1. OPEB Meeting Documents
   
   Documents:
   
   OPEB_MEETING_AGENDA_11-13-18.PDF

2. SUB TO APP OPEB Trust Board Meeting Minutes

   Documents:
   
   SUB_TO_APP_OPEB_MEETING_MINUTES_11-13-18.PDF

3. APPROVED OPEB Trust Board Meeting Minutes

   Documents:
   
   APPROVED_OPEB_TRUST_BOARD_MEETING_MINUTES_11-13-18.PDF
AGENDA

1. Acceptance of the OPEB Trust Meeting Minutes of September 11, 2018
3. Discuss market conditions and investment strategy, including asset allocation and sector weightings
4. Discuss the possibility of investing in Business Development Company ETFs
5. Discussion of topics for future meetings
6. Adjournment

Next Meeting Friday, December 14, 2018 at 8:30 A.M. in the Human Services Conference Room, 3rd Floor
TOWN OF GREENWICH
OPEB Trust Board Meeting Minutes
Tuesday, November 13, 2018
Human Services Conference Room, Third Floor, Town Hall

Present:

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

BET Attendees: William Drake, Andreas Duus, Anthony Turner, David Weisbrod

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

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

1. **Acceptance of September 11, 2018 Meeting Minutes**

   Upon a motion by Mr. Ferdinand, seconded by Mr. Pellegrino, the Board voted 3-0 to approve the Minutes of the September 11, 2018 Meeting.

2. **Review Performance of Trust as of the end of October 2018**

   Ms. Murphy began with comments on the October Investment Portfolio Performance noting that the OPEB Portfolio had a net loss in October of $1,345 million, or (-4.54%), which resulted in a net loss of $394.8 thousand, or (-1.39%) for the fiscal year to date. The Portfolio benefited from its asset allocation during this period of volatility: 45.7% equities; 44.1% fixed income including 24.8% near cash; 1.4% Alternatives.

   Ms. Yemets reviewed highlights of the September Callan Report comparing OPEB’s performance to their universe of Public and Small Funds’ retirement plans. For three months, and for the 5 years, ending September 30th the OPEB Trust ranked in the top quartile and above the median, respectively.

   Turning to the markets in October, Ms. Yemets noted that all indices had negative returns for the month: S&P 500 lost (-6.8%); large caps performed better than small caps; US equities performed better than global and international equities. The U.S. Aggregate Bond Index was down (-0.79%) The OPEB Trust performance for October was negative (-4.54%) in-line with its benchmark; Fixed Income performance was positive 4 bps, 90 bps better than its benchmark, primarily due to 25% of the Portfolio invested in near cash which returned +17 bps. Also, PIMCO with a negative return of -12 bps beat the fixed income benchmark by 74bps. Ms. Yemets pointed out that the portfolio was over weighted in healthcare and energy.

   The Board members made several observations. Reducing the equity allocation to 54.5% (vs benchmark of 60%, and the tactical allocation of 68% earlier in the calendar year) and taking off the S&P sector bets, especially on technology which has been hit very hard by the market, added value to the fund’s performance. Also, reducing the exposure to international equities from 25% to 10% was a very good decision. Looking at the fixed income contribution they noted that allocating 25% of the fund to cash equivalent (VMFXX) helped performance. The return on the other fixed income position (PIMIX), also beat the fixed income benchmark. The Board has been positioning the portfolio more defensively since the summer.
3. **Discussion of market conditions and investment strategy, including asset allocations and sector weightings.**

Volatility returned to the equity markets. The Board members commented on the impact of algorithmic trading on the market - increasing volatility and distorting the relationship between the intrinsic value of a company's stock and its market price.

Mr. Stricker introduced the discussion commenting that despite frequent big moves in the market there was no measurable growth. Opining on the possibility of a recession, he expressed concern about stock valuations.

Mr. Ferdinand commented on the impact of increased selling by mutual funds (and hedge funds) in October and at year end, due to the requirement to distribute all realized capital gains, or profits on securities they have sold during the year earned in the calendar year. He also advised that the “technicals” didn’t show a pending recession, the market experienced a “correction.” He remarked that the long bull-market would inevitably end.

Mr. Pellegrino was very pessimistic on the equity market for the rest of the year and for 2019.

