

**TOWN OF GREENWICH, CONNECTICUT
RETIREMENT BOARD**

June 30, 2016 Minutes – Cone Meeting Room

The regular meeting of the Retirement Board was called to order at 8:03 a.m.

In attendance were:

Members:	John Chadwick, Chairman Kevin Coyner Mark Kordick Peter Mynarski Joseph Pellegrino
Staff:	Atiya Jones, Retirement Administrator Mary Pepe, Director of Human Resources
NEPC:	Kevin Leonard Reino Ecklord (via conference call) Nedelina Petkova (via conference call)
BET:	Bill Drake John Blankley Leslie Moriarty Mary Lee Kiernan
RTM:	John Dolan

APPROVAL OF MINUTES

Upon a motion by Mr. Mynarski, seconded by Mr. Pellegrino, the Board voted 3-0-2 (Mr. Coyner and Mr. Kordick abstained) to approve the minutes of the Regular Meeting of May 26, 2016.

ADMINISTRATOR'S REPORT

As of June 27, 2016, the State Street cash balance was \$12,902,050. The projected State Street cash balance for July 31, 2016 is \$10,091,495. This amount will depend on the timing of the capital calls, distributions, and the Town's contribution.

Ms. Jones informed the Board that Transamerica will mail the Contractual COLA letters to retirees by the second week of July, 2016. The letters will inform the retirees there isn't a COLA increase for this year. This is the second consecutive year the retirees will not receive a Contractual COLA.

Ms. Jones will recommend to Transamerica various system updates for participants to provide additional information regarding their pension benefits. Ms. Jones discussed the options of footnotes for participants with deficiencies. At present, the Transamerica automated system cannot produce an accurate benefit amount with the frozen deficiency. Participants are instructed to request an estimate for their benefit amount if they are flagged for this reason.

Mr. Coyner would like to have a central location for beneficiary forms. Ms. Jones was informed that Transamerica, without the Town's consent, allowed participants to complete and upload DB beneficiary information to the Transamerica website. The DC beneficiary form in Transamerica instructs the participants to return the form to the Town's Administrator. The Town's policy requires the Administrator to sign all beneficiary forms, DB and DC respectively. Ms. Jones informed the Board that the beneficiary forms are available on the ADP website and in the HR department. We will review and discuss the process of maintaining beneficiary information with HR. Ms. Jones reiterated it's the responsibility of the participant and/or alternate payee to provide QDROs, child support orders, beneficiary updates, and other documentation relevant to their pension payments.

Mr. Coyner would like to have an additional review of the Widow's benefit. Due to a recent death of a divorced participant who elected the Widow's benefit, Mr. Coyner stated the Board should clarify the beneficiary designation. In 2014, the Board clarified the policy that a retiree could not change the elected beneficiary after retirement. Mr. Coyner agreed based on the premise the ex-spouse would receive the benefit. Ms. Jones will request additional information from the law department and report on this issue at the July 28, 2016 Retirement Board meeting.

Ms. Jones updated the Board on the data request for the Retirement System Actuarial Valuation effective July 1, 2016. Transamerica will provide the data extract files. Upon receipt, Ms. Jones will provide the data extract, death report, retiree listing and terminated vesting listing to Boomershine. Ms. Jones will provide a listing of all requested items from Boomershine and updates upon completion. Mr. Mynarski informed the Board that the Pinebridge financial data is always the final item for the valuation and we typically receive this by the second week of October. This data is used to complete the Flash Report for June 30, 2016. The final financial information will then be provided to Boomershine. Ms. Jones reiterated that the goal remains to approve the valuation report at the October 27, 2016 Board meeting. Mr. Pellegrino and Mr. Mynarski discussed the historical timelines of valuation approval.

The Purchasing Department received five proposals for the RFP for the Town's Record Keeper Services of Defined Benefit and Defined Contribution. The review committee will score the proposals and decide the finalists to invite for interviews.

As of today, Ms. Jones reported that 60 boxes have been cataloged and transitioned to Iron Mountain. Also, the remaining files from the Town Hall storage have been retrieved.

APPROVAL OF PAYMENTS

Town of Greenwich, Connecticut			
Retirement June 2016			
Payments to be Approved			
Reserve Fund			
V	Pensioners	June Payroll	\$ 2,301,710
	Refunds	Elizabeth O'Keefe	\$ 58,401
		Pension Payroll Fund Total	\$ 2,360,111
Expense Fund			
SV			
	McElroy, Deutsch, Mulvaney & Carpenter, LLP	Legal Services March and April 2016	\$ 2,168
	Patterson Belknap Webb & Tyler	Legal Services May 2016	\$ 9,058
		Expense Fund Total	\$ 11,226
Payroll			
PV	Retirement Administrator	June - Ms. Jones	\$ 7,375
	Temporary Assistance for Iron Mountain Project	May and June - Ms. Fiorante	\$ 3,000
		Staff Payroll Fund Total	\$ 10,375
		Grand Total	<u>\$ 2,381,713</u>

Upon a motion from Mr. Mynarski seconded by Mr. Coyner, the Board voted 5-0-0 to approve the above payments for \$2,381,713.

RETIREEES

The Board reviewed the retirement profiles for the five individuals listed below:

June 1, 2016

- Richard Cochran

Upon a motion from Mr. Mynarski, seconded by Mr. Coyner, the Board voted 5-0-0 to approve the retirement for the one individual listed above for Retirement on June 1, 2016.

