by phone.

Motion was made by Kathy, seconded by Melanie, that the fees for Investment Advisor and Custodial services be paid from investment returns, not unit assessments. All ayes. There was discussion that this would be the fair way to handle it given that not all units have funds in the trust.

Noreen said that an important agenda item for our next meeting is a review of our Investment Policy. She asked if a change in asset allocations could allow us to continue with Rockland; David said that he did not think so because so many stocks in the portfolio are owned individually; it is unlikely that Rockland could restructure enough to meet our Mutual Fund goals while still being profitable to them.

Kathy raised the question of when we notify Rockland and David said that could happen at any time. David anticipated their response will be handled professionally.

Financial Statement as of 12/31/2017

Curtis presented the financial statement and discussion followed about the internal audit. Curt said that he expects to shortly be pulling together the information needed for Clifton/Larson/Allen. He will be contacting units with requests for information. He also brought up a travel reimbursement invoice from KMS for approximately \$3,600. There was discussion that we have never received an invoice for travel expenses before; Curt said he hasn't paid it yet. It was left that Amy will be asked to review our KMS contract and a decision about the invoice will be left to the next meeting. It was noted that there is no appropriation to pay it from the unit assessments.

The board will meet next on March 16, 2018 at 9:00 am at the Dukes County Meeting Room.

The meeting was adjourned at 12:35 pm.

Respectfully submitted, Melanie Becker, Secretary/Clerk

Approved: March 16, 2018