The Board discussed headwinds for the markets including the Federal Reserve raising rates, the deterioration of the international economies, and risks associated with the trade “wars” and their impact on the established supply chains. The Board discussed increasing the near cash position of the portfolio.

Noting that the overweight position in healthcare hurt performance for the month and for the 3 months, in particular, biotech (XBI) significantly underperformed the S&P 500 for the FY to date as well. After reviewing the holdings in the healthcare funds in the portfolio the consensus was that there were very good companies in the respective portfolios, and that Delaware also had international companies in the portfolio. The Board decided to continue to watch their performance and not make a change now.

It was decided to make no changes in portfolio holdings at this time. The Board agreed to revisit market conditions and strategy at its December meeting or scheduling a Special Meeting before that if need be.

4. **Discussion the possibility of investing in Business Development Company (BDC) ETFs**

The Trust Board reviewed materials provided on the best performing business development ETFs researched by Ms. Murphy and Ms. Yemets and considered their holdings and performance. BDCs are junk bond alternatives, offering high yields. BDC ETFs have high expense ratios and are broadly diversified. The Board would prefer to invest in shares of companies in the business development arena which would be non/less diversified, have a good track record of picking companies to make investment through secured loans, etc., and have strong performance. The IPS does not permit OPEB to invest in shares of individual companies.

5. **Discussion of topics for future meetings**

- Further discussion of BET approval of OPEB discretionary decision-making
• Telephone approval of OPEB actions by a quorum of IAC members
• Preliminary discussion of the iShares 3-7-year Treasury Bond ETF (IEI)

**Schedule OPEB Board Meetings through December 2019 to be held at 8:30 A.M (Rooms to be determined based on availability).**

December 14, 2018 (Friday)
January 15, 2019 (Tuesday)
February 12, 2019 (Tuesday)
March 12, 2019 (Tuesday)
April 9, 2019 (Tuesday)
May 14, 2019 (Tuesday)
June 11, 2019 (Tuesday)
July 10, 2019 (Wednesday)
August – no meeting
September 11, 2019 (Tuesday)
October 8, 2019 (Tuesday)
November 12, 2019 (Tuesday)
December 10, 2019 (Tuesday)

6. **Adjournment**

The Board voted unanimously to adjourn the meeting at 9:55 A.M.

Next OPEB meeting scheduled for December 14, 2018 at 8:30 A.M. in the Health & Human Services Conference Room, 3rd Floor

___________________________________
Catherine Sidor, Recording Secretary

___________________________________
Robert Stricker, Chairman
TOWN OF GREENWICH
OPEB Trust Board Meeting Minutes
Tuesday, November 13, 2018
Human Services Conference Room, Third Floor, Town Hall

Present:

Trust Board: Robert Stricker, Chairman; William Ferdinand, Joseph Pellegrino
BET Attendees: William Drake, Andreas Duus, Anthony Turner, David Weisbrol
Staff: Kathleen Murphy, OPEB Board Trustee; Nataliya Yemets, Assistant to the Treasurer

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

1. Acceptance of September 11, 2018 Meeting Minutes

Upon a motion by Mr. Ferdinand, seconded by Mr. Pellegrino, the Board voted 3-0 to approve the Minutes of the September 11, 2018 Meeting.

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

Ms. Murphy began with comments on the October Investment Portfolio Performance noting that the OPEB Portfolio had a net loss in October of -$1.345 million, or (-4.54%), which resulted in a net loss of -$394.8 thousand, or (-1.39%) for the fiscal year to date. The Portfolio benefited from its asset allocation during this period of volatility: 45.7% equities; 44.1% fixed income including 24.8% near cash; 1.4% Alternatives.

Ms. Yemets reviewed highlights of the September Callan Report comparing OPEB's performance to their universe of Public and Small Funds' retirement plans. For three months, and for the 5 years, ending September 30th the OPEB Trust ranked in the top quartile and above the median, respectively.

