

BOARD OF TRUSTEES
Division of Public Works Retirement System
Meeting Minutes
January 26, 2016

A meeting of the Board of Trustees, Public Works Retirement System was held at 11:30 a.m. on Tuesday, January 26, 2016 in the DPW/Admin Conference Room located at 9 Riverside Street. Chairman, Frank Anderson presided.

Trustees Present: Frank Anderson, Mayoral Appointee
Paul G. Bergeron, BPW Commissioner Representative
Ben Bausha, Employee Member
Kathie Berube, Employee Member

Trustees Absent: Michael O'Brien, Aldermanic Liaison

Others in Attendance: David Fredette, City Treasurer
Mary Woods, Administrative Assistant
Mr. Eric Stubbs, RBC Senior VP (via teleconference)
Mr. Enrique Jaen, RBC CFA, VP (via teleconference)

Expected Visitors:

RBC Wealth Management called in via teleconference to cover the End of Year Report as well as the calculations of benefit costs based on the actual retirement experience of the plan participants.

Mr. Eric Stubbs started with the performance and portfolio review. Asset allocation was presented which showed we were slightly overweight with the equity portion. In terms of how it did, page nine of the portfolio that was handed out showed it was a little ahead of benchmark. The bond account was a little behind benchmark. It turns out it was because of one bond that accounted entirely for the bond performance for that quarter. Trustee Anderson as when that bond will mature and Mr. Stubbs responded that bond will mature in June, 2019. He said it only creates a "hiccup" short term. Overall the portfolio is flat for the year. In the upcoming year, it looks like earnings coming in in 2 ½% higher than last year. They are low but positive. Potential head wind from the Fed is that they will not raise rates that much this year. When oil prices go down the stock market goes up and vice versa. A quick comment from Frank Anderson was that wouldn't there be a positive with the decrease in oil prices? Mr. Stubbs responded that there are small but distinct increases which are all positives. Eventually it will help turn market. Trustee Anderson wanted to know if we were going

to take advantage of this and buy. Mr. Stubbs responded that we do deliberately have cash on the side to make a purchase if it is the right time.

Mr. Enrique Jaen presented a review of the plan and how they explored the impact of introducing a mandatory lump sum for participants with between 10 and 20 years of service. Currently participants choosing the lump sum option only receive their own contributions. They explored the impact of also including the City contributions in the lump sum. He also presented a sample of the participant results. In four out of five cases, the alternate lump sum had a lower IRR than the annuity option. Mr. Fredette asked the question about the employees that had a deferred retirement, which he doesn't think they can get at 50 yrs. old, he thinks they have to wait until they are 60 but he will find out. Mr. Jaen continued that they are a fair amount of people that may work for ten years and then leave. Mr. Anderson said we wouldn't give them the option of the retirement benefit until they were at least 50 yrs. old. The assumption is that it would be for new employees. Unless you consider someone who is not "vested" (worked less than 10 years) in that equation. Mr. Stubbs said it seems like our employees are doing things economically rational. Mr. Anderson said the ultimate goal is not to save the "City" money but to save the Pension Plan money in the long run so it would be available for current and future employees. The summary is that it is beneficial to the plan to offer the lump sum instead of the annuity to employees. Mr. Stubbs said that maybe for our next meeting he will do a recap and summary for our new trustee members (Kathie Berube & Michael O'Brien).

Minutes of the Meeting:

The minutes of the December 22, 2015 meeting were presented for review and acceptance.

MOTION BY: Trustee, Ben Bausha moved to accept, place on file, and approve the minutes of the December 22, 2015.

SECONDED BY: Trustee, Frank Anderson

MOTION CARRIED: Unanimously

DISCUSSION:

Personnel:

Request by Derek Taylor (Parks & Recreation) to make up the BPW Retirement contributions not paid during his 9-week absence from work in October/November 2015. The total he will pay to the BPW Retirement System will be \$816.24; \$810.63 in contributions and \$5.61 in regular interest.

MOTION BY: Trustee, Frank Anderson moved to approve that Mr. Derek Taylor be allowed to pay back to the BPW Retirement System of \$816.24 for his missed contributions while on Workman's Compensation via a weekly debit from his paycheck.

SECONDED BY: Trustee, Ben Bausha

MOTION CARRIED: Unanimously

Old Business:

None

New Business:

Approval of the current disbursement of funds for the period of December 1, 2015, thru December 31, 2015 in the amount of \$260,074.24 was presented to the Board. The Trustees reviewed the detail.

MOTION BY: Trustee, Ben Bausha moved to approve the current disbursement of funds for the period of December 1, 2015, thru December 31, 2015 in the amount of \$260,074.24

SECONDED BY: Trustee, Frank Anderson

MOTION CARRIED: Unanimously

DISCUSSION:

Period for Public Comment:

None

Items by the Trustees:

It was brought to the board's attention by David Fredette that the payroll department made an error this week and doubled up on the current retiree's benefit payments and they were overpaid this week. A letter was sent to all retirees that their deductions will be taken out over a period of time and that Payroll will work with each person on an individual basis. Trustee Kathie Berube asked how many retirees we currently have and Mr. Fredette responded that there are currently 99 retirees.

Trustee Bergeron asked if we were concerned how the distributions have increased over the last few years. Mr. Fredette said he thinks we are still hiring to replace the employees that have left.

Next meeting is set for Tuesday, February 23, 2016.

MOTION TO ADJOURN: Trustee, Kathie Berube moved to adjourn at 12:50pm.

SECONDED BY: Trustee, Ben Bausha

MOTION CARRIED: Unanimously

Minutes Transcribed by: Mary Woods