Joint Meeting Minutes
Dukes County Pooled OPEB Trust
November 29, 2018
Dukes County Administration Building, Edgartown, MA

Members Present: James Hagerty, Edgartown; Curtis Schroeder, MV Commission; Cheryl Sashin, Oak Bluffs; Kathy Logue, West Tisbury; Jonathan Snyder, Chair, Tisbury; Amy Tierney, MV Schools Business Administrator; Lauren Thomas, MV Transit Authority; Noreen Flanders, Dukes County; Melanie Becker, Chilmark
Also present: Linda Bournival, KMS Actuaries
Present by phone: David Lee, DAHAB Associates
Members not present: Sibel Sumin, Aquinnah

Jonathan convened the meeting at 11:08 am
Minutes of July 20, 2018 meeting were moved, seconded and unanimously approved as written.

Investment review with David Lee of Dahab Associates
David noted that we don't yet have a full quarter with our new investment managers to report. Of interest were the charts was on page 13 such as the chart comparing our fund returns over five years to other OPEB funds. Although we are improving over the last two quarters, our three and five year averages are below range for other funds; which reinforced our decision to make changes and engage Dahab as a consultant. Curt said that he has approximately two million dollars in contributions which he will be moving to People's United this month. People's United is our 'custodian' bank for investment trades.
There was discussion of what happens next; it was clarified that David will make recommendations within our asset allocations and Jonathan will authorize the actual investment decisions.

Financial report – Review of FY17 draft audit – status of FY2018 audit – Curtis Schroeder
Curt distributed the CliftonLarsonAllen audited Financial Statements for the fiscal year ending June 30, 2017. He reported that work on the FY2018 audit is well along. Curt also distributed the financial statement that he prepared for FY2018. Because the VTA is now fully funded and has one retiree, Lauren said that they would like to start to receive fund distributions for that retiree's OPEB expenses. Curt said that will be the first distributions for our trust; how will we handle it? Jon consulted the by-laws and said that distributions will be done as a reimbursement and "on no more than a quarterly basis". Lauren will send a quarterly invoice to Curtis. James raised the question about whether or not Edgartown can pay its outstanding assessment out of its current year fund contributions. It was agreed that would not likely be an authorized use of the contribution.

Policy on Asset Allocations
Jon noted that currently our asset allocation policy is part of the larger Investment Policy.
He presented a proposed Asset Allocation policy and suggested that it stand alone as a separate policy. Discussion followed and it was noted that the policy doesn't reflect our small percentage in cash. It was agreed to add to the draft: *cash will be no more than 1%.* At Kathy's suggestion the policy will appear again on the next two agendas to allow for a first, second and third reading before coming to a vote.

Policy for Expense Allocations
Kathy researched our minutes for prior discussion and votes on the topic; a copy of a policy for calculating assessments was distributed, dated: Adopted 4/26/16. It was agreed to return to the item at the next meeting for a second reading.

Actuarial report discussion with Linda Bournival of KMS Actuaries
Linda started by saying that the Pooled Trust is made up of many separate units that are entirely autonomous, the actuarial study puts them all together into one to create a claims curve. This is our third actuarial report with KMS and for the first time individual reports were issued for each unit. This is to allow for different discount rates. That way it will credit the units who are funding their liability; there is the potential that their liability will be calculated at the long term investment rate of 7.5%. By contrast units who have done little or no funding will have their liability calculated at the municipal bond rate, currently 3.87%. There was a discussion of whether or not it would be feasible for the health care claims curve to be calculated using the actual claims rates for the Cape Cod Municipal Health Group. Noreen said she will explore more information on that.

The board will meet next in April 2019 for a 2019 first quarter investment review, date to be determined.
The meeting was adjourned at 1:05 pm

Respectfully submitted, Melanie Becker, Secretary/Clerk
Approved: as corrected May 23, 2019