TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION

Investment Advisory Committee
Meeting Minutes
Wednesday, April 29, 2015
Mazza Room
First Floor, Town Hall

Present:

Committee: William Drake, Chairman, Randall Huffman, Art Norton,

Absent: John Blankley

Staff: Peter Mynarski, Comptroller; Kathleen Murphy, Treasurer

Board: Leslie Tarkington, Member BET; Sean Goldrick, Member BET

Other: John Chadwick, Chairman Retirement Board; Laurence Simon, Retirement Board member

The meeting was called to order at 10:00 A.M.

1. Approval of the January 8, 2015 Investment Advisory Committee Minutes

In error: Minutes approved at February 10, 2015 meeting.

2. Approval of the February 10, 2015 Investment Advisory Committee Minutes

Upon a motion by Mr. Norton, seconded by Mr. Drake, the Committee voted 3-0 to approve the Minutes as adjusted.

3. Approval of Retirement Board Pension Consultant, effective June 30, 2015

Mr. Chadwick and Mr. Simon summarized the RFP process for the selection of a new pension consultant. They commented on the disappointing response to the RFP and suggested that it might have been caused by negative publicity about TOG and the fact that NEPC had been the vendor of record over a long period and prospective responders thought a change of vendor was unlikely. Mr. Drake and Mr. Norton asked about the number of questions on the RFP and how it differed from the previous RFP. Mr. Huffman questioned why there had been no follow-up with previous responders or interviewed applicants asking why they were not pursuing TOG's business.

Mr. Chadwick commented that many of the interviewees did not have the depth of staffing and research resources or the ability to attend monthly Retirement Board meeting being sought. The Retirement Board's policy of seeking only consulting information rather than giving a consultant control over portfolio selection may also have been a deterrent.
The Committee discussed the Retirement Board's satisfaction with NEPC's services and capabilities. Based on the Board's Policy to generate 7% from its investments and desire to be comparable to 45-50% of municipal retirement funds, Mr. Chadwick noted that it had been difficult to achieve given NEPC's investment style of wide categories.

Mr. Norton asked about TOG Law Department's review of the new contract and the exceptions requested by NEPC: ownership of performance; being held harmless for performance; and recognition the NEPC had no responsibility for performance because it did not have authority over what was selected. During the discussion, Mr. Goldrick commented that under-performance of the Retirement Fund since 2012 compared to other municipalities suggested change was needed.

Upon a motion to approve the NEPC contract subject to its approval by the Law Department and Law Committee, the Committee voted 2-1 (Opposed: Huffman) to approve the contract and forward it to the Board of Estimate & Taxation for its consideration.

The Committee agreed to change the order of business to move to Item 6 on the Agenda.

6. **Approval of GMO Emerging Domestic Opportunities Fund - $10 million**

Ms. Tarkington confirmed that the Law Committee had reviewed the documentation of the fund and found it to be in legal order. Mr. Chadwick commented that the Retirement Board voted 4-1 (Opposed: Chadwick) to approve the investment. He explained that for several reasons (1) fees; 2) risks; 3) liquidity, he did not favor this investment opportunity.

Poling the Committee members, Mr. Drake found that the vote would be 1-2, which would be a negative recommendation to the BET. The Committee chose not to present this Fund for approval by the BET, reflecting the view of the Committee. Mr. Drake agreed to inform the BET of the action of the Committee.

7. **Approval of AllianzGI Emerging Markets Fund - $7 million**

Item withdrawn from agenda prior to meeting.

4. **Approval of the Financial Advisor, effective upon approval by the BET**

Mr. Mynarski commented that TOG Finance Department engages a financial advisor to bring annual bond issues to market. Since 2003, IBIC has assisted with TOG's bonding issues between November – January, but acted as a consultant all year long. Payment was one-time per year, and the fee was based on the number of issues being brought to market. The Committee discussed whether a vote by the BET was required since the process usually took place through the Purchasing Department after the Law Department reviewed the contract. Mr. Norton offered that it was an expense incurred by the town and therefore should be forwarded to the BET.

A memorandum by Mr. McLaughlin of the Law Department was included in the meeting package.
Upon a motion by Mr. Norton, seconded by Mr. Drake, the Committee voted 3-0 to approve the application and forward it to the Board of Estimate & Taxation for its consideration.

5. **Review Actions of the OPEB Trust Board**

Since all members of the IAC were present at the OPEB meeting, there was a brief review of the decision to liquidate positions in Yackman Focused Fund (YAFX), S&P Value (SPDR) and S&P Dividend (SDY) and invest the proceeds in Vanguard S&P Index (VITSX).

Upon a motion by Mr. Drake, seconded by Mr. Norton, the Committee voted 3-0 to accept the recommendation of the OPEB.

8. **Approval of the Cash Management Resolution**

Ms. Murphy noted that it was not a unanimous vote in favor of the Cash Management Policy presented at IAC’s October meeting, so she was still looking for approval of possible investment for cash assets. She mentioned the ratings of the prospective banks as Superior or Excellent, but pointed out that because of size, they did not merit S&P ratings. Further she stated that FDIC rates banks, not S&P and Moody’s. She asked to add an additional firm to the list of CD brokers.

Upon a motion by Mr. Drake, seconded by Mr. Huffman, the Committee voted 2-1 to approve the additional name to the list of CD brokers. (Opposed: Norton).

9. **Review of OPEB Funding Policy**

Mr. Drake proposed leaving the review of this topic for future discussion since one member of the Committee was not present.

10. **Discussion of Topics for Future Investment Committee Meetings**

Mr. Drake proposed that Mr. Goldrick and Mr. Huffman submit their analysis of changing the structure and governance of the Retirement System in a format with recommendations that could be voted on. Mr. Mynarski added that the format should be a Resolution with delineated actions requested.

11. **Adjournment**

Upon a motion by Mr. Norton, seconded by Mr. Huffman, the meeting adjourned at 12:25 P.M.

William Drake, Investment Committee Chairman

[Signature]

Catherine Sidor, Recording Secretary