

**TOWN OF GREENWICH, CONNECTICUT
RETIREMENT BOARD
May 26, 2016 Minutes – Cone Meeting Room**

The regular meeting of the Retirement Board was called to order at 8:08 a.m.

In attendance were:

Members:	John Chadwick, Chairman Kevin Coyner (Absent) Mark Kordick (Absent) Peter Mynarski Joseph Pellegrino
Staff:	Atiya Jones, Retirement Administrator Mary Pepe, Director of Human Resources
NEPC:	Kevin Leonard
BET:	Bill Drake
RTM:	John Dolan

APPROVAL OF MINUTES

Upon a motion by Mr. Mynarski, seconded by Mr. Pellegrino, the Board voted 3-0-0 to approve the minutes as amended of the Regular Meeting of April 28, 2016.

ADMINISTRATOR'S REPORT

As of May 23, 2016, the State Street cash balance was \$15,886,244. The projected State Street cash balance for June 30, 2016 is \$13,904,332. It was noted that we should expect the Town's contribution for funding the second week of July, 2016.

Ms. Jones informed the Board that the Retirement System's fund at Transamerica has transitioned to the Vanguard Federal Money Market Fund. Ms. Jones will recommend a few updates for participant navigation of the Transamerica's web-based system. The Transamerica bank reconciliation will be provided and Ms. Jones will use this report for comparison of the Town's fiscal year end close.

We expect to receive the data request for the Retirement System Actuarial Study effective July 1, 2016 in June, 2016. Ms. Jones will provide a listing of all requested items and updates upon completion.

The Purchasing Department released the RFP for Record Keeper Services of Defined Benefit and Defined Contribution. The vendors will have until June 7, 2016 to respond. The review committee will receive the vendor presentations and decide the finalists to invite for interviews.

Ms. Jones reported that the first 20 boxes have been cataloged and transitioned to Iron Mountain. Also, boxes with historical files that belonged to other departments have been distributed. The next stage in the process is to obtain the remaining files from the Town Hall storage.

Ms. Jones discussed QDROs, child support orders, and other documentation relevant to pension payments. The responsibility of providing pertinent information that has attachment to a participant's pension resides with the participant and/or alternate payee. Also, it is the responsibility of the participants to return their retirement paperwork in a timely manner.

APPROVAL OF PAYMENTS

Town of Greenwich, Connecticut			
Retirement MAY 2016			
Payments to be Approved			
Reserve Fund			
V	Pensioners	MAY Payroll	\$2,305,280
	Refunds		
		Pension Payroll Fund Total	\$2,305,280
Expense Fund			
SV	McElroy, Deutsch, Mulvaney & Carpenter, LLP	Legal Services March, 2016 and April, 2016	\$9,039
		Expense Fund Total	\$9,039
Payroll			
PV	Retirement Administrator	May - Ms. Jones	\$7,375
		Staff Payroll Fund Total	\$7,375
		Grand Total	<u>\$2,321,694</u>

Upon a motion from Mr. Mynarski seconded by Mr. Pellegrino, the Board voted 3-0-0 to approve the above payments for \$2,321,694.

INVESTMENTS AND PERFORMANCE

Mr. Leonard presented the Flash Report for the Period Ending April 30, 2016. Fund Balance was \$381,796,790. Rate of return for April 2016 was 1.0% and for the Fiscal Year to Date is -2.0%. Rate of return for the last 12 months is -2.3%. Mr. Leonard also discussed returns through last Friday, May 20, 2016. The S&P was up 1.3% and the MSCIEF was down -3.2%. As for alternatives, there will be a review of the Policy Index and Financial Policy.

Mr. Pellegrino noted, based on the results, it was a good decision to invest the proceeds of the redemption of holdings in the SSgA Russell 3000 Fund (3 million) into the Loomis Sayles Inst'l High Income (LSHIX) Fund.

Presentation by Allianz (9:00 am) – Thomas Scerbo, CFA, Managing Director, Sr. Relationship Manager and Lu Yu, CFA (via conference call), Director, Portfolio Manager reviewed the performance of AllianzGI Emerging Markets Consumer Fund.

Allianz has continually underperformed the MSCI Emerging Market Index since we invested last August. Their performance since inception was -8.29% versus the Index -4.72%. So far this year through April 30, the fund was up 0.51% compared to a 6.29 gain for the Index. Allianz bills itself as investing in emerging market consumers, but its holdings in this area (China, South Korea, and Taiwan) are 52.9% of the portfolio compared to 51.9% of the total MSCI Index. Mr. Chadwick commented that Allianz's strategy didn't seem to be paying off. Lear Corporation, the US auto components company, was the fund's tenth largest holding which seemed strange. Mr. Pellegrino and Mr. Chadwick questioned whether Allianz had a sell strategy noting that both British American Tobacco and Porto Seguro were both down 33% from their purchase price. Ms. Lu replied that Allianz had no firm policy for recognizing losses and expected both stocks to recover.

Presentation by GMO (10:00 am) – Binu George, CFA (via conference call), and Jessica Rochlin reviewed Emerging Domestic Opportunities fund's performance, current positioning, and outlook. The GMO Fund is down 5.85% compared to a decline of 4.80% in the MSCI Emerging Market Index since it was purchased last July. This year the Fund is up 3.03% versus a 6.29% gain in the Index.

Mr. George provided a quick overview of the companies. The e-commerce sector is performing extremely well. Mr. George also reviewed the reasons the team buys a stock. The consideration of country, sector, and conditions all contribute to the review and decision process. Mr. Chadwick questioned GMOs reasoning to sell a stock. What processes does the team make when a stock's quality changes for the worse? Mr. George reviewed some benchmarks in place for selling stocks of which a change in the outlook for a country seems to be the most important. This is a daily traded mutual fund with over 100 stocks in their portfolio with 60-70% turnover each year. The team is an active manager in its review of stocks and performance. Mr. Pellegrino discussed the heavy allocation to the financial markets (31.3% of the total portfolio whereas Allianz's commitment is 5.1%) and the Town's performance since inception.

Ms. Rochlin, will follow-up with some more condensed slides on the processes. If any Retirement Board members request an excel file of holdings, a standard confidentially agreement will have to be completed to grant holdings access to Greenwich. She will provide this confidentially agreement for future requests.

OLD BUSINESS

Edward “Ted” Smoot Presentation and Update - (10:48 am)

Mr. Smoot has reviewed the Retirement Board’s investment policy, investment contracts, Town’s charter and the State Street Broker Dealer documentation. From his review, the contract and its execution are in order for the State Street Broker Dealer relationship. Mr. Drake provided Mr. Smoot with the Town’s attorney opinion of 2013 in regards to section 208(a) of the Town’s charter. Mr. Mynarski will provide/confirm the insurance contract for Retirement Board members.

Upon a motion from Mr. Pellegrino seconded by Mr. Mynarski, the Board voted 3-0-0 approval to proceed with the broker/dealer relationship with State Street.

NEW BUSINESS

Interest Rate Determination for Annuity Account

Upon a motion from Mr. Pellegrino, seconded by Mr. Mynarski, the Board voted 3-0-0 approval of a 3% Interest Rate to be applied to balances in the Annuity Account as of July 1, 2015 and to be used in the year July 1, 2016 to June 30, 2017.

ADJOURNMENT

A motion to adjourn was made by Mr. Mynarski seconded by Mr. Pellegrino, and carried unanimously at 12:01 p.m.

Respectfully Submitted,

Atiya Jones, Secretary to the Board

John D. Chadwick, Chairman

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