

1. OPEB Trust Board Meeting Documents

Documents:

[OPEB\\_TRUST\\_MEETING\\_AGENDA\\_04-11-16.PDF](#)

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**TOWN OF GREENWICH**

**OPEB TRUST MEETING**

**Monday April 11, 2016  
8:30 A.M.**

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

**AGENDA**

1. Approval of March 7, 2016 Meeting Minutes
2. Review Performance of Trust including:
  - Update on identifying a potential benchmark from an appropriate universe of pension/endowment funds
  - Benchmark to replace the current foreign bond unhedged benchmark from JPMorgan
3. Discuss investment strategy, including sector weightings, and review selected funds for consideration (equity and fixed income).
  - Role for Preferred Stock ETFs
  - High yield ETFs/Funds
4. Discuss Year-end cash/liquidity requirements.
5. Update on Bloomberg initiative – reporting, etc.
6. New Business
7. Discussion of topics for future meetings
8. Adjournment

Future Meetings:

Monday, May 2, 2016

Wednesday, June 22, 2016

**TOWN OF GREENWICH**  
**OPEB Trust Board Meeting Minutes**

8:30 A.M. Monday, April 11, 2016  
Gisborne Room, First Floor, Town Hall

Present:

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

BET Attendees: Leslie Moriarty, Arthur Norton

Staff: Peter Mynarski, Comptroller and ex-officio member of the OPEB Trust Board; Kathleen Murphy, OPEB Trustee

The meeting was called to order at 8:43 A.M.

**Approval of March 7, 2016 Meeting Minutes**

Upon a motion by Mr. Ferdinand, seconded by Mr. Pellegrino, the Board voted 3-0 to approve March 7, 2016 Meeting Minutes.

**Review Performance of Trust**

Ms. Murphy distributed the March 2016 OPEB Investment Performance report and related materials. She remarked that the total portfolio value of \$22.5 million as of March 31 and the gain for the month was \$1.058 million. Performance for the month was 4.93% rate of return and 23 bps ahead of benchmark. She noted that the portfolio's weighting was 66.5% Equity and 33.5% Fixed Income.

**Discussion of investment strategy, including sector weightings, and review selected funds for consideration (equity and fixed income)**

The Board discussed the actions taken since the prior OPEB meeting with respect to moving over time closer to the Benchmark allocation of 60/40 Equity to Fixed income. \$430,000 (approx.. 2% of the portfolio) was moved from the SPDR S&P 500 ETF (SPY) to the Vanguard Total Bond Fund (VBTLX), reducing the equity allocation from 67% to 65%, favorable market performance drove the equity allocation back up to 66.5%. The Board discussed alternatives to VBTLX, including preferred stock ETF alternatives. The decision to invest in preferred stock was driven by the attractive relative yield.

Upon a motion by Mr. Stricker, seconded by Mr. Pellegrino, the Board voted 3-0 to modify the current rebalancing plan by reinvesting sale proceeds from SPY up to a maximum of 5% of the portfolio in iShares Preferred Stock ETF (PFF).

iShare Preferred Stock ETF (PFF) was selected because of its classification as fixed income in which the portfolio had previously invested. It was agreed to review some different preferred equity funds (Nuveen's JPC, Vanguard's Convertible Preferred Fund) for the future.

The discussion about performance centered on whether equity allocation of the fund should be invested to match the S&P 500 Index, its benchmark, or if certain S&P Index sectors should be weighted more heavily. The outcome was a vote to increase the over weighting of the Financial, Technology and Healthcare sectors with the goal of achieving higher returns. Additionally, the Board discussed looking for a separate biotech fund to more heavily invest in that portion of the market.

Upon a motion by Mr. Stricker, seconded by Mr. Pellegrino, the Board voted 2-1 to increase each of the current positions in healthcare, technology and financial sectors to a maximum of 5% of the total portfolio. (Opposed: Ferdinand)

The Board delegated the timing of executing the sector increases to Mr. Pellegrino's discretion.

### **Discuss Year End Cash Liquidity Requirements**

The Board discussed that the "Due To" reimbursement to the General fund is expected to be approximately \$6 million at year-end. This is close to the budgeted OPEB contribution, so they will be used to offset each other in July. It was highlighted that while the OPEB fund is not returning the targeted 7.0%, it has earned 5.4% since inception which is still a net positive for the Town.

### **Update on Bloomberg Initiative**

Ms. Murphy remarked that there had been some changes made to the formatting of the Bloomberg report. Bloomberg currently uses closing prices of funds for the purchase prices (i.e. basis) and in the calculation of returns. If the Board wanted more precision using transactional pricing customization would be required. It was agreed that that was not needed. There is still an open list of items needed from Bloomberg.

### **Schedule future OPEB Board Meeting Dates**

May 2, 2016 – Monday  
June 22, 2016 - Wednesday

### **New Business**

- None

### **Discussion of topics for future meetings**

- Review term appointment process including July interviews and election of Chairman.

### **Actionable Items for IAC**

- Approval of the proposed modification of the current re-balancing plan to bring the portfolio to a 60/40 asset class split by investing in PFF.
- Approval of the proposal to re-balance the portfolio by increasing positions in Financial sector from 3.16%(currently) of total portfolio to maximum of 5% of total portfolio (2.5% for each of the existing XLF Financial Select Sector and KRE S&P Regional Banking

holdings), Healthcare sector from 1.7% of total portfolio to a maximum of 5% of total portfolio (through existing investment in VGHAX Vanguard Health Care-ADM), and Technology sector from 1.79% of total portfolio to a maximum of 5% of total portfolio (2.5% for each of the existing XLK Technology Select Sect and QQQ Powershares QQQ Trust Series holdings).

**Adjournment**

On a motion by Mr. Stricker, seconded by Mr. Pellegrino, the Board voted unanimously to adjourn the meeting at 10:35 A. M.

Next meeting scheduled for May 2, 2016 at 8:30 A.M. in a meeting room to be determined.

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Robert Stricker, OPEB Trust Board Chairman

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Catherine Sidor, Recording Secretary

SUBJECT TO APPROVAL