1. OPEB Trust Meeting Documents

   Documents:

   OPEB_MEETING_AGENDA_09-11-18.PDF

1.I. SUB TO APP OPEB Trust Board Minutes 09-11-18

   Documents:

   SUB_TO_APP_OPEB_MINUTES_09-11-18.PDF

1.II. APPROVED OPEB Meeting Minutes

   Documents:

   APPROVED_OPEB_MEETING_MINUTES_09-11-18.PDF
TOWN OF GREENWICH

OPEB TRUST MEETING

Tuesday, September 11, 2018
8:30 A.M.

Human Services Conference Room
3rd Floor, Town Hall

AGENDA

1. Acceptance of the OPEB Trust Meeting Minutes of August 16, 2018

2. Review Performance of Trust as of the end of August 2018.

3. Discuss market conditions and investment strategy, including asset allocation and sector weightings

4. Discussion of topics for future meetings

5. Adjournment

Next Meeting October 23, 2018 at 8:30 A.M. in the Human Services Conference Room, 3rd Floor
TOWN OF GREENWICH
OPEB Trust Board Meeting Minutes
Tuesday, September 11, 2018
Human Services Conference Room, Third Floor, Town Hall

Present:

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

BET/IAC Attendee: William Drake

Staff: Kathleen Murphy, OPEB Board Trustee; Peter Mynarski, Comptroller; Nataliya Yemets, Assistant to the Treasurer

The meeting was called to order at 8:39 A.M.

Acceptance of August 16, 2018 Meeting Minutes

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 3-0 to approve the Minutes of the August 16, 2018 Meeting.

Review Performance of Trust as of the end of August 2018

Ms. Murphy began comments on the August Investment Portfolio Performance with a review of August trades, noting that holdings in Oakmark (OAYIX) had been reduced by half and that the investment in the CT STIF, approximately $1.8 million, had been liquidated and the proceeds invested in Vanguard FED Money Market (VMFXX). The yield of the Vanguard fund is 1.94%, 6 bps less than CT STIF and US Treasury bonds of 2%. Ms. Murphy reported that the portfolio had a gain of $137 thousand, up 45 bps but behind the benchmark by (117) bps. Over the two-month period since the start of the new fiscal year, the portfolio gained $923,799. The total balance of the Portfolio as of August 31, 2018 is $30,503,408. Equities are over weighted vs the benchmark by $600k. 13.6% of the portfolio is effectively in cash (VMFXX).

The Board reviewed the portfolio holdings, noting the detractors and the contributors to performance for the month and over the past year. The Board noted that the strategy of overweighting of certain S&P500 sectors wasn’t enhancing performance. They also discussed the potential impact of the realignment of the sectors announced by S&P which would impact the technology sector and other sectors. The new sectors would start trading in October.

Discussion of market conditions and investment strategy, including asset allocations and sector weightings.

The consensus of the Board was that the economy is doing very well and, in particular, the consumer sector appears very healthy. The Consumer Discretionary Sector was up 19.4% year to date through August vs the S&P 500 Index which was up 9.9%. The Board noted, however, the increasing volatility in the market. Based on the recent performance and the anticipated sector realignment the Board decided to move closer to its domestic equity benchmark (S&P 500). The small cap position (IRJ) and the three healthcare positions (DLHIX, PRHSX and XBI) are performing very well and represent a less than 1% overweighting to healthcare. No change was recommended with respect to these positions.
Mr. Pellegrino made a motion, seconded by Mr. Ferdinand, that 100% of positions in the Financial (XLF), Industrial (XLI) and Materials (XLB) sector ETFs and Fidelity Select Technology Fund (FSPTX) be sold and invest 100% of the proceeds in SPDR S&P 500 (SPY). The Board voted 3-0-0 in favor of the Motion.

Since early 2018 portfolio performance has been significantly negatively impacted by the poor performance of both of the international equity positions: Oakmark International and Emerging Market ETF (EEM). Adding to the negative contribution to return is the fact that international equity was overweighted to the benchmark by 13.2%. Oakmark is actively managed and has been over weighted in financials and autos in anticipation of a European recovery. The economies in Europe and elsewhere have slowed and there is much uncertainty (Turkey, trade “wars” with China, etc.). The Board decided to go to the benchmark weighting for the exposure to international equity.

Mr. Pellegrino made a motion, seconded by Mr. Ferdinand to reduce Oakmark International (OAIIX) so that total international exposure of the Portfolio would be 10%. Proceeds of the sale would be invested in the Vanguard Fed Money market fund (VFMXX). The Board voted 3-0-0 in favor of the Motion.

Although the Brandywine Unconstrained Bond Fund (LROIX) had a very good long term performance record, it has significantly lagged the fixed income benchmark return for the time frame that OPEB held it.

Mr. Stricker made a motion, seconded by Mr. Pellegrino to liquidate holdings in the Brandywine Unconstrained Bond Fund (LROIX) and invest the proceeds in the Vanguard Fed Money Market fund (VFMX). The Board voted 3-0-0 in favor of the motion.

Discussion of topics for future meeting
- Top 5 business development ETFs as possible future investment alternatives e.g. UBS ETRACS Wells Fargo Business Development Co ETN (BDSC). (ETN: Exchange Traded Note)
- Preliminary discussion of the new 3-7-year Treasury Bond ETF (IEI) and similar ETNs
- Further discussion of BET approval of OPEB discretionary decision-making
- Telephone approval of OPEB actions by a quorum of IAC members

- Bill Ferdinand and Joe Pellegrino advised that they had a conflict with the date of the December Meeting scheduled for the 11th of December. They agreed to move the meeting to December 14th.

Adjournment
The Board voted unanimously to adjourn the meeting at 9:35 A.M.

Next OPEB meeting scheduled for October 23, 2018 at 8:30 A.M. in the Mazza Room.

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Catherine Sidor, Recording Secretary
Schedule OPEB Board Meetings through December 2018

November 13, 2018 at 8:30 A.M. (Tuesday)
December 14, 2018 at 8:30 A.M. (Friday)
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