

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
Investment Advisory Committee

MINUTES – Mazza Conference Room
First Floor, Town Hall
10:00 A.M.

Friday – April 11, 2014

Present:

Committee Members: Bill Drake, Randall Huffman, Art Norton,
(John Blankley absent)

Other Attendants: Peter Mynarski, Comptroller; Kathleen Murphy, Treasurer; Laurence Simon, Retirement Board Trustee; Rebecca Steinfeld, RTM District 11 Member; Sean Goldrick, BET Member

The meeting was called to order at 10:05 A.M.

1. Approval of BET Investment Advisory Minutes of February 7, 2014

On a motion by Mr. Norton, seconded by Mr. Huffman, the Committee voted 3 to 0 to approve the February 7, 2014 BET Investment Advisory Committee minutes. Mr. Blankley was absent.

2. Review Actions of the OPEB Trust Board

The Committee members were all in attendance at the OPEB Trust Board meeting that preceded the BET Investment Advisory Committee meeting and supported the actions of the OPEB Trust Board. On a motion by Mr. Norton, seconded by Mr. Huffman, the BET Investment Advisory Committee voted to accept the following actions by the OPEB Trust Board Members on a vote of 3 to 0, Mr. Blankley absent:

- Mr. Ferdinand made a motion, seconded by Mr. Skidmore to sell, in total, the investment in the SPDR S&P Growth Fund (SPYG) and purchase the SPDR S&P Value Fund (SPYV). The motion carried 3 to 0.
- Mr. Ferdinand made a motion, seconded by Mr. Skidmore to reduce the target allocation of the Vanguard Domestic Equity Fund (VITSX) by 5% and invest the proceeds in the Oppenheimer Global Opportunities Fund (OGIYX), a new position for the Trust. The motion carried 3 to 0.
- Mr. Ferdinand made a motion, seconded by Mr. Skidmore to liquidate the Vanguard International Equity Fund (VTSGX) and with the proceeds to be invested in the Oakmark International Fund (OAKIX), subject to the availability of OAKIX. The motion carried 3 to 0.
- Mr. Ferdinand made a motion, seconded by Mr. Skidmore, directing the Treasurer, Ms. Murphy, to sell off an amount in the Credit Suisse Floating Rate High Income Fund

(CSHIX) to meet the year-end obligation of the due to the General Fund from the OPEB Trust Fund for OPEB bills paid for during the year by the General Fund.

3. Amendment #3 (2014-1) to Supplement Article 14 of the Town Charter – Mortality Tables & Actuarial Equivalent Interest Rate Assumption Used by the Retirement System

Mr. Simon, a Retirement Board trustee, appeared to present this item to the Committee members. Mr. Simon stated that the amendment is simply an updating of the Mortality Tables used by the Town's Actuary for the annual Actuarial Report for the purposes of benefit calculations. In addition, Mr. Simon pointed out that this amendment includes setting the actuarial equivalent interest rate assumption at 7.25% down from 8.0%. Mr. Simon stated that this 7.25% used by the actuary is for different purposes than setting an assumed rate of return, which is coincidentally the same for now. As a result, Mr. Norton made a motion, seconded, by Mr. Huffman to approve Amendment #3 (2014-1) to supplement Article 14 of the Town Charter. The motion carried 3 to 0, Mr. Blankley was absent.

4. Interest Rate Change to the Retirement System Annuity Fund (Employee Contributions)

Mr. Simon also presented this item to the Committee. He stated that this interest rate is the rate used for employee contribution balances each year, at a floating rate tied to an index, currently less than 2%. Mr. Simon added that the crediting rate impacts contribution deficiencies and, in addition, is the rate applied to plan members electing a refund upon termination. Mr. Simon informed the Committee that there was a split vote of 3 to 2 by the Retirement Board members on this issue. He said the two public safety members voted against this rate, arguing for a higher interest rate credit. As a result, Mr. Huffman made a motion, seconded by Mr. Norton, to approve changing the current interest rate applied to contribution balances to the 10-year Treasury Note rate as of the last business day in April, with a minimum of 3% and a maximum of the plan rate of return. The motion carried 3 to 0, Mr. Blankley was absent.

5. EIG Energy Fund XVI – Additional Side Letter Elections

Mr. Mynarski distributed a letter from Mr. Eugene McLaughlin Jr., Assistant Town Attorney, regarding side letter provisions for the EIG Energy Fund, XVI contract previously approved by the BET and the Retirement Board. There was a discussion by the Committee members and it was concluded that items such as this do not need to be forwarded to the BET. It was decided that notification through the BET liaisons from the Retirement Board and the Law Department are sufficient enough. No further action was taken on this item.

6. Report from Treasurer:

- Cash Flow Analysis – the monthly Cash Flow Report for the period covering March 31, 2014 was distributed to the Committee members. Mr. Mynarski and Ms. Murphy explained its contents in detail for the Committee members.
- Quarterly Public Depository Statements (December 31, 2013) – the Quarterly Public Depository Statements for the period ending December 31, 2013 were distributed by Ms. Murphy and its contents were explained in detail.
- Cash Management Resolution Update – Mr. Mynarski and Ms. Murphy updated the Resolution Concerning Cash Management for the BET Investment Advisory Committee.

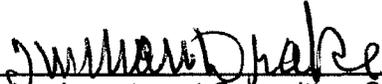
The current resolution was last approved by the BET on October 13, 2010. Ms. Murphy and Mr. Mynarski explained all of the updated changes to the Committee members. Mr. Norton expressed specific concern over a newly inserted paragraph requesting approval to invest in certificates of deposits (CD's) in any out of state bank which is not a qualified public depository in an amount not exceeding the Federal Deposit Insurance Corporation insurance limit permitted under Section 7-402, of the General Statutes of the State of Connecticut. Mr. Norton's concerns centered on risk, while Ms. Murphy tried to assure Mr. Norton that there would be adequate insurance coverage by limiting the amounts of the investment. After an extended discussion, it was decided to have Ms. Murphy edit the document based on input from the Committee members and also, give Mr. Blankley, who was absent a chance to review the documents and offer his thoughts. This item was deferred for action to the July 2014 meeting.

7. Discussion of Topics for Future Investment Committee Meetings.

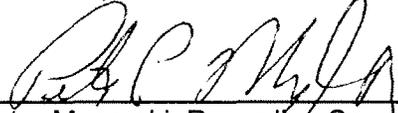
Mr. Huffman requested that the topic of studying the makeup of the Retirement Board and its asset allocation be put on the BET Investment Advisory Committee agenda. More specifically, Mr. Huffman suggested that the BET hire a consultant to study such matters. Mr. Huffman offered to assist Mr. Drake on putting the item on the agenda and explaining the scope of the project.

8. Adjournment

On a motion by Mr. Huffman, seconded by Mr. Norton, the meeting adjourned at 12:11 A.M. on a vote of 3 to 0, Mr. Blankley was absent.



Bill Drake, Investment Committee Chairman



Peter Mynarski, Recording Secretary