

OTHER POST-EMPLOYMENT BENEFITS TRUSTEES

Regular Meeting of April 14, 2010
Town Hall, Meeting Room B 7:00 p.m.

MINUTES

Attendees: Gil Bray, Warren Serenbetz

Guests: Bill Brennan, Hal Clark, Sandy Dennies, Carol Misus (Vanguard), Ken Post, Mr. Wehrmann, and members of the Investment Committee including Bob Kelso, Bob Schultz, Paul Burnham

Call to order:

Mr. Bray called the meeting to order at 7:00 PM.

February 2nd Meeting Minutes

The Minutes from the February 2, 2010 Meeting were approved unanimously.

Representatives from Board of Selectmen

Hal Clark needs to be appointed to OPEB by the Board of Selectmen which will take place at the next Board of Selectmen meeting on April 19, 2010.

Election of Chairman

Mr. Bray nominated Warren Serenbetz as Chairman of OPEB Committee and it carried unanimously.

Discussion with Investment Committee

Mr. Bray said that last year or actually eighteen months ago the Committee passed a proposal to move funds to the management of the Investment Committee with instructions to move the money from the money market account (STIF), now that there are sufficient funds. The OPEB meeting on February 2, 2010 determined that funds in the amount of \$1 million were now available to initiate investment.

Sandy Dennies presented that OPEB Funds support Other Post Employment Benefits in the form of health and dental insurances to retirees and that OPEB came about with the intent that a municipality would make annual required contribution for investment of funds so that in a period of 30 years, the fund should support retiree benefits rather requiring municipalities to rely on taxpayer support to do it. Over the last 3 years Wilton has had over \$500,000 contributed each year. That has been indicated as the Town and

BOE contribution by an actuarial valuation. The funds that are placed in an OPEB fund must only support post employment benefits. There are typically two withdrawals that are made each month; one for health insurances and one for dental insurance. The contributions to the fund other than those from the Town and the BOE are from retirees. At this time, we believe that the fund is large enough for us to invest a significant portion for the long term and that we would maintain a short term investment to pay out claims and premiums.

We anticipate an additional \$500,000 to be made available on July 1 for investment. The BOE has the largest number of participants but Ken Post indicated that the actuarially determined contribution reflects the teachers getting their benefits through the State. The Implied Subsidy is the amount that is paid at this time by the BOE.

Hal Clark inquired about the funds coming and going to which Sandy Dennies indicated that the funds coming from the BOE nearly match the premiums for the health and dental so there is really no issue in providing \$1 million at this time and then we can re-evaluate our contribution in July. It is extremely conservative and still leaves a significant dollar amount in STIF.

Bob Schultz observed that the funds cannot be co-mingled.

Bob Kelso inquired if the funds must reflect the actual claims for the BOE – to which Ken indicated that it did, however, there is an individual stop loss. Bob asked if there is any instance we could think about that could cause variation in the claims. Ken indicated we have a stop loss of \$200,000. So, if we have several high claims, we may have some exposure, but we also have STIF Funds available.

The investment of funds in accordance with the Investment Committee Policy then were discussed. Carol indicated that Vanguard could, under a separate agreement, invest the funds. She also suggested that we may be more aggressive in our investment and that Vanguard could provide an investment strategy that might assist us and also provide more alternatives for an aggressive investment.

The discussion then came around to if the Investment Committee has been authorized to invest OPEB funds. They indicated that they need to look at the authorization. Subject to the authorization being in place, a motion was made and second with unanimous approval to invest. Sandy and Carol were directed to work on getting an agreement completed to allow for Vanguard to invest the funds.

Paul Burnham asked Ms. Dennies if she would look at the Board of Selectman Minutes after September 27, 2007 to see if there was mention of the authorization for the Investment Committee to invest OPEB Funds and Ms. Dennies said that she would.

Hal Clark indicated that he was unfamiliar with the Post Employee Benefits that are available and that he would find that information valuable. Mr. Clark requested a copy of

the Post Employment Benefits for his review and Ms. Dennies said that she would provide him with them.

A MOTION was made by Mr. Serenbetz seconded and carried unanimously to authorize Ms. Dennies to switch actuaries from AON to Hooker & Holcombe for cost considerations and ease of information exchange.

The meeting adjourned.

DRAFT