

1. BET Investment Advisory Meeting Agenda

Documents:

[BET_IAC_MEETING_AGENDA_04-07-20.PDF](#)

2. BET Investment Advisory Comm. Virtual Meeting Packet

Documents:

[BET_IAC_VIRTUAL_MEETING_PACKET_04-07-20.PDF](#)

3. SUB TO APP BET Investment Advisory Comm. Virtual Meeting Minutes

Documents:

[SUB_TO_APP_BET_IAC_VIRTUAL_MEETING_MINUTES_04-07-20.PDF](#)

4. APPROVED BET Investment Advisory Virtual Meeting Minutes

Documents:

[APPROVED_BET_IAC_VIRTUAL_MEETING_MINUTES_04-07-20.PDF](#)



TOWN OF GREENWICH

**BOARD OF ESTIMATE & TAXATION
INVESTMENT ADVISORY COMMITTEE VIRTUAL MEETING**

Tuesday, April 7, 2020 - 9:00 A.M.

AGENDA

You are invited to a Zoom Meeting
<https://zoom.us/j/752868807?pwd=Mk40VU9JUklrMlIiWcS9xK0xuRkxVZz09>

Meeting ID: 752 868 807

Password: 502095

One tap mobile: +16465189805,,752868807# US

Dial by your location: +1 646 518 9805 US

Meeting ID: 752 868 807

Password: 502095

1. Approval of the BET Investment Advisory Committee Meeting Minutes of March 12, 2020
2. Review and approve actions of the April 7, 2020 OPEB Trust Board Meeting
3. Review actual / forecasted General Fund monthly cash position for Fiscal Year 2020
4. Review changes in investment interest rates and bank earnings credit rates
5. Review CD Program holdings as of 3/31/2020
6. Review OPEB Trust Board Management Report and proposed changes to the OPEB Investment Policy Statement
7. Discussion of topics and review of schedule of future IAC meetings
8. New Business
9. Old Business

10. Adjournment

Next Meeting: Wednesday, May 20, 2020 at 10:00 A.M. in the Mazza Room

The Town complies with all applicable federal and state laws regarding non-discrimination, equal opportunity, affirmative action, and providing reasonable accommodations for persons with disabilities. If you require an accommodation to participate, please contact the Commissioner of Human Services at 203-622-3800 or alan.barry@greenwichct.org as soon as possible in advance of the event.



TOWN OF GREENWICH

**BOARD OF ESTIMATE & TAXATION
INVESTMENT ADVISORY COMMITTEE VIRTUAL MEETING**

Tuesday, April 7, 2020 - 9:00 A.M.

AGENDA

You are invited to a Zoom Meeting
<https://zoom.us/j/752868807?pwd=Mk40VU9JUklrMlIiWcS9xK0xuRkxVZz09>

Meeting ID: 752 868 807

Password: 502095

One tap mobile: +16465189805,,752868807# US

Dial by your location: +1 646 518 9805 US

Meeting ID: 752 868 807

Password: 502095

1. Approval of the BET Investment Advisory Committee Meeting Minutes of March 12, 2020
2. Review and approve actions of the April 7, 2020 OPEB Trust Board Meeting
3. Review actual / forecasted General Fund monthly cash position for Fiscal Year 2020
4. Review changes in investment interest rates and bank earnings credit rates
5. Review CD Program holdings as of 3/31/2020
6. Review OPEB Trust Board Management Report and proposed changes to the OPEB Investment Policy Statement
7. Discussion of topics and review of schedule of future IAC meetings
8. New Business
9. Old Business

10. Adjournment

Next Meeting: Wednesday, May 20, 2020 at 10:00 A.M. in the Mazza Room

The Town complies with all applicable federal and state laws regarding non-discrimination, equal opportunity, affirmative action, and providing reasonable accommodations for persons with disabilities. If you require an accommodation to participate, please contact the Commissioner of Human Services at 203-622-3800 or alan.barry@greenwichct.org as soon as possible in advance of the event.

