

TOWN OF GREENWICH
OPEB Trust Board Meeting Minutes

8:30 A.M. Monday, August 8, 2016
Mazza Room, First Floor, Town Hall

Present:

Trust Board: Robert Stricker, Chairman; William Ferdinand, Joseph Pellegrino

BET Attendees: William Drake, John Blankley, Leslie Moriarty, Arthur Norton

Staff: Peter Mynarski, Comptroller and ex-officio member of the OPEB Trust Board, Kathleen Murphy, OPEB Board Trustee; Natasha Yemets, Assistant to the Treasurer, and Melinda Frame, Internal Auditor

The meeting was called to order at 8:40 A.M.

Approval of June 21, 2016 Meeting Minutes

Upon a motion by Mr. Ferdinand, seconded by Mr. Pellegrino, the Board voted 3-0 to approve July 6, 2016 Meeting Minutes.

Review Performance Trust including any rebalancing trades during the month and the resulting asset allocation percentages

Ms. Murphy distributed the July 31, 2016 OPEB Investment Performance reports and related materials which included format changes recommended at the June OPEB meeting. She remarked that the total portfolio value as of July 31 was \$23,680,000 and that the gain for the month was \$627,000. Portfolio was up 2.72% for the month, ahead of its benchmark by 12 bps; Domestic Equity performance 3.82%, ahead of its benchmark by 13 bps; Fixed Income performance 0.84%, ahead of benchmark 18 bps; and, International Equity performance 6.43%, ahead of its benchmark by 148 bps. She noted that the portfolio's weighting was near the 60%/40% target. The Portfolio return for five years was 7.10%.

Ms. Yemets commented that she was awaiting Bloomberg Customer Service response to the Board's questions regarding the 3 and 5 year benchmark return formulas to see whether purchase transaction dates could be reflected rather than standard annualized performance.

In analyzing the impact of previous rebalancing, the Board noted that it was within policy on current asset allocations compared to its targets.

Update on the International Fixed Income (unhedged) benchmark

Ms. Murphy advised the Board that Bloomberg has made available the Barclays indices which they acquired from Barclays. The Barclay Global Bond x US (unhedged) will replace the JPM Foreign Bond (Unhedged) as the portfolio's benchmark for foreign fixed income. The Board reviewed a historical return comparison of the Barclay's index with the previous J.P. Morgan index.

Mr. Pellegrino asked if a benchmark was available for alternative investments. Mr. Stricker interjected that the OPEB Board was investing in alternatives to add value and therefore benchmarks were not needed for this category.

Update on discussion with OPEB's Actuary re Clients composite returns

Ms. Yemets offered that the Actuary agreed to provide information on a sampling of their municipal clients' 1-year returns. This report would be available once a year in September/October. Mr. Ferdinand questioned how the information could be comparable without information on the clients' asset allocation or the scope of the survey. The Board concluded that the previous NEPC reporting had been more informative and they preferred to receive NEPC's report while exploring whether Bloomberg could supply data on smaller retirement funds for comparison.

Discussion of market conditions and investment strategy, including sector weightings and selected ETFs (including GLD and MSCI Min Volatility – USMV)

The Board reviewed various analytical schedules depicting return, valuation and corporate earnings growth analyses of the S&P 500 Index sectors.

Mr. Stricker asked Mr. Pellegrino to comment on his research of SPDR Gold Shares (GLD). The Board concurred that gold's lack of yield made it a less interesting investment. It was decided to keep gold on the watch list but review what sectors might possibly outperform. Consumer Discretionary, Industrials and Financial sectors were considered, but Healthcare and Technology seemed to have more potential.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 3-0 to increase the current equity positions in Technology Select sector (XLK) and in Powershares (QQQ) from 0.92% and 0.82% of the portfolio respectively to 2% each of the portfolio.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 3-0 to increase the current position in the Vanguard Healthcare fund (VGHAX) from 1.79% of the portfolio to 2.5% of the portfolio.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 3-0 to sell S&P 500 Index (SPY) in sufficient amount to cover the approved purchases.

Mr. Ferdinand distributed background information about iShares Edge MSCI Minimum Volatility US (USMV) and proposed investing 5% from SPY because USMV had outperformed the index in each of the last 5 years and would reduce volatility experienced with S&P 500 investing. Mr. Stricker also shared background information to support additional discussion on the Emerging Markets sector which focused on India funds. Further discussion on both suggestions was tabled until the next OPEB meeting.

Discussion of topics for future meetings

- Review of International equity holdings including the Oakmark Fund
- Review MSCI Min Volatility for possible future investment
- Review Emerging Markets Funds and ETFs relating to India for possible future investment
- Research other high-yield vehicles for investment opportunity

Schedule future OPEB Board Meeting Dates

September 7, 2016 - Wednesday

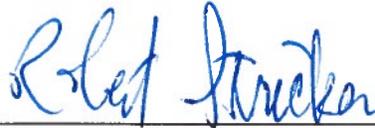
Actionable Items for IAC

- Increasing Investment holdings in the combined Technology sector (XLK and QQQ) from current 1.8% level of OPEB portfolio to 2% each.
- Increasing Healthcare investment in VGHAX from 1.79% of the OPEB portfolio to 2.5% of OPEB portfolio
- Selling approximately \$700,000 of the SPY holding to purchase the increased holdings in the Technology and Healthcare sectors

Adjournment

On a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 3-0 to adjourn the meeting at 10:20 A. M.

Next meeting scheduled for September 7, 2016 at 8:30 A.M. in a meeting room to be determined.



Robert Stricker, OPEB Trust Board Chairman



Catherine Sidor, Recording Secretary