

**TOWN OF GREENWICH, CONNECTICUT
RETIREMENT BOARD**

October 27, 2016 Minutes – Mazza Meeting Room

The regular meeting of the Retirement Board was called to order at 8:05 a.m.

In attendance were:

Members:	John Chadwick, Chairman Kevin Coyner Mark Kordick Peter Mynarski Joseph Pellegrino
Staff:	Atiya Jones, Retirement Administrator
NEPC:	Kevin Leonard
Boomershine:	Greg Stump
BET:	Bill Drake Leslie L. Tarkington Leslie Moriarty
RTM:	John Dolan Mike Wacek

APPROVAL OF MINUTES

Upon a motion by Mr. Mynarski, seconded by Mr. Coyner, the Board voted 4-0-1 (Mr. Pellegrino absent at time of vote) to approve the minutes, of the Regular Meeting of September 29, 2016.

ADMINISTRATOR’S REPORT

As of October 24, 2016, the State Street cash balance was \$23,688,451. The projected State Street cash balance for November 30, 2016 is \$19,105,946.

Ms. Jones has requested that Transamerica provide a consolidated list for all outstanding items and the original data load processed in 2012. Transamerica will update the distribution codes on the payment registers. This update will affect 42 participants.

The Town auditors completed the review of the Retirement System files. The financial report has been completed. Ms. Jones will have an assessment of this process with the Treasurer to consolidate some of the data collection for next year’s audit.

As a reminder, we will have pension data updates for several union contracts. Subsequently, the pension payments for the retired Fire fighters will have to be recalculated as of July 1, 2015. The pension payments for the retired Teamsters, LIUNA, and LIUNA Representing the Professional Assistants and Security Personnel will have to be recalculated as of July 1, 2016. The GMEA contract has moved to the next stage of completion. We will have a few retirees in this union for benefit recalculation.

Ms. Jones reported that Iron Mountain project is progressing well and we are cataloging the remaining files from the historical boxes.

Ms. Jones had a meeting with Mr. Fox and Mr. McLaughlin regarding the review of the Widow's benefit, QDRO processing and beneficiary designations. Mr. Coyner's requested a legal opinion for the Widow's benefit with respect to Mr. Laluna. Mr. Fox will review this case and create a policy for various scenarios. Ms. Jones will update the Retirement Board upon receipt of requested information.

APPROVAL OF PAYMENTS

Town of Greenwich, Connecticut			
Retirement October 31, 2016			
Payments to be Approved			
Reserve Fund			
V	Pensioners	October Payroll	\$ 2,337,695
	Refunds		
		Pension Payroll Fund Total	\$ 2,337,695
Expense Fund			
SV	Boomershine Consulting Group	2016 Actuarial Valuation	\$ 7,451
	Patterson Belknap Webb & Tyler	Legal Services September 2016	\$ 7,524
	Iron Mountain	September, 2016	\$ 381
		Expense Fund Total	\$ 15,356
Payroll			
PV	Retirement Administrator	October - Ms. Jones	\$ 7,375
	Temporary Assistance for Iron Mountain Project	October - Ms. Fiorante	\$ 2,394
		Staff Payroll Fund Total	\$ 9,769
		Grand Total	<u>\$ 2,362,821</u>

Upon a motion from Mr. Mynarski seconded by Mr. Pellegrino, the Board voted 5-0-0 to approve the above payments for \$2,362,821.

RETIREEES

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

November 1, 2015

- Kevin Cronin

Upon a motion from Mr. Mynarski, seconded by Mr. Pellegrino, the Board voted 5-0-0 to approve the retirement for the one individual listed above for Retirement on November 1, 2016, retroactive to November 1, 2015 due to corrected date.

- Deborah Flynn

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

INVESTMENTS AND PERFORMANCE

Presentation by NEPC (8:30 am)
Kevin Leonard, Partner

Mr. Leonard presented the Flash Report for the Period Ending September 30, 2016. Fund Balance was \$412,813,251. Rate of return for September 2016 was 0.4% and for the Fiscal Year to Date is 3.4%. Rate of return for the Year to Date is 6.9%.

Mr. Leonard also presented the 2nd Quarter Private Markets Review. The focus of this review is from 2008 to present to allow for a more comprehensive discussion. Prior to 2008, the Retirement Board only had exposure to three private equity funds. As of June 30, 2016, we have a commitment of \$138,360,007 and funded \$74,971,501. Approximately, 54% has been called. The IRR since 2008 is 8.22%. In order to boost the Fund's return on fixed income investments, we will continue to look for opportunities in the areas of energy related credit, direct lending and distressed credit. Mr. Leonard will bring the NEPC 2017 outlook to the December meeting.