**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
Investment Advisory Committee Meeting Minutes**

Thursday, March 12, 2020
Mazza Conference Room, 1st Floor, Town Hall

Present:

Committee: Andreas Duus, Chair; William Drake, Miriam Kreuzer, David Weisbrod

Staff: Joan Lynch, Assistant to the Treasurer; Peter Mynarski, Comptroller;
Nataliya Yemets, Treasurer

BET: Leslie Moriarty, Leslie Tarkington

Guests: William Ferdinand, OPEB Trust Board Member; Robert Stricker, OPEB
Trust Board Chairman

The meeting was called to order at 10:04 A.M.

1. Acceptance of the BET Investment Advisory Committee Meeting Minutes

Upon a motion by Mr. Drake, seconded by Ms. Kreuzer, the Committee voted 4-0-0 to accept the Minutes of the IAC Meeting of February 13, 2020. Motion Carried.

Upon a motion by Mr. Drake, seconded by Ms. Kreuzer, the Committee Voted 4-0-0 to accept the Minutes of the IAC Special Meeting of March 4, 2020. Motion Carried.

2. Review and Approve Actions of the OPEB Trust Board Meeting

During the OPEB Trust Board's meeting of March 12, 2020, the Board took the following action:

- The OPEB Trust Board voted 3-0-0 to sell U.S. Treasuries and invest the proceeds in SPDR S&P 500 ETF Trust (SPY) in a sufficient amount to increase the OPEB Trust Portfolio total equity position to 70%.

Upon a motion by Mr. Duus, seconded by Ms. Kreuzer, the Committee voted 3-1-0 to approve the actions of the OPEB Trust Board stated above (opposed: Weisbrod). Motion carried.

A discussion followed on the need to become more knowledgeable about the funding of the OPEB Trust liability and the impact of the market volatility on the amount of the Town's annual contribution. The two questions were considered: what percentage of the Portfolio should be in equities (deferred for discussion with Actuary); and whether it is a prudent time to buy or sell in today's market. Since the process of executing the OPEB Board's decisions is normally done on the day of the OPEB Trust Board meeting, if approved by IAC at its subsequent meeting, the Committee discussed if it should deviate from its normal process.

Upon a motion by Mr. Drake, seconded by Ms. Kreuzer, the Committee voted to change the Order of Business to discuss Agenda Item #5 and Item #6 before Items #3 and 4. The Committee voted 4-0-0. Motion carried.

5. Review of OPEB Trust Portfolio investment management strategy

Chairman Duus proposed postponing a discussion of the Draft update of the OPEB Investment Policy Statement until next month's meeting when the Investment Advisory Committee could meet jointly with the OPEB Board when all members would be present for its discussion.

6. Discussion of challenges and opportunities of low interest rates and declining equity markets

Mr. Duus presented several options of funding pension obligation, including (1) issuing pension obligation bonds, (2) transferring pension risk by means of buying an annuity or selling the pension obligation to an insurance company, and (3) offering a buyout to retired pensioners. He analyzed advantages and challenges of each option, provided historical examples and explained their outcomes. The Committee discussed pros and cons of fully funding the OPEB Trust and the Retirement Plan obligations versus keeping the Plans at a somewhat underfunded level. The tax impact of using bond proceeds to fund the OPEB Trust and Retirement System outstanding obligation was weighed against the benefit of reducing the Town annual contribution.

Mr. Mynarski commented that the bonding process was already being considered for re-financing other existing Town debt for The Nathaniel Witherell and municipal Sewers. Additional re-financing options were introduced and Mr. Duus will email a full description.

Ms. Kreuzer presented the stress analysis she performed on the OPEB Trust Portfolio. The goal was to assess what risks passively-managed portfolios with various equity/fixed income allocations would face in negative / mediocre-positive market returns scenarios and what the worst case scenario would look like. The Town's Actuary provided his input as far as the impact of negative market performance on the amount of the annual Town contribution to the OPEB Trust. Ms. Kreuzer's conclusion was that one year of negative returns would not have any significant impact on the size of the annual contribution; however, if such a year is followed by several years of low positive returns (below the assumed rate of return used in actuarial calculations), the annual contribution might experience a notable increase. It was decided that the nature and the effect of OPEB obligations should be studied more and incorporated into Ms. Kreuzer's analysis. The consequences of not reaching the target rate of return will be analyzed to be presented to the full BET with the OPEB Annual Report in July or early Fall.

