

1. Meeting Agenda - March 3

Documents:

[MEETING AGENDA - 03 03 17.PDF](#)

2. Minutes Subject To Approval - March 3

Documents:

[MINUTES SUBJECT TO APPROVAL - 03 03 17.PDF](#)

3. Approved Minutes - March 3

Documents:

[APPROVED MINUTES - 03 03 17.PDF](#)



TOWN OF GREENWICH

**BOARD OF ESTIMATE & TAXATION
INVESTMENT ADVISORY COMMITTEE MEETING**

**Friday, March 3, 2017
10:30 A.M.**

**Mazza Conference Room
1st Floor, Town Hall**

AGENDA

1. Approval of BET Investment Advisory Committee Meeting Minutes
January 5, 2017
2. Review and Approve Actions of the OPEB Trust Board Meeting
3. Review of recent investment returns, and status of Retirement Board RFP
for outsourced Chief Investment Officer services.
4. New Business
5. Adjournment

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
Investment Advisory Committee
Friday, March 3, 2017
Mazza Room, Town Hall

Present:

Committee: William Drake, Chairman, John Blankley, Arthur Norton
Absent: Anthony Turner

Staff: Peter Mynarski, Comptroller

The meeting was called to order at 10:30 A.M.

Approval of Investment Advisory Committee Meeting Minutes of January 5, 2016

Upon a motion by Mr. Norton, seconded by Mr. Drake, the Committee voted 2-0-1 to approve the Meeting Minutes of January 5, 2017. (Abstain: Blankley)

Review and Approval of Actions of the OPEB Trust Board Meeting

During the OPEB Board's preceding meeting, the Board took the following actions:

The Board voted 3-0 to reduce the equity portion of the portfolio holdings by 3.1% through the sale of: 1.7% of holdings in the tech sector (XLK); 1.1% of holdings in the regional banking fund (KRE); and 0.3% of holdings in the real estate sector (XLRE).

The Board voted 3-0 that proceeds from liquidating 3.1% of the equity portfolio, be invested in the fixed income sector in PIMCO (PIMIX). The OPEB Board's view is that this was a measure of profit-taking due to high valuations in the equity market; the equity portion of the portfolio was reduced from 73.1% to 70.0%.

Upon a motion by Mr. Blankley, seconded by Mr. Drake, the Committee voted 3 - 0 to approve the forgoing transactions of the OPEB Trust.

After the vote, Mr. Norton commented that he was not opposed to the OPEB Board's action to reduce its equity holdings, but that he would not have reduced holding in the regional banking sector (KRE). Additionally, at Mr. Norton's request, Mr. Mynarski confirmed that the actuarial reports as of July 1, 2016, which are completed in fall 2016 determine the required annual contribution to the pension funds for the year ending June 30, 2018.

Review of recent investment returns, and status of Retirement Board RFP for outsourced Chief Investment Officer (CIO) Services

Mr. Drake noted that recent investment results were highly successful, covering the six months ending December 31, 2016, and the period since.

Mr. Mynarski summarized the process of the RFP. He noted that three firms who scored highly included Russell Investments; Neuberger Berman; and Northern Trust.

Mr. Norton commented that the grading criteria were based on: capability, asset management practice and introduction of innovative processes. He suggested that performance in good and poor markets producing quantifiable returns would be a more accurate measurement. He also proposed that during the second interview, candidates submit the type of performance reports that they normally provide to clients and describe their style of modeling so that the Retirement Board might better judge result measurement. Mr. Blankley questioned if any one of the candidates should be chosen.

Mr. Drake provided figures showing that the Retirement Board's investment performance for the six month period ending December 31, 2016 was in the first percentile, a superior performance compared to peers. Mr. Drake noted that the BET adopted new Procedures for Review of Retirement Board Investment Agreements on November 21, 2016, and the Retirement Board had submitted no new investment agreements since the new Procedures were adopted. He noted that this recent experience indicated successful investment performance and no inconveniences in the investment process among the Retirement Board and the BET. He recommended that if a change to an outsourced CIO be made, it should be for a valid, current reason. Mr. Norton responded that a \$420 million investment fund should be managed by a professional as a fiduciary.

Mr. Mynarski remarked that during the second interview round, candidates should be asked to demonstrate performance which overcame the added cost to the fund for their fees. Mr. Blankley cautioned that the outsourced CIO would not be picking stocks, but rather picking managers under an established asset allocation.

Mr. Mynarski alerted the Committee that some Retirement Board members were unhappy with NEPC's service responsiveness. He indicated that he would provide IAC members with the dates that would be scheduled for the second round of interviews of candidates for CIO.

New Business

None

Adjournment

The Committee voted unanimously to adjourn at 11:15 A.M.

Catherine Sidor, Recording Secretary

William Drake, Chairman

Schedule of Future IAC Meetings

April 20, 2017 at 10:30 A.M.

May 4, 2017 at 10:30 A.M.

June 7, 2017 at 10:30 A.M.

July 12, 2017 at 10:30 A.M.

August – no meeting is scheduled

September 7, 2017 at 10:30 A.M.

October 5, 2017 at 10:30 A.M.

November 8, 2017 at 10:30 A.M.

December 7, 2017 at 10:30 A.M.

SUBJECT TO APPROVAL

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
Investment Advisory Committee
Friday, March 3, 2017
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Absent: Anthony Turner

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During the OPEB Board's preceding meeting, the Board took the following actions:

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The Board voted 3-0 that proceeds from liquidating 3.1% of the equity portfolio, be invested in the fixed income sector in PIMCO (PIMIX). The OPEB Board's view is that this was a measure of profit-taking due to high valuations in the equity market; the equity portion of the portfolio was reduced from 73.1% to 70.0%.

Upon a motion by Mr. Blankley, seconded by Mr. Drake, the Committee voted 3 - 0 to approve the forgoing transactions of the OPEB Trust.

After the vote, Mr. Norton commented that he was not opposed to the OPEB Board's action to reduce its equity holdings, but that he would not have reduced holding in the regional banking sector (KRE). Additionally, at Mr. Norton's request, Mr. Mynarski confirmed that the actuarial reports as of July 1, 2016, which are completed in fall 2016 determine the required annual contribution to the pension funds for the year ending June 30, 2018.

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Catherine Sidor, Recording Secretary



William Drake, Chairman, Investment Committee

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