TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
Investment Advisory Committee
Meeting Minutes - Wednesday, May 9, 2018
Mazza Room, First Floor, Town Hall

Present:
Committee: David Weisbrod, Chairman; William Drake, Andreas Duus
Absent: Anthony Turner

Staff: Peter Mynarski, Comptroller; Kathleen Murphy, Treasurer; Nataliya Yemets, Assistant to the Treasurer

BET: Leslie Tarkington, Elizabeth K. Krumeich

Visitors: Joseph Pellegrino, Chair, Retirement Board

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

1. **Acceptance of the BET Investment Advisory Committee Meeting Minutes**

   Upon a motion by Mr. Drake, seconded by Mr. Duus, the Committee voted 3 - 0 to accept the Investment Advisory Committee Meeting Minutes of April 11, 2018.

2. **Review and Approval of Actions of the OPEB Trust Board Meeting**

   The OPEB Board took no actions during their meeting on May 9, 2018 that would require approval by the Investment Advisory Committee.

3. **Cash Management**

   Following up from last month's IAC cash management discussion Ms. Murphy distributed a number of schedules that she reviewed with the Committee. The schedules included 1) the cash flow model for FY2017 which showed the revenue and disbursements monthly for FY2017 and the month end GF cash balances for a number of historical years, 2) cash flows for the last 3.75 years; 2) the concentration of interest bearing General Fund funds at Town banks, CT STIF and the CD Program; 3) a summary of current indicative interest rates for Treasury Bills, U.S. Government Agencies, Repurchase Agreement (US Treasuries) and FDIC covered CDs, and 4) a comparison of the current rates the Town is experiencing vs the rates available from other than banks, CT STIF and the A&M CD program. The obvious opportunity was to move funds from JPMorgan Bank.

   The Committee members asked a number of questions regarding the cash flow model and the historical volatility of the monthly cash flows. Monthly cash flows were pretty consistent year to year with more volatility during the tax collection seasons.
The conclusion was that on average there was core liquidity of $40-$50 million available between investments in Alvarez and Marsal CD program and the balance earning overnight interest rates. Ms. Murphy reviewed the available products, institutions and interest rates-of-return and yields for the Committee’s consideration. The Committee discussed Ms. Murphy’s proposed safe investment opportunities including: increasing investment in CDs, a bank brokerage account for investment in collateralized government debt “repos” and treasury bills not to exceed 2-year terms and CT STIF.

Mr. Duus made “sense of the meeting” motion, seconded by Mr. Drake, to request the Treasurer to investigate the Town’s ability to invest in US Treasury bills, US government agency debt instruments, and “repos,” and to add to amounts invested in FDIC CDs with the Alvarez & Marsal for determination at the next meeting. The Committee voted 3-0 in favor of the motion.

Mr. Weisbrod asked the Treasurer to present an investment plan in the range of $20 - $40 million for further discussion at the next IAC meeting.

4. Old Business

Custodial Selection and Policy - The members of the Committee unanimously agreed to support the decision of the Retirement Board to replace the current custodian for the Retirement System, State Street Bank & Trust Company, with Neuberger Berman Trust Company N.A. (“Neuberger Berman”), the current OCIO, subject to the satisfactory evaluation by the BET Law Committee of: 1) compliance with the Town Charter; 2) review of whether any other legal issues need to be addressed; 3) details relating to a dissolution of the Town’s relationship with Neuberger Berman as OCIO and transition to a new custodian; and 4) level of Neuberger Berman’s insurance covering the custodial services responsibilities. Neuberger Berman will appoint its affiliate Neuberger Berman BD LLC (“NBBD”) as initial sub-custodian, and NBBD will retain National Financial Services LLC to act as clearing agent and sub-custodian. The contract with Neuberger Burman will be amended to cover custodial services.

It was agreed that the amendment needed updating by Mr. Smoot. Ms. Murphy expressed her opposition to the Retirement Board’s decision to use Neuberger Berman as both the OCIO and Custodian and distributed a copy of the Government Financial Officers Association position paper on “best practices” for custodial services. Mr. Weisbrod summarized Ms. Murphy’s concerns with business procedures, risk management practices and financial controls as fundamental issues. While concurring with the Retirement Board’s amendment, Mr. Weisbrod acknowledged that there are additional issues that need to be considered by
the Law Committee and Law Department to strengthen the Neuberger Berman agreement satisfactorily.

5. **Schedule IAC meetings through December 2018**

   May 9, 2018 at 10:00 A.M. (Wednesday)
   June 20, 2018 at 10:00. (Wednesday)
   July 24, 2018 at 10:00 (Tuesday)
   August – no meeting
   September 11, 2018 at 10:00 (Tuesday)
   October 23, 2018 at 10:00 (Tuesday)
   November 13, 2018 at 10:00 (Tuesday)
   December 11, 2018 at 10:00 (Tuesday)

6. **New Business**

   None

7. **Adjournment**

   Mr. Drake made a motion, seconded by Mr. Duus, to adjourn the meeting at 11:55 A.M. The Committee voted 3-0 in favor of the motion.

   Catherine Sidor, Recording Secretary

   David Weisbrod, Chairman, Investment Advisory Committee