3. Review changes in investment interest rates and bank earnings credit rates

The Committee reviewed changes in interest rates and the consistency of low earnings credit rates as Ms. Yemets pointed out that, following the 50 bps drop in target federal funds rate on March 3, 2020, the banks were lowering interest rates offered on the Town's deposits. The Town's CD Program remained the best interest yielding investment. Ms. Yemets cautioned that approximately \$2.0 million in CDs would be maturing between now and end of July, with

additional \$3.7 million maturing in August, and that it should be expected that these CDs would be reinvested at much lower rates. A full list of the CD Program holdings that includes IDC ratings will be presented for Committee's review at the next IAC meeting. Ms. Yemets also warned that the Federal Reserve was expected to lower their target rate by another 50-75 bps, which would negatively impact the Town's General Fund interest earnings. She suggested that the lower interest rate environment should be considered when the interest income amount is budgeted for the Fiscal Year 2020-2021.

4. Review actual/forecasted General Fund monthly cash position for Fiscal Year 2020

Ms. Yemets reported that the General Fund balance as of 2/29/2020 was \$176,836,818 and the interest earned in February was approximately \$235,000. Fiscal YTD General Fund earnings topped \$2.0 million. General Fund assets represented about 66.8% of the total Town's investable cash. The annualized blended interest rate earned on the Town's deposits and investments in February was approximately 1.64%. The General Fund February actual cash flows were close to the forecast: total inflows were about \$27.7 million (\$23 million of which was attributed to the tax collections), the disbursements totaled approximately \$30.3 million.

The Committee asked Ms. Yemets to share her estimation of the interest earnings that shows correlation of that number to the target federal funds rate. The analysis to be used for FY2021 Town Revenue projection as the BET sets/approves budgets on Decision Day.

7. Discussion of topics and review of schedule of future IAC meetings

- Changes to the IAC Meeting schedule
 - Date of December meeting is December 7, 2020
- Options for possible financing the unfunded portion of the OPEB Trust and Retirement System

8. New Business

No topic on the Agenda for discussion.

9. Old Business

No topic on the Agenda for discussion.

10. Adjournment

The Committee voted unanimously to adjourn the meeting of the IAC at 11:27 A.M. Motion carried.

Next Meeting: Tuesday, April 7, 2020 at 10:00 A.M. in the Human Services Conference Room.

Catherine Sidor, Recording Secretary

Schedule Investment Advisory Committee Meetings for calendar year 2020

April 7, 2020 (Tuesday) – Human Services Conference Room 3rd Floor
May 7, 2020 (Thursday) – Mazza Conference Room, 1st Floor 10:45 A.M.
June 11, 2020 (Thursday) – Mazza Conference Room, 1st Floor
July 16, 2020 (Thursday) – Mazza Conference Room, 1st Floor
August (no meeting)
September 17, 2020 (Thursday) – Mazza Conference Room, 1st Floor
October 15, 2020 (Thursday) – Mazza Conference Room, 1st Floor
November 10, 2020 (Tuesday) – Human Services Conference Room 3rd Floor
December 8, 2020 (Tuesday) – Mazza Conference Room, 1st Floor

**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION**

Investment Advisory Committee Meeting Minutes

Tuesday, April 7, 2020
Virtual Zoom Meeting

Present:

Committee: Andreas Duus, Chairman; William Drake, Miriam Kreuzer, David Weisbrod

Staff: Joan Lynch, Assistant to the Treasurer; Peter Mynarski, Comptroller;
Nataliya Yemets, Treasurer

BET: Michael Mason, BET Chair; Laura Erickson, Leslie Moriarty, Leslie
Tarkington

Guests: William Ferdinand, OPEB Trust Board Member; Joseph Pellegrino, OPEB
Trust Board Member

The meeting was called to order at 9:25 A.M.

