TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION

Investment Advisory Committee
Meeting Minutes
Thursday, September 10, 2015
Gisborne Room
First Floor, Town Hall

Present:
Committee: William Drake, Chairman; Art Norton, John Blankley, Randall Huffman
Board: Nancy Weissler, BET Member
Staff: Peter Mynarski, Comptroller; Kathleen Murphy, Treasurer
Other: John Chadwick, Retirement Board Chairman; Joseph Pellegrino, Candidate OPEB Trust Board (departed at 11:05 A.M.)

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

Mr. Drake requested a motion to change the order of business and add an additional item to the Agenda.

Upon a motion by Mr. Huffman, seconded by Mr. Drake, the Committee voted to add an item (Approval of April 29, 2015 BET Investment Advisory Committee Minutes) and to consider the July 10, 2015 BET Investment Advisory Committee Minutes before the consideration of a new candidate for the OPEB Board. The Committee voted 4 - 0 to approve these matters.

1. Approval of the April 29, 2015 Investment Advisory Committee Minutes

Upon a motion by Mr. Huffman, seconded by Mr. Norton, the Committee voted 3 -0 to approve the Minutes. (Abstain: John Blankley - absent from the April 29 Meeting

2. Approval of the July 10, 2015 Investment Advisory Committee Minutes

Upon a motion by Mr. Blankley, seconded by Mr. Norton, the Committee voted 3 -0 to approve the Minutes. (Abstain: Randall Huffman - absent from the July 10 Meeting.)

3. Interview Joseph Pellegrino to serve as a member of the OPEB Trust Board, for a three-year term to June 30, 2018

Mr. Pellegrino stated a range of reasons and qualifications for seeking appointment to the OPEB Board including his enjoyment of public service, history of volunteerism and desire to contribute his talents to Greenwich’s advancement. He noted that his first BET assignment was to be Chair of OPEB and create its investment guidelines. Mr. Norton asked if Mr. Pellegrino anticipated making any changes to the guidelines if his nomination was confirmed; in reply, Mr. Pellegrino offered that he might recommend a reduction from 25% to 20% in the fixed income portion of the portfolio because fixed income securities provide little return.
Mr. Huffman asked for a clarification of whether this meant leaving mutual funds and investing directly in equities. Mr. Pellegrino indicated that he would be interested in ETFs because it would be an investment in a sector. The Committee questioned if Mr. Pellegrino favored being fully invested, his strategies for short and long-term products and his assets-to-liquidity philosophy. Mr. Pellegrino commented that his contribution to the OPEB Trust would be based on his skill-set that included long experience in investing and finance.

Upon a motion by Mr. Drake, seconded by Mr. Blankley, the Committee voted 3 - 1 to approve the nomination and forward it to the Board of Estimate and Taxation for its consideration. (Opposed: Randall Huffman)

4. Amend April 5, 2012 Agreement with SSgA to include Investments in the SSgA Russell 3000 Index Fund

Mr. Chadwick provided the Committee with background on how the performance of the Russell 3000 Index is a combination of the Russell 1000 and 2000 Indexes. He noted that there would be a cost reduction by combining the two Investments into a single Russell 3000. The Russell 3000 Index Fund would be an addition to the State Street Agreement in place.

Upon a motion by Mr. Drake, seconded by Mr. Blankley, the Committee voted 3 - 1 to approve the amendment to include the Russell 3000 Fund in the Agreement and forward it to the Board of Estimate and Taxation for its consideration. (Opposed: Randall Huffman)

5. Approval of the GAM Unconstrained Bond Fund for a maximum investment amount

Mr. Chadwick reported that the Retirement Board proposed to reduce two long bond funds to shift to shorter term fixed income investments.

Upon a motion by Mr. Drake, seconded by Mr. Blankley, the Committee voted 4 - 0 to approve the investment and forward it to the Board of Estimate and Taxation for its consideration.

6. Approval to increase the maximum investment amount in the Loomis Sayles Senior Loan Fund and Loomis Sayles Strategic Alpha Fund

Mr. Norton asked that the BET be informed of the Retirement Board's allocation among these two funds. The IAC motion is to approve an upper limit amount of $40 million for each investment, which allows the Retirement Board to properly carry out its function by making tactical modifications of the investment amounts in these funds, under the upper limit.

Upon a motion by Mr. Drake, seconded by Mr. Huffman, the Committee voted 4 - 0 to approve the investments of up to $40 million each and forward it to the Board of Estimate and Taxation for its consideration.

7. Resolution Concerning Cash Management and Investment in the Out-of-State Certificate of Deposit Program

Ms. Murphy commented that the current rate of return on cash was poor but that an additional amount of interest could be earned by using Out-of-State CD Programs. The Committee discussed the risk, ratings and quality of the banks and instruments and the credibility of the FDIC guarantees. Mr. Mynarski commented that this recommendation responded to the BET’s concern to identify ways to increase investment income. The Committee proposed that it would recommend laddering $10,000,000
(ten million dollars) of the current $97,000,000 (ninety seven million dollars) cash balances be invested in the program. The details of the Amendment were reviewed. (Copy of amended text attached)

Upon a motion by Mr. Drake, seconded by Mr. Huffman, the Committee voted 3 - 1 to approve the investment as proposed and forward it to the Board of Estimate & Taxation for its consideration. (Opposed: Arthur Norton)

8. **Adjournment**

Upon a motion by Mr. Norton, seconded by Mr. Drake, the Committee voted 4 - 0 to adjourn the meeting at 12:01 P.M.

