

## OPEB BOARD OF TRUSTEES MEETING

Minutes

November 19, 2020

8:00 AM

Via Webinar

### OPEB Board of Trustees Members in Attendance:

David R. Martin - Vice Chair	Mayor
Sandra L. Dennies - Chair	Director of Administration
Alfred Cava	Director of Human Resources
David Yanik	Controller
Andy George	President, Board of Education Appointee
Tamu Lucero	Superintendent of Schools
Ryan Fealey	SPS Director of Finance
Jimmy Connors	Custodians' Pension Appointee
Eric Newman	CERF Pension Appointee
Jay Fountain	Fire Pension Appointee
Michael Noto	Police Pension Appointee
Mary Lou Rinaldi	Board of Finance Appointee
Gary Palomba	Board of Representatives Appointee
Matthew Quinones - Secretary	Board of Representatives Appointee

The meeting of the OPEB Board of Trustees was called to order by Ms. Dennies at approximately 8:06 a.m. A quorum was present. Also in attendance were David Javaheri, Joseph Matthews and Kevin Nichols from Morgan Stanley Wealth Management and Joseph DePalma of Wells Fargo.

The following materials were distributed in advance of the meeting: agenda, minutes of the July 16, 2020, September 10, 2020, and November 4, 2020 meetings, proposed 2021 meeting dates, Wells Fargo report, and Morgan Stanley report.

**Approval of Minutes and 2021 Meeting Dates** – Al Cava moved and Jay Fountain seconded a motion to approve the minutes for July 16, 2020, September 10, 2020, and November 4, 2020 and to approve 2021 meeting dates of February 18, 2021, May 20, 2021, July 15, 2021, and November 18, 2021. **The motion carried unanimously 13-0-0.**

**Investment Policy Review** – Mr. Nichols from Morgan Stanley Wealth Management discussed the current OPEB Trust Long Term Investment Policy Statement (IPS) and made recommendations for additions and changes to the language. He will recommend changes to the target allocations at the next meeting. Mr. Quinones joined the meeting.

After discussion, Mayor Martin moved and Ms. Rinaldi seconded a motion to approve Morgan Stanley's recommendation to include sub classes within each of the asset classes in the OPEB Trust IPS target allocations and remove the GMO Global asset allocation index class. **The motion carried unanimously 14-0-0.**

**Report on Investments of the Funds** – The representatives from Morgan Stanley covered the topics of Morgan Stanley's fiduciary responsibility, market perspective, presented a total fee analysis, and suggested portfolio changes with a rationale for each. Ms. Lucero exited the meeting.

Mr. Nichols made a case for the OPEB Board to change custodian of the OPEB Trust account from Wells Fargo to Morgan Stanley and put forth a comparison of fees that Mr. DePalma disputed. This will be reviewed and corrected numbers will be reported at the next meeting.

Mr. Yanik requested that Morgan Stanley provide the Trust with a count of the number of pension/OPEB plans they advise, and of that total, how many do they provide both financial advisory and custodial services to at the next meeting.

The Board decided to form a committee to look at the City's five long investment funds and recommend whether or not to go to RFP for custodial and benefit payment fees. Suggested members would be David Yanik, City Controller; Jay Fountain City OPM Director; Al Cava HR Director, Mike Noto, Police Pension Fund; Mary Lou Rinaldi, Board of Finance; and Mike Gold, Fire Board.

Mr. Nichols discussed Morgan Stanley's rationale for their recommendations to buy and sell OPEB Trust investments which the Board then discussed.

Ms. Rinaldi moved and Mr. Fountain seconded a motion to approve Morgan Stanley's recommendations for the purchase and sale of OPEB Trust investments. **The motion carried unanimously 13-0-0.** The Mayor requested that Morgan Stanley prepare an analysis of the success of these trades after three to six months.

**Report of Bills Paid and Financial Reports – David Yanik** – Mr. Yanik reported that the financials are available to the Board for the first quarter.

**Wells Fargo Report – Joseph DePalma** – Mr. DePalma will give a full report at the next meeting.

**Other Business** – There was no other business.

The meeting adjourned at 9:16 a.m.

**Action Items:**

- Morgan Stanley will present suggestions for the reallocation of the OPEB Trust portfolio at the next meeting.
- Morgan Stanley and Wells Fargo will collaborate and report corrected custodial fee information at the next meeting.
- Morgan Stanley provide the Trust with a count of the number of pension/OPEB plans they advise, and of that total, how many do they provide both financial advisory and custodial services to at the next meeting.
- A committee will be formed to examine custodial fees and advise on administration of expenses and benefits payments and determine the need for an RFP for custodial services.
- Morgan Stanley prepare an analysis of the success of these trades in three to six months.

**Special meeting scheduled for December 10, 2020 at 8:00 a.m.**

**Via webinar**

**Next Regular meeting is scheduled for February 18, 2021 at 8:00 a.m.**

**Via webinar**

