

TOWN OF GREENWICH  
BOARD OF ESTIMATE AND TAXATION

OPEB Trust Board Meeting Minutes

8:00 A.M. Monday, June 14, 2010  
Mazza Room, First Floor, Town Hall

Present:

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

BET Attendees: William Finger, Randall Huffman, Arthur Norton

Attendees: Peter Mynarski, Comptroller and ex-officio member of the  
OPEB Trust Board, Kathleen Murphy, Treasurer/OPEB Trustee  
William Ferdinand, Potential OPEB Trustee

The meeting was called to order at 8:00 A.M.

**1. Review minutes of Trust Board's meeting of May 11, 2010**

Mr. Stricker made a motion to approve the May 11, 2010 minutes, seconded by Mr. Skidmore. The motion passed 3 to 0 in favor. Mr. Stricker made a motion to suspend the rules to approve the April 13, 2010 meeting minutes. Mr. Skidmore seconded the motion and the vote passed 3 to 0. Mr. Stricker made a motion to approve the April 13, 2010 minutes. Mr. Skidmore seconded the motion and the vote passed 3 to 0.

**2. Review Performance of Trust**

Ms. Murphy distributed the May 31, 2010 monthly OPEB investment performance report and related materials and discussed their contents with OPEB Board members and others in attendance. Ms. Murphy noted that the assets declined by \$1,152,629 for the month of May 2010, bringing the invested assets down to \$20,084,703. Upon reviewing the report, Mr. Pellegrino suggested that Mr. Stricker and Ms. Murphy get together to work on the long-term blended return benchmark.

Ms. Murphy discussed the Rebalancing Report Analysis and there were no comments on her report.

### **3. Address Liquidity Needs for the Fiscal Year End, June 30th**

Ms. Murphy distributed an analysis regarding the annual required contribution (ARC) and the current receivable/payable between the OPEB Trust Fund and the General Fund. The report detailed an estimated payable from the OPEB Trust Fund to the General Fund of \$2,639,172 for the period ending June 30, 2010. Ms. Murphy recommended liquidating \$1,454,172 as listed in the report, but cautioned that there were still medical claims estimated at \$140,000 for the balance of the year.

Ms. Murphy also informed the Board that healthcare experience was trending negatively for the fiscal year. Mr. Finger asked what was driving the negative experience trend and if it was attributable to a few retirees. Mr. Mynarski and Ms. Murphy collectively stated that healthcare reporting for active and retired employees is under the purview of the Human Resources Department and that they would contact them for an interpretation of retiree healthcare costs.

There were a number of questions from Mr. Ferdinand and Mr. Stricker regarding the mechanics of the report distributed by Ms. Murphy. Mr. Mynarski answered with an explanation of the philosophical rationale for having the General Fund pay the bills for the OPEB Trust Fund and allow for higher investment returns with money invested in the Trust. In addition, Mr. Mynarski gave an explanation on the mechanics of the ARC and how it is determined through the budget process. Mr. Mynarski offered to distribute materials from the Comprehensive Annual Financial Report (CAFR) and relevant sections of the annual actuarial report for the OPEB Trust Fund.

After additional discussions, Mr. Stricker made a motion to liquidate \$1.5 million of OPEB Trust Fund assets, seconded by Mr. Skidmore. The motion passed 3 to 0.

The Board had a short discussion on where to liquidate the assets. On a motion by Mr. Stricker, seconded by Mr. Skidmore, it was decided to balance to the policy allocation of 65/35% before June 30, 2010 at the discretion of the Treasurer, Ms. Murphy.

### **4. Fixed Income**

Ms. Murphy distributed a detailed fixed income investment option comparative analysis for the Board and others in attendance.

Mr. Pellegrino started the conversation stating that more work needs to be done accumulating additional fixed income options on the report. Mr. Pellegrino used an example of utilizing a European bond fund as an option that had not been captured in the spreadsheet.

Mr. Skidmore suggested that the Board should look at the newer PIMCO Electronically Traded Funds (ETF's).

Mr. Stricker offered that the report was a good first step and suggested adding a high yield fund category and perhaps other categories in light of the very low yielding, risk free yield curve which will not make a significant contribution to the 7.75% blended target return for the fund.

Mr. Skidmore noted that the fund did well, relative to other fixed and non-fixed income investments, with a very conservative fixed income portfolio.

Mr. Pellegrino suggested that 20% be invested in corporate credit funds, but wasn't sure about a duration strategy.

Mr. Stricker stated that corporate balance sheets were in good shape and agreed with Mr. Skidmore's comments and cautioned that it is not the right time to extend maturities with a risk of higher interest rates and inflation looming. Mr. Stricker also agreed with Mr. Pellegrino that more research is needed in the fixed income area.

Mr. Ferdinand concurred with Mr. Stricker and advised that it would be wise to stay on the shorter maturity side when inflation does present itself. However, Mr. Ferdinand offered that the fund would not attain a 7.75% return under its current asset allocation setup and suggested increasing the equity allocation.

Mr. Pellegrino suggested that Mr. Stricker work with Ms. Murphy by expanding the current analysis prepared by Ms. Murphy with substantial input from the Board members. Mr. Stricker agreed that he would work with Ms. Murphy in preparation for the next meeting.

## **5. New Business**

Mr. Pellegrino set the next meeting for July 14, 2010 at 8:30 A.M.

Mr. Finger asked that the BET Investment Advisory Committee be kept apprised of meeting dates and Mr. Mynarski agreed to keep the members informed.

Mr. Pellegrino thanked everyone for their cooperation and support during his tenure on the Board and felt the new Investment Policy Statement was a major accomplishment and the OPEB Trust Board was moving in the right direction. All in attendance agreed with Mr. Pellegrino that the Board was moving in the right direction and his accomplishments were substantial in such a short period of time.

6. Adjournment

On a motion by Mr. Skidmore and seconded by Mr. Stricker, the Board voted 3 to 0 to adjourn the meeting at 9:08. A. M.

*minutes approved @ 7/14/2010 meet. 0*  
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Joseph Pellegrino, OPEB Trust Board Chairman

*Peter Mynarski*  
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Peter Mynarski, Recording Secretary