

TOWN OF GREENWICH  
BOARD OF ESTIMATE AND TAXATION

OPEB Trust Board Meeting Minutes

8:30 A.M. Tuesday, May 11, 2010  
Parks and Recreation Conference Room, Second Floor, Town Hall

Present:

Trust Board: Joseph Pellegrino, Chairman, Philip Skidmore,  
Robert Stricker

BET Attendees: Arthur Norton

Attendees: Peter Mynarski, Comptroller and ex-officio member of the  
OPEB Trust Board, Kathleen Murphy, Treasurer/OPEB Trustee

The meeting was called to order at 8:30 A.M.

**1. Review minutes of Trust Board's meeting of April 13, 2010**

The approval of the minutes was deferred.

**2. Review Performance of Trust**

Ms. Murphy distributed the newly formatted April 30, 2010 monthly OPEB investment report and related materials and discussed their contents with OPEB Board members and others in attendance. The Board members made a number of suggested changes to the report and Ms. Murphy concurred and will make the changes to be reflected in future reports.

In addition, the Board decided that the newly formatted report will be forwarded to the BET on a quarterly basis, starting with the period ending June 30, 2010.

**3. Asset Allocation**

The Board also reviewed the OPEB Trust Rebalancing Analysis report distributed by Ms. Murphy at the meeting.

Mr. Pellegrino asked the Board members for their thoughts on current market conditions and if any changes to the asset allocation was warranted.

Mr. Skidmore offered that he thought rising inflation was possibly 2 or 3 years away, leading to higher interest rates. In addition, Mr. Skidmore felt that the economy is improving and that the domestic equity market should remain attractive for the balance of the year. However, he felt that the international outlook is in a state of flux as a result of the recent Greek debt crisis and the potential negative effects on the economies of Portugal, Spain and Italy.

Mr. Stricker felt there is too much volatility and it is hard to predict the economic direction of various investments options.

Mr. Pellegrino asked all in attendance if there are any recommendations to rebalance in May. He also asked if the present status of only three investment options for the Fund is adequate or should the Fund consider other alternatives. After an extended discussion, Mr. Skidmore made a motion to maintain the current allocation with no proposed rebalancing for May. Mr. Stricker seconded the motion and it passed with a vote of 3 to 0.

#### 4. **Fixed Income**

Mr. Pellegrino stated that the Fund currently has one fixed income investment option (Vanguard Total Bond Index Fund) and that he would like the Board to address enhancing that option by examining the follow areas:

- Duration
- Market Segment Diversification
- International or Emerging Market Exposure

Mr. Stricker offered that the current fixed income bond index is basically a treasury index fund and that is not where you want to be, given the current and future expected economic environments. Mr. Stricker suggested that the Fund be more exposed to credit markets and with the existing volatility we should look at good active management with a bias toward corporate credit. He also stressed limiting duration to shorter periods.

Mr. Skidmore distributed a document to make the point that most actively managed fixed income funds do not do well.

Mr. Pellegrino informed those in attendance that the current Vanguard Total Bond Index Fund has an effective duration of 4.53 years with an effective maturity of 6.70 years. Mr. Pellegrino also stated that he agrees with Mr. Skidmore about the lack of effectiveness of active management of fixed income funds and offered Exchange-Traded Funds as an alternative. Mr. Pellegrino also agreed with Mr. Stricker's comments and prefers short-term corporate credit exposure in the Fund's portfolio.

Mr. Pellegrino suggested discussing short-term, credit oriented, fixed income investments as a topic for the next meeting.

Mr. Striker suggested that fixed income in emerging markets should be a topic at a later time but not next month.

Ms. Murphy suggested Treasury Inflation Protected Securities as a discussion item for next month. Mr. Stricker suggested that it shouldn't be a topic for the next month's meeting but should be kept under consideration and addressed when inflation arises.

Mr. Pellegrino directed those in attendance to direct their ideas for future fixed income investment options to Ms. Murphy and she would create a spreadsheet of comparative selective statistical characteristics of these suggested alternative options for the next meeting.

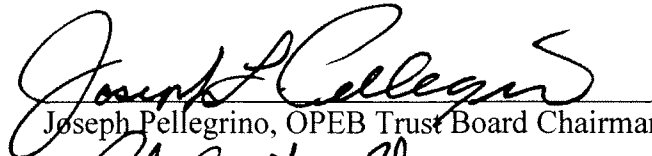
**5. New Business**

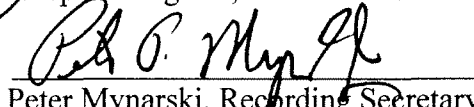
There was no new business discussed.

The next meeting for the OPEB Trust is scheduled to precede the BET Investment Advisory Committee meeting on June 3, 2010 and will start at 8:00 A.M.

**6. Adjournment**

On a motion by Mr. Skidmore and seconded by Mr. Stricker, the Board voted 3 to 0 to adjourn the meeting at 9:42 A. M.

  
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Joseph Pellegrino, OPEB Trust Board Chairman

  
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Peter Mynarski, Recording Secretary