

TOWN OF GREENWICH
OPEB Trust Board Meeting Minutes
Tuesday, February 12, 2019
Mazza Conference Room, 1st Floor, Town Hall

Present:

Trust Board: William Ferdinand, Joseph Pellegrino
Absent: Robert Stricker

BET Attendees: William Drake, Andreas Duus

Staff: Peter Mynarski, Comptroller; Nataliya Yemets, Acting Treasurer

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

1. Acceptance of OPEB Meeting Minutes

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 2-0 to accept the Minutes of the January 15, 2019 Meeting.

2. Review Performance of Trust as of the end of January 2019

The Board members reviewed the Callan Report for the quarter ending December 31, 2018. Ms. Yemets compared OPEB's allocations with Callan's Small Funds category: 35.8% in Domestic Equities compared to OPEB's 46.0%; 16.4% in Non-U.S. Equities compared to OPEB's 9.3%; and 28.0% in U.S. Fixed Income compared to OPEB's allocation of 43.2%. Reviewing performance versus Callan's Public Small Fund Sponsor Database, OPEB Trust Portfolio placed below median over the past year.

Reviewing OPEB's performance, Ms. Yemets commented that OPEB's Total Trust Portfolio generated a gain of \$1.5 million in January, ending the month with the balance of \$29,662,471, including operating cash. This translated into a return of 5.18%, which was in line with the blended benchmark. U.S. Equities returned 8.50%, International Equities 9.93%, Fixed Income 0.84% and Alternatives 12.71%. In January, approximately \$232 thousand was moved from the Vanguard Federal Money Market Fund (VMFXX) to the S&P 500 ETF (SPY), bringing the investment in equities to 55% of the portfolio. All asset allocations were in line with the targets and in compliance with the Investment Policy Statement (IPS). Reviewing sector allocations, Ms. Yemets commented that healthcare and energy sectors were overweight and technology and communication services sectors were underweight as compared to the S&P 500 index.

3. Update on BET approval of the Investment Policy Statement Changes

Ms. Yemets reported that at the January 22, 2019 regular meeting the BET approved the Trust's expanded IPS to include U.S. Treasury Bills, U.S. Government Agencies and FDIC insured Certificates of Deposit in the "Cash or Near-Term Investments" category.

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

The Board discussed potential impact of the Fed's policy on the equity markets, political situation in the U.S. and abroad, trade negotiations with China and earnings growth trends. Anticipating slower growth rates it was agreed that equity exposure should not exceed 60% of the total Portfolio; selling Oakmark (OANIX) while maintaining the emerging market position and investing in U.S. Treasuries and in real estate ETF would be prudent.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board unanimously approved the following portfolio changes:

- Sell 100% of the Oakmark International Fund (OANIX) and a sufficient amount of the Vanguard Federal Money Market Fund (VMFXX) to make the following investments:
 - a. Increase the T. Rowe Price Health Sciences Fund (PRHSX) to 1.5% of the Total OPEB Trust Portfolio;
 - b. Increase the iShares Core S&P Small Cap ETF (IJR) from 3.1% to 5.0% of the Total OPEB Trust Portfolio;
 - c. Increase the Alerian MLP ETF to 2.0% of the Total OPEB Trust Portfolio;
 - d. Buy the Vanguard Real Estate Index ETF(VNQ) in the amount equal to 3.0% of the Total OPEB Trust Portfolio;
- Sell most of the remaining Federal Money Market Fund and invest the proceeds in equal increments of 25% into three-, six-, nine- and twelve-months U.S. Treasuries, leaving some funds in the sweeping account.

5. Discussion of topics for future meetings

No new topics for future discussions

Scheduled OPEB Board Meetings through December 2019 to be held at 8:30 A.M.

March 12, 2019 (Tuesday) at 11:00 A.M.

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 9:20 A.M.

Next OPEB meeting scheduled for March 12, 2019 at 11:00 A.M. in the Mazza Conference Room, 1st Floor.

Catherine Sidor
Catherine Sidor, Recording Secretary

William V. Ferdinand