Turning to the markets in October, Ms. Yemets noted that all indices had negative returns for the month: S&P 500 lost (-6.8%); large caps performed better than small caps; US equities performed better than global and international equities. The U.S. Aggregate Bond Index was down (-0.79%) The OPEB Trust performance for October was negative (-4.54%) in-line with its benchmark; Fixed Income performance was positive 4 bps, 90 bps better than its benchmark, primarily due to 25% of the Portfolio invested in near cash which returned +17 bps. Also, PIMCO with a negative return of -12 bps beat the fixed income benchmark by 74bps. Ms. Yemets pointed out that the portfolio was over weighted in healthcare and energy.

The Board members made several observations. Reducing the equity allocation to 54.5% (vs benchmark of 60%, and the tactical allocation of 68% earlier in the calendar year) and taking off the S&P sector bets, especially on technology which has been hit very hard by the market, added value to the fund's performance. Also, reducing the exposure to international equities from 25% to 10% was a very good decision. Looking at the fixed income contribution they noted that allocating 25% of the fund to cash equivalent (VMFXX) helped performance. The return on the other fixed income position (PIMIX), also beat the fixed income benchmark. The Board has been positioning the portfolio more defensively since the summer.
3. **Discussion of market conditions and investment strategy, including asset allocations and sector weightings.**

Volatile returns to the equity markets. The Board members commented on the impact of algorithmic trading on the market - increasing volatility and distorting the relationship between the intrinsic value of a company’s stock and its market price.

Mr. Stricker introduced the discussion commenting that despite frequent big moves in the market there was no measurable growth. Opining on the possibility of a recession, he expressed concern about stock valuations.

Mr. Ferdinand commented on the impact of increased selling by mutual funds (and hedge funds) in October and at year end, due to the requirement to distribute all realized capital gains, or profits on securities they have sold during the year earned in the calendar year. He also advised that the “technicals” didn’t show a pending recession, the market experienced a “correction.” He remarked that the long bull-market would inevitably end.

Mr. Pellegrino was very pessimistic on the equity market for the rest of the year and for 2019.

The Board discussed headwinds for the markets including the Federal Reserve raising rates, the deterioration of the international economies, and risks associated with the trade “wars” and their impact on the established supply chains. The Board discussed increasing the near cash position of the portfolio.

Noting that the overweight position in healthcare hurt performance for the month and for the 3 months in particular, biotech (XBI) significantly underperformed the S&P 500 for the FY to date as well. After reviewing the holdings in the healthcare funds in the portfolio the consensus was that there were very good companies in the respective portfolios, and that Delaware also had international companies in the portfolio. The Board decided to continue to watch their performance and not make a change now.

It was decided to make no changes in portfolio holdings at this time. The Board agreed to revisit market conditions and strategy at its December meeting or scheduling a Special Meeting before that if need be.

4. **Discussion the possibility of investing in Business Development Company (BDC) ETFs**

The Trust Board reviewed materials provided on the best performing business development ETFs researched by Ms. Murphy and Ms. Yemets and considered their holdings and performance. BDCs are junk bond alternatives, offering high yields. BDC ETFs have high expense ratios and are broadly diversified. The Board would prefer to invest in shares of companies in the business development arena which would be non/less diversified, have a good track record of picking companies to make investment through secured loans, etc., and have strong performance. The IPS does not permit OPEB to invest in shares of individual companies.

5. **Discussion of topics for future meetings**

- Further discussion of BET approval of OPEB discretionary decision-making
• Telephone approval of OPEB actions by a quorum of IAC members
• Preliminary discussion of the iShares 3-7-year Treasury Bond ETF (IEI)

Schedule OPEB Board Meetings through December 2019 to be held at 8:30 A.M (Rooms to be determined based on availability).

December 14, 2018 (Friday)
January 15, 2019 (Tuesday)
February 12, 2019 (Tuesday)
March 12, 2019 (Tuesday)
April 9, 2019 (Tuesday)
May 14, 2019 (Tuesday)
June 11, 2019 (Tuesday)
July 10, 2019 (Wednesday)
August – no meeting
September 11, 2019 (Tuesday)
October 8, 2019 (Tuesday)
November 12, 2019 (Tuesday)
December 10, 2019 (Tuesday)

6. Adjournment

The Board voted unanimously to adjourn the meeting at 9:55 A.M.

Next OPEB meeting scheduled for December 14, 2018 at 8:30 A.M. in the Health & Human Services Conference Room, 3rd Floor

Catherine Sidor, Recording Secretary

Robert Stricker, Chairman