1. OPEB Trust Board Meeting Documents

Documents:

APPROVED_OPEB_TRUST_MTG_MINUTES_12-03-15.PDF
OPEB_TRUST_MEETING_AGENDA_12-03-15.PDF
The meeting was called to order at 8:39 A.M.

1. **Review Performance of Trust and Rebalancing**

Ms. Murphy distributed the November 2015 OPEB Investment Performance report and related materials. She commented that the domestic markets (fixed income and equities) had been relatively flat in November and that the international equity markets were down -2+. Ms. Murphy highlighted the outperformance of the Oppenheimer Global Opportunities Fund (OGIYX) which returned 9% for the month. The portfolio returned 0.79% for the month beating the benchmark by 108 bps. Both the Fixed income and the equity allocation beat their respective benchmark. The portfolio gain for the month was $180,400.

Ms. Murphy was asked to provide the write-up for OGIYX to the members so that the Board could get a better understanding of the risks that the fund manager may be taking on to achieve the strong returns.

Ms. Murphy commented that the portfolio was underweighted in equities. Mr. Pellegrino suggested that a monthly meeting schedule would provide an opportunity to discuss sectors that could be over-weighted productively.

Mr. Pellegrino asked Ms. Murphy to ask Vanguard, as the custodian for the portfolio investments except for the Oakmark International (OAKIX), to provide a report on time-weighted returns on each investment.

2. **Discuss Benchmark setting/determination process**

Mr. Pellegrino reviewed a schedule he prepared of expected returns for several asset classes and suggested that the Board focus on a 30-year horizon to clarify its assumptions for asset class returns, analyze the performance and adjust the ratios of equity to fixed income in the OPEB portfolio accordingly.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, to adopt the benchmark that is currently the benchmark, no vote was taken.

Mr. Ferdinand commented that the benchmark should be the actuarial assumed rate of return, which all agreed was another benchmark.

Upon a motion amended by Mr. Ferdinand, to change the article from "the" to "a" to describe the initial benchmark, the Board voted 3-0 to approve the amended language – to adopt a benchmark that is currently the benchmark.
3. **Discuss investment strategy, including sector weightings, and review selected funds for consideration (equity, fixed income, and others)**

Mr. Ferdinand began the discussion by commenting on the historical impact of the Federal Reserve causing recessions by tightening credit. Following a discussion of the expectations of the market and the recent performance of various sectors of the S&P 500 index the Board decided to increase the allocation to equities and to overweight certain sectors of the index.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 3-0 to increase holdings in Sector Financial Select Sector SPDR ETF (XLF) and SPDR S&P Regional Banking ETF (KRE) by $200,000 each.

Upon a motion by Mr. Ferdinand, seconded by Mr. Pellegrino, the Board voted to invest $200,000 in each of Sector Technology Select SPDR (XLK) and PowerShares QQQ ETF (QQQ).

The Board discussed sourcing the funds for these investments.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 3-0 to liquidate $600,000 of Vanguard Total Bond Fund (VBTSX) holdings and $200,000 from SPDR (SPY).

Mr. Stricker asked Board members to review and be prepared to discuss specialty funds.

4. **Approve Meeting Dates for FY2015 - 16**

The OPEB Board Members collectively agreed to the following Meeting dates with 8:30 A.M. starting times:
- January 12, 2016
- February 2, 2016
- March 7, 2016

5. **New Business**

There was no New Business discussed.

6. **Discussion of topics for future meetings**

There was no discussion of topics for future meetings.

7. **Adjournment**

On a motion by Mr. Ferdinand, seconded by Mr. Pellegrino, the Board voted unanimously to adjourn the meeting at 9:58 A.M.

Robert Stricker, OPEB Trust Board Chairman

Catherine Sidor, Recording Secretary
AGENDA

1. Review Performance of Trust
2. Discuss Benchmark setting/determination process
3. Discuss investment strategy, including sector weightings, and review selected funds for consideration (equity and fixed income)
4. Approve Meeting Dates for FY2015-16
5. New Business
6. Discussion of topics for future meetings
7. Adjournment