

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
Investment Advisory Committee
Meeting Minutes - Wednesday, July 12, 2017
Mazza Room, First Floor, Town Hall

Present:

Committee: William Drake, Chairman; John Blankley, Arthur Norton, Anthony Turner

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

OPEB: William Ferdinand, Robert Stricker

The meeting was called to order at 10:01 A.M.

Mr. Drake asked for a motion to change the order of business to approve an OPEB appointment resolution.

Upon a motion by Mr. Norton, seconded by Mr. Blankley, the Committee voted 4-0 to Change the order of business to accommodate the OPEB resolution.

New Business

OPEB Reappointments - The Committee interviewed Mr. William Ferdinand for reappointment to the OPEB Trust Board and Mr. Robert Stricker for reappointment to the position of Chairman of the OPEB Board.

Both candidates expressed their interest and willingness to continue on the OPEB Trust Board for another term: Mr. Ferdinand for a position with a term ending June 30, 2020; Mr. Stricker for the position of Chairman with a term ending June 30, 2018. Mr. Drake complimented the candidates on their outstanding work on the OPEB Trust Board and expressed his appreciation for their agreement to continue for an additional term.

Upon a motion by Mr. Norton, seconded by Mr. Blankley, the Committee voted 4-0 to approve these resolutions for consideration by the BET:

Resolved that the Board of Estimate and Taxation reappoints William Ferdinand to a term on the OPEB Trust Board, expiring June 30, 2020,

Further resolved that the Board of Estimate and Taxation reappoints Robert Stricker of the OPEB Board as Chairman of said board for another term ending June 30, 2018.

Review of Investment of TOG Cash Balances - Ms. Murphy distributed the June 2017 Treasurer's Report, showing how the Town's cash was invested. Ms. Murphy also distributed the BET Cash Management Resolution and explained that the document outlines types of approved investments and respective conditions on those investments, identifies financial institutions that

have been approved to hold TOG deposits, defines the minimum credit quality and ratings requirements of banks used by the Town, and identifies other financial institutions which the Treasurer may use for other financial services. The banks that the Town currently use submit CT Qualified Public Depository Reports quarterly. The Treasurer presented a summary schedule of the CT public deposit totals and the Risk Based Capital Ratios of the respective banks, all of which are considered well capitalized.

Ms. Murphy then distributed a schedule depicting the spreads across the yield curve for US Treasuries, Government Agencies, and FDIC-insured CDs and pointed out these securities represented better investments than the bank market. Also Ms. Murphy commented that FDIC-insured CDs were the highest yielding investment permitted under CGS – 15 to 20 bps higher than Treasuries across the yield curve.

Bank deposit rate increases are lagging market rates. The Treasurer, Assistant to the Treasurer and the Comptroller have met with the Town's main banks to request higher investment rates. We achieved increases from each of the banks.

Ms. Murphy reported that the FDIC CD Program contracts with Alvarez & Marsal as well as with the custodian bank, US Bank, were agreed to (signed off by the Law Department) and that the new account would be funded in a couple of weeks.

Mr. Mynarski pointed out that there are other cash balances not on the Treasurer's Report. The balances are in non-interest bearing operating accounts, for example, the Vendor account (cash disbursements) and teacher's summer pay balances.

Mr. Turner asked for additional information about the selection and diversification of banks used by the Town. Mr. Mynarski and Ms. Murphy explained that their choices of banks reflected the search for best competitive yields and efficient services. Mr. Mynarski indicated that competitive interest rates were a priority. Ms. Murphy added that strong back office systems, on-line access to reports, research and transaction detail, and product offerings and fees (lockbox, payroll, cash disbursement). Banks often tie the operating business potential with their initial investment rate offerings.

Review and Approval of Actions of the OPEB Trust Board Meeting

After discussing market conditions and performance the Board reviewed the asset allocation and noted that the portfolio allocation to International equity was 12.8%. The IPS would allow exposure up to 30% of the portfolio. Viewing more upside in international equity markets the Board concluded they should increase the international equity allocation. At the OPEB meeting Ms. Murphy advised the Board that the Town's contribution would be paid shortly and that the net (OPEB Contribution for FY2018 less the amount owed to the General Fund) inflow of new cash would be \$817 thousand.

During the OPEB Board's preceding meeting, the Board took the following actions:

The OPEB Trust Board voted 3-0 to use the cash inflow from the Town's contribution to add to its position in Oakmark International (OAYIX).

The OPEB Board voted 3-0 to increase the allocation to International equities to 15% and to reach this target allocation by selling iShares Core S&P Small Cap ETF (IRJ) in sufficient amount to reinvest in OAYIX (approx. \$296 thousand), bringing the allocation to international equities to 15%.

Upon a motion by Mr. Norton, seconded by Mr. Turner, the Committee voted 3 - 0 to approve the foregoing transactions of the OPEB Trust.

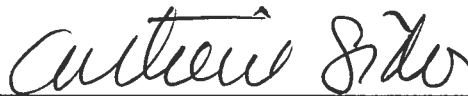
Approval of Investment Advisory Committee Meeting Minutes

Upon a motion by Mr. Drake, the Committee voted as follows on the three sets of Minutes:

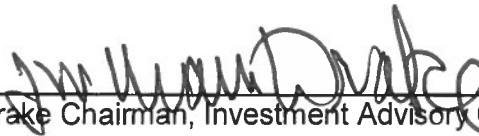
- Regular Monthly Meeting Minutes of June 6, 2017 2-0-1 (Abstain: Drake)
- Special Meeting Minutes of June 9, 2017 2-0-1 (Abstain: Drake)
- Joint IAC and Law Committee Minutes of June 12, 2017 3-0-0.

Adjournment

The Committee voted unanimously to adjourn at 10:45 A.M.



Catherine Sidor, Recording Secretary



William Drake Chairman, Investment Advisory Committee

Schedule of Future Regular IAC Meetings

August – no meeting is scheduled
September 7, 2017 at 10:30 A.M.
October 5, 2017 at 10:30 A.M.
November 8, 2017 at 10:30 A.M.
December 7, 2017 at 10:30 A.M.