

1. BET Investment Advisory Comm. Meeting Agenda

Documents:

[BET_INVESTMENT_ADV_MTG_AGENDA_12-11-18.PDF](#)

2. SUB TO APP BET Investment Advisory Comm. Meeting Minutes

Documents:

[SUB_TO_APP_BET_IAC_MEETING_MINUTES_12-14-18.PDF](#)



TOWN OF GREENWICH

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

**Friday, December 14, 2018
10:00 A.M.**

**Human Services Conference Room
3rd Floor, Town Hall**

AGENDA

1. Acceptance of the BET Investment Advisory Committee Meeting Minutes:
 - October 13, 2018 – Regular Meeting
 - October 14, 2018 - Workshop
2. Review and Approve Actions of the OPEB Trust Board Meeting
3. Status of the JPMorgan Brokerage Account
4. CD Program Update
5. Old Business
 - Cash Forecast
6. New Business
7. Adjournment

Next Meeting: Tuesday, January 15, 2019 at 10:00 A.M. in the Mazza Room

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
Investment Advisory Committee
MINUTES – December 14, 2018
Human Services Conference Room

Present:

Committee: David Weisbrod, Chairman; William Drake, Andreas Duus
(Anthony Turner absent)

Staff: Eugene McLaughlin, Assistant Town Attorney, Law Department; Kathleen
Murphy, Treasurer; Nataliya Yemets, Assistant to the Treasurer

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

1. Acceptance of the BET Investment Advisory Committee Meeting Minutes

Upon a motion by Mr. Drake, seconded by Mr. Duus, the Committee voted 3-0-0 to accept the Investment Advisory Committee Meeting Minutes of the October 13, 2018 Regular Meeting and the October 14, 2018 Workshop.

2. Review and Approve Actions of the OPEB Trust Board Meeting

During the OPEB Board's meeting of December 14, 2018, the Board took the following actions:

- The OPEB Board voted to sell 100% of the Portfolio's position in Delaware Healthcare (DLHIX) and to invest the proceeds in S&P 500 ETF (SPY). The OPEB Board decided to reduce its over-weighted exposure to the healthcare sector.
- In a second action, the OPEB Board voted to sell 100% of the Vanguard Money Market Fund (VMFXX) and to invest the proceeds in an equal weighted 3, 6 and 9-month ladder of U.S. Treasuries subject to BET approval. Based on reviewing the current annualized returns from the CT State Short Term Investment Fund (2.3%, daily liquidity) and 9-month Treasuries (2.59%), the Board decided to invest in Treasury Bills and sell its position in the VMFXX (2.16% yield, daily liquidity), seeking to pick up yield by going out longer on the yield curve.

Mr. Drake made a motion, seconded by Mr. Duus, to approve the actions of the OPEB Trust Board stated above. The motion was approved 3-0-0.

The Committee concurred with Ms. Murphy that seeking clarification of OPEB Investment Policy Statement from the BET and its approval of investing in Treasuries could be sought at the BET's January 2019 meeting when her research of the mechanics of investing in this instrument would be completed as well as successfully opening a brokerage account to trade securities.

3. Status of the JPMorgan Brokerage Account

Mr. Weisbrod asked Attorney McLaughlin to update the Committee on progress of negotiations with JPMorgan Securities on documents required to open a brokerage account for the purpose of investing in U. S. Treasury bills and Government Agencies, as an option for further diversifying the Town's investments. Attorney McLaughlin advised the Committee of

the outstanding differences between TOG and JP Morgan's standard contractual agreement. He commented that he believed the bank's positive response would be received shortly.

4. CD Program Update

Ms. Murphy informed the Committee that Alvarez & Marsal Inc. (A&M), the current investment advisor of the Town's CD program, gave notice that they were discontinuing that line of business in 60-days (January 31, 2019). A&M offered to assist in any way they could. They advised that the custodian (US Bank) and the firm that did the analytical work including pricing, cash flow projections, and IPS compliance (Clearwater Analytics) would continue but new contracts would be needed to be put in place. A&M would continue to pay their fees through January. No fees would be payable to A&M after November 30th. We reviewed our options most of which we were familiar with since we went through this process in selecting A&M in 2017. A&M introduced us to one of their primary broker/dealers, Financial Northeastern Securities (FNS), a major player in the CD market. Ms. Murphy explained the options for continuing the outsourced service and the advantages and disadvantages of each company. She recommended engaging Financial Northeastern Securities who would provide the broker-dealer services because of its size, reputation in the industry, and the fact that it was already very familiar with our portfolio. A&M purchased more than half of the Town's CDs through FNS. FNS also provided A&M with the IDC ratings for the Town's entire portfolio of CDs. Given the 60-day notice, Ms. Murphy explained that action was needed at this meeting for an orderly transition to a new provider, since the proposed change also required the BET to add FNS to the approved list of broker dealers in the Cash Management Resolution. Also, the committee would need to add JPMorgan Securities to the list of approved broker dealers for the U.S. Treasury program discussed earlier. Ms. Murphy also advised that Pershing is the preferred custodian of NFS and that the cash sweep account would be changed to one of the Dreyfus funds. The BET would also need to add Dreyfus/BNY Mellon as an approved financial institution in whose mutual funds the Town can invest. Ms. Murphy provided a redlined copy of the Cash Management Resolution with the proposed changes for the approval of the Committee. Mr. Weisbrod voiced his approval of the tactical transition plan to FNS. Mr. Drake approved making the submission of the proposed changes to the BET for its approval and assisted in the selection of the background information that should be sent immediately to BET members for consideration at their December 17th meeting.

Upon a motion by Mr. Drake, seconded by Mr. Duus, the Committee voted 3-0-0 to approve the following changes to the Town's Cash Management Resolution: 1) Add Financial Northeastern Securities, LLC (for the CD Program) and JPMorgan Securities (for US Treasury and government securities investments) as approved security broker dealers, and 2) add the Dreyfus fund family as approved mutual funds. Timing was critical due to short notice provided by A&M; the Board agreed it should be put on the BET December 17th meeting Agenda.

5. Old Business

- **Cash Forecast** – Ms. Murphy presented a summary of the General Fund's monthly cash flows beginning with FY2014-2015 and including FY2018-2019 through November. She noted that the cash flows remained fairly consistent year over year, except for tax collection months, which, when added together, also show consistency year over year. The respective fiscal year total net cash flows were also displayed. Ms. Murphy stated that the Town could invest \$40-50 million in CDs and/or Treasuries out over the yield curve and still meet the Town's current operating (payroll, vendor, etc.) requirements.

6. **New Business** (none discussed)

7. **Adjournment**

The Committee unanimously agreed to adjourn at 11:20 A.M.

Next Meeting Tuesday, January 15, 2018 at 10:00 A.M. in the Mazza Meeting Room, 3rd Floor.

Catherine Sidor, Recording Secretary

David Weisbrod, Chairman

Schedule IAC Meetings through December 2019 at 10:00A.M.

January 22, 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)