1. Approval of the BET Investment Advisory Committee Meeting Minutes

Upon a motion by Mr. Weisbrod, seconded by Ms. Kreuzer, the Committee voted 4-0-0 to approve the Minutes of the IAC Meeting of March 12, 2020. Motion Carried.

2. Review and approve actions of the OPEB Trust Board Meeting

Ms. Yemets recounted that during the OPEB Trust Board's meeting of April 7, 2020, the Board voted 2-0-1 (Opposed: Stricker) to increase the Portfolio's equity allocation first to 72.5% and then to 75.0% by selling a sufficient amount of U.S. Treasury Bills and investing the proceeds in SPDR S&P 500 ETF (SPY). The trades to be executed on two separate days when the S&P 500 Index declines 2% or more from prior day close to 2:00 PM of current day.

The Investment Advisory Committee discussed the mechanics to execute the OPEB Board's motion or whether equities should be allowed to reach 75% of the Portfolio naturally. The Committee proceeded by reviewing the OPEB IPS guidelines and the changes proposed earlier by the OPEB Trust Board. Several of the proposed amendments were viewed as being substantial, which would change the direction of the OPEB investment approach to more active. The Committee discussed whether a more passive or less passive investment approach would be appropriate to run the OPEB Trust Portfolio. It was decided that this item should be given more thought and review before the IPS changes can be approved by the IAC.

Upon a motion by Mr. Drake, seconded by Ms. Kreuzer, the Committee voted 3-0-1 (Opposed: Weisbrod) to approve the actions of the OPEB Trust Board at their April 7, 2020 OPEB Trust Board meeting, as stated above. Motion carried.

3. Review actual / forecasted General Fund monthly cash position for Fiscal Year 2020

Ms. Yemets reported that the General Fund balance as of 3/31/20 was \$155 million with cash inflows of \$5.8 million and outflows of \$27.5 million. The General Fund interest and dividends earnings in March were \$198,074, the fiscal year-to-date earnings amounted to \$2.25 million. Ms. Yemets reported that an additional \$3.5 million was invested in the CD Program to take advantage of the higher interest rates. The Program's balance is monitored closely to ensure compliance with the Cash Management Resolution.

Ms. Yemets commented that the General Fund April flows would be affected by the measures put in place in accordance with the announced public health and civil preparedness emergencies. It could potentially result in reductions in the Town services revenues, decline in construction permit and conveyance tax revenues, refunds for the cancelled Parks & Recreation spring programs etc. Reduced revenues would likely be offset by savings due to staffing changes, the inflow of state and federal grants, budgeted expenses that may not occur, and reimbursements.

4. Review changes in investment interest rates and bank earnings credit rates

The Committee reviewed the General Fund investment allocations in JP Morgan (2.2%), TD Bank (35.5%), Webster Bank (10.3%), CT STIF (36.2%) and CD Program (15.8%). Focusing on interest rates paid on the Town's deposits, Ms. Yemets reported gradual reduction to the 15-64 bps range in March/April with further declines expected. U.S. Treasuries short-term yields fell to the 10-15 bps range, CD rates got below 1.0% levels. Earnings Credit Rates had not changed, however, were anticipated to be lowered shortly. The Committee asked for diversification recommendations for higher yielding instruments and compared the relative value of each recommendation.

5. Review CD Program holdings as of 3/31/2020

Ms. Yemets reported that on 3/31/2020 the CD Portfolio included 103 holdings, all within the FDIC insurance limit and with the IDC ranking above 170. Approximately \$5.7 million would be maturing before the end of August 2020. The additional \$3.5 million transferred to the Program on 3/26/2020 was invested in 14 CDs, twelve of them with maturities in less than one year, yields ranging from 90 bps to 1.55%. The Town's CD advisor, Financial Northeast Companies (FNC), recommended laddering CDs so that every month there are several CDs maturing in case the Town needs liquidity. Commenting on FY21 appreciation, Ms. Yemets suggested that CD Program could generate up to \$40-\$60 thousand in income per month.