William Drake, Investment Committee Chairman

Catherine Sidor, Recording Secretary

SUBJECT TO APPROVAL
Town of Greenwich
BET Investment Advisory Committee Report to the Board of Estimate and Taxation

The BET Investment Advisory Committee met on September 10, 2015 with the Comptroller to review and update the cash management investment policy. The following resolution was approved by the Committee on a vote of 3 to 1 and forwarded to the full BET for its approval.

RESOLUTION CONCERNING CASH MANAGEMENT

RESOLVED, that the Treasurer, with the approval of the Comptroller, be permitted to make demand and/or time deposits in the following qualified public depository banks or their successors, as permitted by Sections 7-401 and 7-402, of the General Statutes of the State of Connecticut;

- Bank of America, N.A.
- The Bank of New York Mellon Corporation
- Citibank
- Citizens Bank
- J.P. Morgan Chase Bank, N.A.
- People's United Bank
- Royal Bank of Scotland (RBS)
- State Street Bank and Trust Company
- TD Bank, N.A.
- US Bank N.A.
- Webster Bank, N. A.
- Wells Fargo Bank

FURTHER RESOLVED, that all of the aforementioned banks must be rated Investment Grade by Moody's and Standard & Poor's and must hold, as a minimum, an Investment Grade Rating. They must also submit qualified public depository statements to the Town Treasurer on a quarterly basis. The Treasurer will, upon receipt, review the statements and make a determination as to the financial soundness of each entity. If, in the opinion of the Treasurer, the qualified public depository statement indicates a deteriorating financial condition, this must be communicated to the Comptroller in an expeditious manner. The Comptroller will then determine if the matter needs to be reported to the BET Investment Advisory Committee for further review.

FURTHER RESOLVED, that the Treasurer may, with the approval of the Comptroller, purchase certificates of deposits (CD's), not to exceed 25% of the total Town operating funds from any of the previously listed and approved banking institutions, as defined in Section 7-401, of the General
General registered United States monies authorized participation of Government funds permitted interest) competitive permitted accrued that in FURTHER Section permitted Connecticut the certi
ficates of deposits (CDs) in any out of state bank, which is not a qualified public depository, that has an IDC Financial Publishing Inc. Ranking of 165 or better, in an amount (including accrued interest) not exceeding the Federal Deposit Insurance Corporation insurance limit as permitted under Section 7-402 of the General Statutes of the State of Connecticut at the best competitive rate available at the time of the purchase. Total aggregate dollars (excluding accrued interest) invested in these CDs may not exceed $10 million.

FURTHER RESOLVED, that the Treasurer may, with the approval of the Comptroller, invest funds without limit in obligations of the United States of America (including its agencies and Government-Sponsor Enterprises (GSE)) as authorized by Section 7-400, of the General Statutes of the State of Connecticut.

FURTHER RESOLVED, that the Treasurer may, with the approval of the Comptroller, purchase participation certificates from the State of Connecticut, Short-Term Investment Fund (STIF), as authorized by Sections 3.27b and 3-27f, of the General Statutes of the State of Connecticut.

FURTHER RESOLVED, that the Treasurer may, with the approval of the Comptroller, invest monies not to exceed 25%, over a sixty (60) day period, of the total Town operating funds in the United States government obligations portfolios maintained by the following financial institutions registered under the Investment Company Act of 1940 as authorized by Section 36a-353 of the General Statutes of the State of Connecticut;

- Bank of America, N.A.
- Blackrock
- Citigroup Inc.
- Fidelity Investments
- JP Morgan Chase, N.A.
- RBS Citizens Financial Group
- TD Bank, N.A.
- The Vanguard Group
- Webster Bank
- UBS Financial Services
- US Bank, N.A.

NOTE: All of the aforementioned arrangements must be supported with fully executed contracts that have been subjected to the review and satisfaction of the Town's Law Department.

FURTHER RESOLVED, that the Treasurer may, with the approval of the Comptroller, use with the following security broker/dealers, which may be primary dealers or regional dealers that
qualify under SEC Rule 15C3-1, to facilitate transactions in allowed investments covered by this Resolution and in compliance with Connecticut General Statutes.

Northern Capital Securities
Janney Montgomery Scott LLC
Multi Bank Securities, Inc.
Vining-Sparks IBG, L.P.
Alvarez & Marsal Investment Management, LLC
TD Ameritrade
Charles Schwab

Any Custodian who is a security broker/dealer must provide the following account protections:
   i. SIPC (Securities Investor Protection Corporation) membership
   ii. Provide excess SIPC insurance
   iii. Be in compliance with SEC Rule 15c3-3 (customer protection rule)

A national bank, state bank, or trust company engaged as Custodian must be adequately capitalized and qualified to accept securities as determined by the U.S. banking regulators and regulated by state banking laws or a member of the Federal Reserve system.

NOTE: All of the aforementioned arrangements must be supported with fully executed contracts that have been subjected to the review and satisfaction of the Town's Law Department.

FURTHER RESOLVED, that the OPEB Trust may use the financial institutions approved above; however, the restrictions as to the type of obligations or investments and the limitation of 25% specified above shall not apply. The OPEB Investment Policy Statement shall govern the types of investments and any limitations.