

# **TOWN OF ESSEX**

## **ESSEX RETIREMENT BOARD Regular Meeting November 13, 2018 Essex Town Hall, Meeting Room B**

### **Present**

Retirement Board Members: Mary-Louise Polo, Ellen Whaley-Wexler.  
Another member was expected but if he does not come there will not be a quorum and this meeting will be discussion only.

Peter Decker joined the meeting at 5:20 p.m. Therefore, quorum was met.

### **Others Present**

Art Meizner, Hooker & Holcombe  
Kelly Sterner, Finance Director

Ellen Whaley-Wexler called the meeting to order at 5:10 p.m.

### **Review/Approval of Prior Minutes**

Review and approval of the minutes of the last meeting on April 10, 2018 were tabled to the next meeting.

### **2019 Calendar Discussion & Approval**

The 2019 proposed calendar was reviewed and discussed. There have been no objections to the proposed dates. The proposed meetings are scheduled monthly in the event one is needed. Otherwise, they will be held quarterly in March, June, September and December.

A motion was made by Peter Decker to approve the 2019 proposed regular meeting schedule. Mary-Louise Polo seconded the motion, it was unanimously approved. The 2019 regular meeting schedule has been approved and will be submitted to the Town Clerk.

### **Approval of Bills**

There were no bills for approval.

## **Hooker & Holcomb Investment Update**

Art presented the 2018 Third Quarter Plan Review, which included a review of domestic and international equities, fixed income yields and returns, real estate performance, asset allocations, a weekly market review, third quarter performance reports and Hooker & Holcomb's Connecticut Municipal Portfolio Performance report.

Art noted that Hooker & Holcomb is now affiliated with Pensionmark which works with firms to provide more research for defined benefits and defined contribution plans. They are looking at financial wellness programs for plan participants in 2019 through a service called "E Money." Kelly will also be working with Brenda at Hooker & Holcomb to schedule educational seminars for employees.

Art will send members the requested Morningstar ratings and said he would like to meet after the 4<sup>th</sup> quarter to review performance. It was decided to have the year-end report in March unless something unusual occurs before then.

## **Discussion of Town Addition to ERB oversight for OPEB**

The Board of Selectmen has recommended that the Essex Retirement Board to have oversight for Other Post Employment Benefits ("OPEB"), which includes those benefits available to retired employees other than pensions such as health benefits.

The Town has been funding these obligations on a pay-as-you-go basis rather than prefunding the liability, which is not considered "best practice." Pages 51 and 52 of the fiscal year end June 30, 2017 notes to the Town of Essex financial statements were provided which show how much the Town's net OPEB obligation is growing due to growing health insurance costs.

Two articles were given to the members: one written by GFOA on establishing and administering an OPEB trust; the other by Rebecca Sielman on the benefits of establishing an OPEB trust.

At the end of fiscal year 2017-2018 a supplemental amount of \$25,000 was appropriated at a Special Town Meeting for the purpose of establishing an OPEB trust to prefund the liability. Establishing a trust will require a number of issues to be addressed: (1) preparing a plan/trust document; (2) what additional approvals, if any, are required to establish a trust; (3) Who will provide fiduciary oversight; (4) Who will provide investment advisory services; and (5) What are the investment options given that we would be starting with minimal "seed money."

Creating an OPEB is essentially setting up a trust and managing a separate account for this benefit. In order to accomplish this, the charter or plan will need to be amended and Retirement Board members need to be educated on the subject.

It was suggested that Attorney Bruce Barth be consulted on the steps involved in doing this with a target timeframe for accomplishing this by February 2019. There was discussion as to whether an RFP was needed. The consensus was that it was not.

A motion was made by Peter Decker to move forward with the creation of an OPEB trust as discussed. Mary-Louise Polo seconded the motion, it was unanimously approved.

### **Discussion of Creating Investment Subcommittee**

Peter Decker's suggestion to create a subgroup to monitor Hooker & Holker portfolio performance and the reasons for same was discussed.

Peter will put together a proposal explaining the rationale, how it would function, posting requirements, etc. for review and discussion at the next meeting.

### **Adjournment**

A motion was made by Mary-Louise Polo to adjourn the meeting at 6:12p.m. Peter Decker seconded the motion, it was unanimously approved.

**Respectfully Submitted,**

**Betsy McLaughlin**  
**Retirement Board Clerk**