July 1, 2016

- Mary Cuff
- Lynne Maguire
- William Sherwood
- Debra Skarka

Upon a motion from Mr. Mynarski, seconded by Mr. Kordick, the Board voted 5-0-0 to approve the retirement for the four individuals listed above for Retirement on July 1, 2016.

INVESTMENTS AND PERFORMANCE

Presentation by Pinebridge (9:00 am)

Olivier Keller, CAIA, FRM, Director, Private Funds Group (via conference call)

Michael Luft, Senior Vice President, Head of Client Relations, Americas

Thomas Dunn, Client Service Associate, Client Relations

Mr. Keller reviewed the performance of Pinebridge Private Equity Portfolio V Fund. It was noted in 2014 and 2015 \$83 million was distributed to investors. Also, in 2016, permanent distributions will continue to investors of this Fund. Approximately \$700,000 US dollars will be distributed in the first half of 2016 to the Town. Mr. Keller added a caveat that a lot of changes will happen with the UK. However, investors are predicting major opportunities for private equity. Mr. Chadwick questioned how they expect to reduce the unrealized value from 50% to 25% over the next three years. Mr. Keller informed the Board that accurate projections are volatile with the current exposure.

Mr. Keller discussed the US Large Market LBO 7% Net IRR as of December 31, 2015. Mr. Pellegrino asked for preliminary 2nd quarter results. The overall performance has been positive. Mr. Keller discussed the decision to reduce the exposure of the British Pound from 16% to 2%. This is an example of how the ground team works with the 70 managers. They have weekly meetings with the regional team to review investment performance. Prior to inviting a manager to a new fund, the team decides to move forward or discontinue with the relationship. On average, half of the managers continue with the portfolio. They complete the valuation based on the investment performance. Currently, the net IRR is 7.9% and we should not expect anything lower for the Final IRR.

Mr. Dunn reviewed the changes in the firm. A brief overview was provided of the new Pinebridge CEO, Gregory Ehret, and the new investment managers. Mr. Keller confirmed they have no affiliation with AIG. Some of their main competitors are the fund of fund managers. HarbourVest is a typical example.

Presentation by NEPC (10:00 am)

Kevin Leonard, Partner

Reino Ecklord, Research Consultant (via conference call)

Nedelina Petkova (via conference call)

Mr. Leonard presented the Flash Report for the Period Ending May 31, 2016. Fund Balance was \$383,072,209. Rate of return for May 2016 was 0.8% and for the Fiscal Year to Date is -1.2%. Rate of return for the Year to Date is 2.4%. Mr. Chadwick suggested the removal of redundant benchmarks. Mr. Leonard confirmed the Financial Composite Index does not include alternatives.

Credit Beta Group

This group is part of NEPC and focuses on credit strategies. In the area of private credit, NEPC recommends direct lending in developed countries and emphasizing managers with flexible and

opportunistic strategies. NEPC is neutral/negative on mezzanine financing, securitized credit, and emerging market debt.

Mr. Ecklord and Mr. Leonard discussed GCA Credit Opportunities Fund, Beach Point Total Return Fund and Symphony Long-Short Credit Strategy Fund. GCA is a relatively new firm and has grown to over \$700 million. The minimum investment requirement is \$1 million. Symphony is a part of the larger boutique Nuvia, and the minimum investment is \$500 thousand. The Board showed little enthusiasm will continue to review diversity options.

Mr. Leonard discussed the management changes at GMO. The firm is eliminating 10% of its employees. However, these employees are not part of the investment team managing the GMO Emerging Domestic Opportunities Fund. Also, Mr. Leonard assured the Board the OMAM's purchase of Religare's equity ownership in Landmark would not have any substantial impact on the Town's investment.

When it is received next month, the Board decided to leave the Town's pension contribution in cash.

Upon a motion from Mr. Mynarski, seconded by Mr. Coyner, the Board voted 5-0-0 approval to leave the Town's pension contribution in cash.

Mr. Pellegrino discussed the options of engaging an Investment Advisor. The Investment Advisor could offer assistance in the Retirement Board's decisions and offer advice on investments. Mr. Coyner reviewed the current structure for investment decisions, engage an Investment Advisor, and/or engage an Investment Manager. The latter two options will incur additional fees.

NEW BUSINESS

Contractual Cola for July 1, 2016

The annual certification from the Actuary was presented which showed that the rate of increase in the CPI from May 2015 to May 2016 was 0.691%. Therefore the COLA for July 1, 2016 will be zero.

Upon a motion from Mr. Mynarski, seconded by Mr. Coyner, the Board voted 5-0-0 approval of a 0% Contractual COLA for July 1, 2016.

OLD BUSINESS

Edward "Ted" Smoot Presentation and Update - (10:45 am)

Mr. Smoot has reviewed the Retirement Board's investment policy and the Town's charter section 208(a) in regards to the State Street Broker Dealer documentation. From his review, the Retirement Board is the fiduciary of the Retirement System. In reference to the Prudent Investor Act, the Retirement Board follows the policy for all investment decisions. Mr. Smoot and Mr. Fox will continue the discussion and clarify the position of the relationship of the Retirement Board and the BET. Mr. Pellegrino also wants Mr. Smoot to clarify who will present to the BET on the Retirement Board's behalf.

Executive Session

None.

ADJOURNMENT

A motion to adjourn was made by Mr. Mynarski, seconded by Mr. Coyner, and carried unanimously at 12:13 p.m.

Respectfully Submitted,

Atiya Jones, Secretary to the Board

John D. Chadwick, Chairman

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