6. Review OPEB Trust Board Management Report and proposed changes to the OPEB Investment Policy Statement

Mr. Duus asked the Committee to review the OPEB IPS draft to discuss further at the next meeting. The Trust Board proposed shifts to streamline and add value to their work including policy changes that would lead to a more active management style. It was decided that a document would be shared to aggregate the Committee's response to OPEB's IPS draft in preparation for further discussion at the next meeting.

7. Discussion of topics and review of schedule of future IAC meetings

- Conversation with the Actuary about the nature of the Town's liability under various market conditions

Mr. Weisbrod and Mr. Duus thanked the Treasury Staff for their preparation of meeting materials and conducting a virtual meeting during the unusual circumstances created by the health emergency restrictions.

8. Adjournment

The Committee voted unanimously to adjourn the meeting of the IAC at 10:58 A.M. Motion carried.

Next Meeting: Thursday, May 7, 2020 either in Town Hall, Mazza Conference Room, 1st Floor or as a Zoom webinar at 10:00 A.M.

Catherine Sidor, Recording Secretary

Andreas Duus, Chair, Investment Advisory Comm.

Schedule Investment Advisory Committee Meetings for calendar year 2020

May 7, 2020 (Thursday) – Zoom Webinar or Town Hall Mazza Conference Room First Floor
June 11, 2020 (Thursday) – Mazza Conference Room, 1st Floor
July 16, 2020 (Thursday) – Mazza Conference Room, 1st Floor
August (no meeting)
September 17, 2020 (Thursday) – Mazza Conference Room, 1st Floor
October 15, 2020 (Thursday) – Mazza Conference Room, 1st Floor
November 10, 2020 (Tuesday) – Human Services Conference Room 3rd Floor
December 8, 2020 (Tuesday) – Mazza Conference Room, 1st Floor

**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION**

Investment Advisory Committee Meeting Minutes

Tuesday, April 7, 2020
Virtual Zoom Meeting

Present:

Committee: Andreas Duus, Chairman; William Drake, Miriam Kreuzer, David Weisbrod

Staff: Joan Lynch, Assistant to the Treasurer; Peter Mynarski, Comptroller;
Nataliya Yemets, Treasurer

BET: Michael Mason, BET Chair; Laura Erickson, Leslie Moriarty, Leslie
Tarkington

Guests: William Ferdinand, OPEB Trust Board Member; Joseph Pellegrino, OPEB
Trust Board Member

The meeting was called to order at 9:25 A.M.

1. Approval of the BET Investment Advisory Committee Meeting Minutes

Upon a motion by Mr. Weisbrod, seconded by Ms. Kreuzer, the Committee voted 4-0-0 to approve the Minutes of the IAC Meeting of March 12, 2020. Motion Carried.

2. Review and approve actions of the OPEB Trust Board Meeting

Ms. Yemets recounted that during the OPEB Trust Board's meeting of April 7, 2020, the Board voted 2-0-1 (Opposed: Stricker) to increase the Portfolio's equity allocation first to 72.5% and then to 75.0% by selling a sufficient amount of U.S. Treasury Bills and investing the proceeds in SPDR S&P 500 ETF (SPY). The trades to be executed on two separate days when the S&P 500 Index declines 2% or more from prior day close to 2:00 PM of current day.

The Investment Advisory Committee discussed the mechanics to execute the OPEB Board's motion or whether equities should be allowed to reach 75% of the Portfolio naturally. The Committee proceeded by reviewing the OPEB IPS guidelines and the changes proposed earlier by the OPEB Trust Board. Several of the proposed amendments were viewed as being substantial, which would change the direction of the OPEB investment approach to more active. The Committee discussed whether a more passive or less passive investment approach would be appropriate to run the OPEB Trust Portfolio. It was decided that this item should be given more thought and review before the IPS changes can be approved by the IAC.

Upon a motion by Mr. Drake, seconded by Ms. Kreuzer, the Committee voted 3-0-1 (Opposed: Weisbrod) to approve the actions of the OPEB Trust Board at their April 7, 2020 OPEB Trust Board meeting, as stated above. Motion carried.

