TOWN OF GREENWICH
OPEB Trust Board Meeting Minutes
Tuesday, March 12, 2019
Human Services Conference Room, 3rd Floor, Town Hall

Present:

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

BET Attendees: William Drake, Andreas Duus

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

The meeting was called to order at 12:36 P.M.

1. **Acceptance of OPEB Meeting Minutes**

Acceptance of the Minutes of February 12, 2019 was postponed until the next meeting.

2. **Review Performance of Trust as of the end of February 2019**

Ms. Yemets reviewed the trades made during February: the position in the Oakmark International Fund (OANIX) was fully liquidated; the positions in IJR, PRHSX, AMLP were increased to 5.0%, 1.5% and 2.0% of the Total OPEB Trust Portfolio, respectively; and 3.0% of the Total Portfolio was invested in the Vanguard Real Estate Index ETF (VNQ). The majority of the Vanguard Federal Money Market Fund (VMFXX) holding was sold and invested in a ladder of three-, six-, nine- and 12-months U.S. Treasury Bills and Notes. As a result of the trades combined with the investment performance in February, the Trust’s asset allocation as of 2/28/19 was as follows: 49.3% in Domestic Equities, 6.8% in International Equities represented by the Emerging Markets ETF EEM, 39.0% in Domestic Fixed Income and 4.9% in Alternatives. All allocations were in line with the portfolio target allocations and in compliance with the Investment Policy Statement (IPS).

Overall, February was a good month with all Domestic and Global Equities indices generating positive returns. The total value of the OPEB Trust Portfolio at month-end was $30,118,774, an increase of approximately $451 thousand, representing a gain of 1.53% for the month. The Portfolio slightly underperformed its blended benchmark by 19 bps. Domestic Equities did better than S&P 500 for the month while International Equities lagged the MSCI All Country World ex U.S. index. The PIMCO Income Fund (PIMIX) led Domestic Fixed Income segment and finished the month 52 bps over the benchmark. The Board Members questioned continuing to use an international index as part of the Portfolio's blended benchmark since the International Equity segment is represented by an Emerging Markets Fund only.

Focusing on sector allocations, Ms. Yemets indicated that the Domestic Equities plus Alternatives segment was overweight in the real estate, healthcare and energy sectors as compared to S&P 500 Index weights due to the positions in XBI, PRHSX, VNQ and AMLP. All other sectors weights were either in line or under the benchmark weights, with the technology sector being underweight the most at 3.4% below the benchmark allocation. Total exposure to small caps increased to 11.5% for the month.
3. Discussion of market conditions and investment strategy, including asset allocations and sector weightings

The Board agreed that the technology sector had been one of the strongest performers and discussed ways to rebalance the sectors exposure without increasing total Portfolio allocation to equities. The Board considered selling enough SPY to invest in the Technology Select Sector SPDR Fund (XLK) to bring the allocation to the technology sector in-line with the benchmark.

The Board discussed recent actions of the Fed and the U.S.-China relationship and how much of the economic/political news had been captured by the market pricing. Weaker U.S. and global economy growth had been noted, however, the Board Members did not anticipate any recession in the near future. The equity markets were not expected to generate double-digit returns, however, they were still viewed as a better yielding asset class when compared to fixed income. The consensus was that the OPEB Trust Portfolio target allocation would not be changed at this time.

Upon a motion by Mr. Pellegrino, seconded by Mr. Stricker, the Board voted 2-0 in favor of buying the Technology Select Sector SPDR Fund (XLK) in the amount sufficient to bring the allocation to the Technology sector in-line with the S&P 500 Index. The trade would be funded from the sale of enough shares of the S&P 500 ETF (SPY).

4. Reschedule June 11, 2019 meeting

June 6, 2019 (Thursday) was proposed as a substitute meeting date for June 11, 2019.

5. Discussion of topics for future meetings

- Determine timing and criteria for future investments in international equities
- Vote to accept February 12, 2019 Meeting Minutes

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

April 9, 2019 (Tuesday)
May 14, 2019 (Tuesday)
June 6, 2019 (Thursday)
July 16, 2019 (Tuesday)
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 1:26 P.M.

Next OPEB meeting scheduled for April 9, 2019 at 8:30 A.M. in the Mazza Conference Room, 1st Floor.