

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION

OPEB Trust Board Meeting Minutes

8:30 A.M. Tuesday, March 23, 2010
Parks and Recreation Room, 2nd Floor, Town Hall

Present:

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

BET Attendees: Arthur Norton & William Finger

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 February 9, 2010

On a motion by Mr. Skidmore, seconded by Mr. Stricker, the OPEB Trust Board voted 3 to 0 to approve the minutes of the February 9, 2010.

2. Review Performance of Trust

Ms. Murphy distributed the February 28, 2010 monthly OPEB investment report and related materials and discussed their contents with OPEB Board members and others in attendance. Ms. Murphy also stated the fund is currently in balance and won't need to be rebalanced until at least April, based on the February 28, 2010 balances.

Mr. Norton asked Ms. Murphy if the Town had received all monies owed from USI, Inc. Ms. Murphy answered that they are still reconciling the account and the outstanding amount owed is less than \$100,000. Ms. Murphy offered that they should be fully reconciled by April 2010.

Ms. Murphy asked if the monies in the newly created account at JP Morgan should be included in the total asset allocation balances each month. Mr. Pellegrino said no, however the balance should be reflected in the monthly cash report from the Treasurer.

Mr. Pellegrino asked about liquidity for the June and July 2010 periods. A discussion followed regarding the need to bolster fund balance for the June 30, 2010 Comprehensive

Annual Financial Report. This is in light of criticisms from the rating agency, Moody's Investors, who informed Greenwich of its need to increase fund balance.

3. Update Columbia Management Transition/Sale

Ms. Murphy informed the Board that the process of closing Columbia Management accounts was proceeding and would be complete prior to March 31, 2010. Mr. Pellegrino asked how long the liquidation process takes and Ms. Murphy answered that the process will be completed by the end of this month.

4. Review Transition of Fixed Income Assets to Vanguard Total Bond Index Fund

A short discussion ensued about the process of transferring assets from Columbia Management to the Vanguard Total Bond Index Fund. Mr. Pellegrino asked Ms. Murphy to ensure that we don't miss the cut off time and don't lose credit for a day's investment earnings on the transferred accounts.

5. Discussion of Investment Policy (Draft) Guidelines

A draft of the OPEB Trust Investment Policy Statement was handed out for discussion purposes. The document was crafted by Mr. Pellegrino and Ms. Murphy.

Mr. Stricker began the discussions by offering his changes to the document as follows:

- On page #2 under the Equity section, reduce the minimum for Emerging Markets to 0%.
- On page #2, under the Equity section, change the Domestic Equity target to 50%, which would be closer to the US share of the global market.
- On page #2, under the Fixed Income section, change International-Developed Markets, Emerging Markets Debt, High Yield Bonds and Treasury Inflation Protection Securities minimums to 0% for each category.
- On page #2 under the Equity section, change the Maximum to 30%.
- On page #3 under the Benchmarks, to be consistent with the benchmark for Emerging Markets debt, use the benchmark: J.P. Morgan Global Government Index (ex-US).
- On page #3 under the Benchmark for Commodities use DJ-AIG Commodity Index.

Mr. Skidmore suggested on page #2 under the Alternatives section that the Commodities target be 0%. Mr. Skidmore felt that if there was another stock market pullback, the Board may come under criticism for being in commodities. Mr. Pellegrino countered by offering that inflation will probably occur and maybe we should be in commodities.

There was a discussion regarding the references to the Targets. The specified Targets will be used to measure the expected returns of the Trust. The Trust Board will make tactical decisions within the respective ranges of each asset class, with the objective of adding

value over the Target asset allocation. Rebalancing by the Treasurer will be at the direction of the Board on a periodic basis based on their tactical decisions.

Mr. Pellegrino opened the discussions up to Mr. Finger and Mr. Norton for their comments. Mr. Pellegrino concluded by saying that the Board members and Msrs. Norton and Finger should send their comments to Ms. Murphy for incorporation into the OPEB Trust Investment Policy Statement and that a revised Statement will then be forwarded to the Investment Advisory Committee for their approval. He suggested that comments should include their thoughts on the ranges listed on page #2, any potential asset sub-classes that may have been missed and the overall language of the document.

Mr. Stricker further suggested that the cash range be between 0% and 10% in light of adjusting the year-end due to account owed back to the General Fund or to be defensive when the Committee is concerned about the outlook for the markets.

Mr. Norton questioned the sentence that referred to “precluding from having any portion of the portfolio managed as a separately managed account”. A short discussion ensued and it was collectively agreed to omit this sentence under the section titled “Preferred Investment Vehicles”.

Mr. Stricker questioned the use of footnote #1 being in the document. Mr. Norton concurred with Mr. Stricker and it was collectively agreed to omit footnote #1 on page #2.

6. Future meeting schedule and items for discussion at future meetings

Mr. Pellegrino stated that the Board has a lot of work ahead of them and directed that the Board continue to meet monthly to clear the backlog of issues that need to be addressed before going to quarterly meetings.

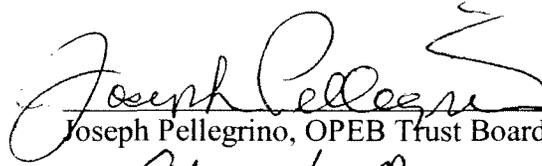
Mr. Norton offered that the BET Investment Advisory Committee would be meeting on April 15, 2010 to interview candidates to replace Mr. Pellegrino. Mr. Pellegrino made a point of telling all in attendance that his wish is to get the right candidate to replace him on the Board and he would be more than willing to stay on as Chairman of the OPEB Trust Board past July 1, 2010 to accomplish this.

Mr. Pellegrino scheduled the next OPEB Trust Board meeting for April 13, 2010, Tuesday, at 8:30 A.M. and then they would continue meeting every second Tuesday for May and June 2010.

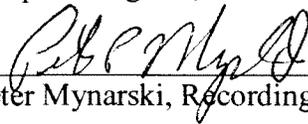
Mr. Pellegrino stated that the fund is currently invested in three index funds and offered that he still wants to address Mr. Stricker’s wish to review the feasibility of an actively managed mutual fund as a topic at a later date.

7. Adjournment

On a motion by Mr. Stricker and seconded by Mr. Skidmore, the Board voted 3 to 0 to adjourn the meeting at 9:37 A. M.



Joseph Pellegrino, OPEB Trust Board Chairman



Peter Mynarski, Recording Secretary