

TOWN OF GREENWICH

OPEB Trust Board Meeting Minutes

11:30 A.M. Thursday, October 11, 2012
Parks and Recreation Conference Room
Second Floor, Town Hall

Present:

Trust Board: Robert Stricker, Chairman, William Ferdinand
Phil Skidmore

BET Attendees: Art Norton, Greg Bedrosian, Sean Goldrick

Attendees: Peter Mynarski, Comptroller and ex-officio member of the
OPEB Trust Board, Kathleen Murphy, OPEB Board Trustee

The meeting was called to order at 11: 30 A.M.

1. Approval Minutes of June 13, 2012 Meeting and August 7, 2012 Joint Meeting with the BET Investment Advisory Committee

Mr. Skidmore made a motion to approve the June 13, 2012 minutes and the August 7, 2012 Joint Meeting with the BET Investment Committee minutes, seconded by Mr. Ferdinand. The motion passed 3 to 0 in favor.

2. Review Performance of Trust and Rebalancing

Ms. Murphy distributed the September 2012 monthly OPEB Investment Performance reports and related materials. Ms. Murphy reported that the portfolio had assets totaling \$20,695,371 at the end of September 30, 2012. Ms. Murphy also reported that the Portfolio had a gain of 1.99% or \$404,407 for September 2012. For the quarter ending September 2012, the fund had a composite gain of 4.68% or \$925,525.

Ms. Murphy also reported that as of September 30, 2012, the portfolio is over weighted by 0.708% in equities and under weighted in fixed income compared to the current target allocations. The over weighting is principally in the domestic equity sub class.

Mr. Stricker asked if the risk measures and attribution analysis with which the summer intern was assisting were complete. Ms. Murphy indicated that the 3 year standard deviation risk measure has been added to the monthly performance report. The attribution analysis needed additional work to be more meaningful. Ms. Murphy agreed to prepare the analysis for the Board's review.

3. Discuss potential investments, including MBS and other fixed income alternatives

Ms. Murphy distributed a package of materials on a variety of investment options that included: floating rate loan funds, mortgage backed securities, high yield options, international debt options, and other fixed income aggregate funds.

Mr. Stricker pointed out the significant Trust's position and low yields on the iShares 1-3 Year Credit investment and stated he wished to move money away to alternative investments detailed in Ms. Murphy's distributed investment option materials. With the objective of picking up additional yield (current income) without taking on risks associated with longer term fixed income alternatives, the board evaluated funds investing in 1) government backed mortgage securities with an average duration of 3 to 10 years, 2) senior secured floating rate bank loans, and 3) an array of fixed income securities under active management, seeking total return with intermediate effective duration. In addition, alternatives in emerging Market Debt were evaluated and discussed, but there was an element of concern about the levels of risk. There was a lengthy discussion covering subject matters such as: the upcoming elections, the impending fiscal cliff, raising the debt ceiling and the gridlock in Washington.

Subsequent to these discussions Mr. Ferdinand made a motion to reduce the Vanguard Domestic Equity (VITSX) allocation by 6% and the iShares 1-3 year credit (CSJ) by 9%, seconded by Mr. Skidmore. The vote carried 3 to 0 in favor.

Mr. Ferdinand made a second motion, to move the reduced amounts into three separate categories as follows: 5% into DoubleLine Total Return Bond Fund (DBLTX), 5% into Vanguard GNMA Fund Investor Shares (VFIIX) and 5% into Credit Suisse Floating Rate High Income Fund Institutional Class (CSHIX), seconded by Mr. Skidmore. The vote carried 3 to 0 in favor. There were other floating rate funds that were considered but they were closed end funds trading at significant premiums and were not chosen.

4. Discuss and recommend the actuarial interest rate Assumption for OPEB

The Board had a discussion on the interest rate assumption for OPEB used in the annual actuarial report. The current rate used since inception was at 7.75%.

Mr. Skidmore made a motion to decrease the interest rate assumption to 7.25%, effective for the July 1, 2012 actuarial reporting date reflecting the current low level of yields in the bond market and anticipation that future long term equity returns will reflect their long term historical average at best. This matter will be forwarded to the BET Investment Advisory Committee for their recommendation to the full BET.

5. Update – Status of potential new brokerage account – indemnity language issue

There was no update on this item. It was reported by Mr. Bedrosian and Mr. Mynarski that the item was discussed at a BET Law Committee meeting with the Law Department

and it would require a Town of Greenwich Charter change to resolve the indemnification language issues.

6. Approve 2012-13 OPEB Trust Meeting Schedule

The Board did not approve the 2012-2013 OPEB Trust Meeting Schedule. The Board decided to meet again, after the elections on November 13, 2012 at 8:30 A.M.

7. New Business: Discussion of topics for future meetings

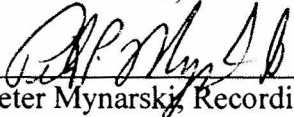
Mr. Ferdinand requested that tools be made available to the OPEB Trust Members to enhance their decision making.

8. Adjournment

On a motion by Mr. Ferdinand, seconded by Mr. Skidmore, the Board voted 3 to 0 to adjourn the meeting at 1:47 P. M.



Robert Stricker, OPEB Trust Board Chairman



Peter Mynarski, Recording Secretary