3. Review actual / forecasted General Fund monthly cash position for Fiscal Year 2020

Ms. Yemets reported that the General Fund balance as of 3/31/20 was \$155 million with cash inflows of \$5.8 million and outflows of \$27.5 million. The General Fund interest and dividends earnings in March were \$198,074, the fiscal year-to-date earnings amounted to \$2.25 million. Ms. Yemets reported that an additional \$3.5 million was invested in the CD Program to take advantage of the higher interest rates. The Program's balance is monitored closely to ensure compliance with the Cash Management Resolution.

Ms. Yemets commented that the General Fund April flows would be affected by the measures put in place in accordance with the announced public health and civil preparedness emergencies. It could potentially result in reductions in the Town services revenues, decline in construction permit and conveyance tax revenues, refunds for the cancelled Parks & Recreation spring programs etc. Reduced revenues would likely be offset by savings due to staffing changes, the inflow of state and federal grants, budgeted expenses that may not occur, and reimbursements.

4. Review changes in investment interest rates and bank earnings credit rates

The Committee reviewed the General Fund investment allocations in JP Morgan (2.2%), TD Bank (35.5%), Webster Bank (10.3%), CT STIF (36.2%) and CD Program (15.8%). Focusing on interest rates paid on the Town's deposits, Ms. Yemets reported gradual reduction to the 15-64 bps range in March/April with further declines expected. U.S. Treasuries short-term yields fell to the 10-15 bps range, CD rates got below 1.0% levels. Earnings Credit Rates had not changed, however, were anticipated to be lowered shortly. The Committee asked for diversification recommendations for higher yielding instruments and compared the relative value of each recommendation.

5. Review CD Program holdings as of 3/31/2020

Ms. Yemets reported that on 3/31/2020 the CD Portfolio included 103 holdings, all within the FDIC insurance limit and with the IDC ranking above 170. Approximately \$5.7 million would be maturing before the end of August 2020. The additional \$3.5 million transferred to the Program on 3/26/2020 was invested in 14 CDs, twelve of them with maturities in less than one year, yields ranging from 90 bps to 1.55%. The Town's CD advisor, Financial Northeast Companies (FNC), recommended laddering CDs so that every month there are several CDs maturing in case the Town needs liquidity. Commenting on FY21 appreciation, Ms. Yemets suggested that CD Program could generate up to \$40-\$60 thousand in income per month.

6. Review OPEB Trust Board Management Report and proposed changes to the OPEB Investment Policy Statement

Mr. Duus asked the Committee to review the OPEB IPS draft to discuss further at the next meeting. The Trust Board proposed shifts to streamline and add value to their work including policy changes that would lead to a more active management style. It was decided that a document would be shared to aggregate the Committee's response to OPEB's IPS draft in preparation for further discussion at the next meeting.

7. Discussion of topics and review of schedule of future IAC meetings

- Conversation with the Actuary about the nature of the Town's liability under various market conditions

Mr. Weisbrod and Mr. Duus thanked the Treasury Staff for their preparation of meeting materials and conducting a virtual meeting during the unusual circumstances created by the health emergency restrictions.

8. Adjournment

The Committee voted unanimously to adjourn the meeting of the IAC at 10:58 A.M. Motion carried.

Next Meeting: Thursday, May 7, 2020 either in Town Hall, Mazza Conference Room, 1st Floor or as a Zoom webinar at 10:00 A.M.



Catherine Sidor, Recording Secretary



Andreas Duus, Chair, Investment Advisory Comm.

Schedule Investment Advisory Committee Meetings for calendar year 2020

May 7, 2020 (Thursday) – Zoom Webinar or Town Hall Mazza Conference Room First Floor

June 11, 2020 (Thursday) – Mazza Conference Room, 1st Floor

July 16, 2020 (Thursday) – Mazza Conference Room, 1st Floor

August (no meeting)

September 17, 2020 (Thursday) – Mazza Conference Room, 1st Floor

October 15, 2020 (Thursday) – Mazza Conference Room, 1st Floor

November 10, 2020 (Tuesday) – Human Services Conference Room 3rd Floor

December 8, 2020 (Tuesday) – Mazza Conference Room, 1st Floor