

**TOWN OF GREENWICH, CONNECTICUT  
RETIREMENT BOARD**

**February 15, 2018 Minutes – Mazza Room**

The special meeting of the Retirement Board was called to order at 8:01 a.m.

In attendance were:

Members:	Joseph Pellegrino, Chairman Kevin Coyner Mark Kordick (Absent) Peter Mynarski Mike Wacek
Staff:	Linda Culver, Clerical Assistant Atiya Jones, Retirement Administrator Mary Pepe, Director Human Resources
Neuberger Berman:	Edward Berman Maura Reilly Kennedy Erik L. Knutzen Stephen Polito Michael Savinelli
BET:	Andy Duus
RTM:	Miriam Kreuzer

**INVESTMENTS - Market Outlook & Portfolio Performance**

Erik L. Knutzen – Market Outlook

Stephen Polito - Quarterly Portfolio Review for Period Ending December 31, 2017

Maura Reilly Kennedy - Private Market Portfolio Update

Mr. Knutzen presented the Quarterly Portfolio Review for the Period Ending December 31, 2017. Mr. Knutzen noted 2017 was an extraordinary year for performance. This momentum carried over into January 2018. Mr. Wacek questioned the outlook of the US dollar, and if the US dollar will have appreciation this year. Mr. Knutzen discussed various reasons for the US dollar to appreciate this year, but not dramatically. Mr. Pellegrino and Mr. Knutzen shared their viewpoints on commodities.

Mr. Polito provided a quick recap of the Performance Report Period Ending December 31, 2017. The Total Composite Balance was \$484,003,998 as of December 31, 2017. The Net Performance Rate of Return for December 2017 was 1.78%. The Rate of Return for the Fiscal Year to Date (July 3, 2017 – December 31, 2017) was 7.83%. The Rate of Return for the Calendar Year 2017 was 15.82%. Mr. Polito reviewed the NB High Income Bond investment and explained how this fund does well in down markets. The Board reviewed all the new

managers added to the portfolio since the last quarterly meeting November 2, 2017. Mr. Wacek requested Neuberger Berman include portfolio risk with the Tactical Tilts review. Also, the quarterly review reports should include definitions for reference of what's considered fixed income, equities, etc.

Ms. Kennedy provided the Private Market Portfolio Update. She reviewed the preliminary private equity commitment approach. One of the goals is to reach and maintain a NAV target of 22% and then grow that at an annual compound rate of 6.75%. In regards to the Town of Greenwich's existing legacy portfolio, Neuberger Berman suggests the use of comingled Neuberger Berman Funds. Mr. Pellegrino requested a meeting to review the Private Market Portfolio. This will be a complete review of all legacy and new private funds. Ms. Kennedy recommended we have this meeting after the 2017 financials are posted by each partner.

Mr. Berman wanted to clarify the written consent requirement of the Investment Management Agreement for direct investments. The Retirement Board Members agreed to allow approval via a conference call or group email. Upon Retirement Board approval, Mr. Pellegrino or Mr. Mynarski will provide written consent to Neuberger Berman. Ms. Kennedy informed the Board her team will give as much notice as possible for these direct investments.

### **REVISIT THE POLICY TARGET**

Mr. Wacek discussed the Strategic Asset Allocation Target presented by Neuberger Berman and his subsequent review utilizing the Capital Market Assumptions (CMA) of 2017. Using the assumptions that the CMA returns are arithmetic, the indicated long-term net portfolio return on a geometric basis is now only 5.63%, which is down substantially from the 7.05%. Therefore, the 6.75% geometric return is below the target. Mr. Pellegrino suggested the Board include this review at the February 27, 2018 meeting.

### **ADJOURNMENT**

A motion to adjourn was made by Mr. Mynarski seconded by Mr. Wacek, and carried unanimously at 10:27 a.m.

Respectfully Submitted,

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Atiya Jones, Secretary to the Board

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Joseph Pellegrino, Chairman