Mr. Coyner suggested we review the target policy and rebalance to ensure diversification. One area we are underweight is emerging markets. Mr. Leonard opined that TIPS is a liquid fund that could provide additional return. There was a discussion regarding commodities and what the appropriate benchmark should be. Mr. Leonard will provide more information on commodities at the next board meeting.

Upon a motion from Mr. Coyner, seconded by Mr. Pellegrino, the Board voted 4-1-0 (Mr. Chadwick voted no) to approve \$10 million redemption of holdings in the SSgA Russell 3000 Fund.

Upon a motion from Mr. Coyner, seconded by Mr. Pellegrino, the Board voted 4-1-0 (Mr. Chadwick voted no) to approve investing the proceeds from SSgA Russell 3000 Fund into the State Street Emerging Markets Equity Fund.

Upon a motion from Mr. Pellegrino, seconded by Mr. Coyner, the Board voted 4-1-0 (Mr. Chadwick voted no) to approve \$10 million redemption from cash.

Upon a motion from Mr. Pellegrino, seconded by Mr. Coyner, the Board voted 4-1-0 (Mr. Chadwick voted no) to approve investing the proceeds from cash into the State Street SSgA US TIPS Index Fund.

The Retirement Board will not schedule the Investment Manager Presentations for 2017 at this time. This schedule of presentations will be revisited at the January 2017 meeting.

NEW BUSINESS

Actuarial Valuation Report

Presentation by Boomershine Consulting (9:45 am)
Gregory Stump, Partner

Mr. Gregory Stump of Boomershine Consulting presented the July 1, 2016 Actuarial Valuation Report. The Accrued Actuarial Liability increased from \$530,807,999 as of July 1, 2015 to \$545,322,570 as of July 1, 2016. The Actuarial Value of Assets increased from \$388,796,214 as of July 1, 2015 to \$406,766,667 as of July 1, 2016. This resulted in a funded ratio of 74.6%. The assumed investment rate of return remains at 6.75%. The Town Contribution will decrease from \$22,020,736 in the last fiscal year to \$21,931,511 as of the July 1, 2016 report (to be funded on July 1, 2017. This year's investment loss was offset by the fact that due to low inflation there was no COLA increase.

Upon a motion by Mr. Mynarski, seconded by Mr. Pellegrino, the Board voted 5-0-0 to approve the July 1, 2016 Actuarial Valuation Report as prepared by Boomershine Consulting.

Upon a motion by Mr. Coyner, seconded by Mr. Pellegrino, the Board voted 5-0-0 to approve the Town's Annual Required Contribution of \$21,931,511 million.

Investment Policy Statement

There was a discussion of the target allocation policy. Mr. Chadwick requested the members to review the document for the December meeting. Mr. Leonard will have the NEPC 2017 investment outlook and recommended modifications.

Review of 2017-2018 Budget (Final Vote December 15, 2016)

Upon a motion from Mr. Mynarski, seconded by Mr. Kordick, the Board voted 5-0-0 to approve the 2017-2018 Retirement Department Expense Budget for \$695,126 for submission to the Town Finance Department.

OLD BUSINESS

The members discussed Mr. Smoot's opinion and Mr. McLaughlin and Mr. Fox's response in regards to the Town's Charter Section 208(a). At this point, the Board decided to make a formal response to address the different opinions. The fact remains the current process for the approval of investments hinders the Board's fiduciary responsibility for investment performance.

Upon a motion from Mr. Pellegrino, seconded by Mr. Coyner, the Board voted 5-0-0 to approve to send a letter (with amended language) from the Retirement Board to the Town's Attorney and Board of Estimate and Taxation (BET) stating that under the present

circumstances, it would be in the best interest for the Plan's participants to designate an outside, third-party investment manager to assume the investing of the Fund.

Upon a motion from Mr. Pellegrino, seconded by Mr. Coyner, the Board voted 5-0-0 to approve pursue a Request For Information (RFI) for a third party investment manager with the intent to transfer all funds to the selected manager.

Executive Session

None.

ADJOURNMENT

A motion to adjourn was made by Mr. Mynarski, seconded by Mr. Pellegrino, and carried unanimously at 12:02 p.m.

Respectfully Submitted,

Atiya Jones, Secretary to the Board

John D. Chadwick, Chairman