

1. OPEB Trust Board Webinar Agenda

Documents:

[OPEB WEBINAR AGENDA 06-10-2021.PDF](#)

2. SUB_TO_APP_OPEB Trust Board Meeting Minutes_4-8-2021

Documents:

[SUB_TO_APP_OPEB TRUST BOARD MEETING MINUTES_4-8-2021.PDF](#)

3. SUB_TO_APP_OPEB Trust Board Meeting Minutes_6-10-2021

Documents:

[SUB_TO_APP_OPEB TRUST BOARD MEETING MINUTES_6-10-2021.PDF](#)

4. APPROVED_OPEB Trust Board Meeting Minutes_6-10-2021

Documents:

[APPROVED_OPEB TRUST BOARD MEETING MINUTES_6-10-2021.PDF](#)



TOWN OF GREENWICH

**OPEB TRUST BOARD
WEBINAR**

**Thursday, June 10, 2021
8:30 A.M.**

AGENDA

Join Webinar:

<https://greenwichct.zoom.us/j/82746384828?pwd=NnQ2ckRXbjh6OUIDMzJyUHVaZEg3dz09>

Password: 6495222

Dial US: +1 646 518 9805 or 833 548 0276

Webinar ID: 827 4638 4828

Password: 6495222

1. Approval of the OPEB Trust Meeting Minutes of April 8, 2021
2. Review the Trust's performance and asset allocation as of the end of May 2021
3. Discuss market conditions and investment strategy
4. Discuss Investment Advisory Committee changes to the OPEB Trust Portfolio management
5. Discussion of topics for future meetings
6. Adjournment

Next OPEB Board Meeting / Webinar is TBD.

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 demetria.nelson@greenwichct.org as soon as possible in advance of the event.

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

OPEB Trust Board Meeting Minutes

Thursday, April 8, 2021

Virtual Webinar

Present:

Trust Board: Robert Stricker, Chairman; William Ferdinand, Joseph Pellegrino

Staff: Joan Lynch, Assistant to the Treasurer; Peter Mynarski, Comptroller, and ex-officio member of the OPEB Trust Board; Nataliya Yemets, Treasurer and OPEB Trustee

BET Attendees: Michael Mason, BET Chairman; Andy Duus, Laura Erickson, Miriam Kreuzer, Elizabeth K. Krumeich, David Weisbrod

The meeting was called to order at 8:30 A.M.

1. Approval of OPEB Meeting Minutes

Upon a motion by Mr. Pellegrino, seconded by Mr. Stricker, the Board voted 2-0-0 [Mr. Ferdinand joined the meeting late] to approve the Minutes of the OPEB Trust Board Meeting held on January 14, 2021. Motion carried.

2. Review the Trust's performance and asset allocation as of the end of March 2021

Ms. Yemets provided an overview of market activity through the end of March commenting that the equity markets posted positive returns for the first quarter with S&P 500 generating a return of 6.17%. Energy and financials sectors led, gaining 30.85% and 15.99% respectively. Value stocks significantly outperformed growth in the first three months of 2021, with large cap value returning 11.26% and large cap growth returning less than 1.00%. Small caps performed particularly well with Russell 2000 up 12.70%. One-year returns as of 3/31/21 ranged from 56.09% for large cap value to 97.05% for small cap value. US stocks underperformed emerging markets in the trailing 12 months but did better than international stocks. As far as fixed income, the Bloomberg Barclays US Aggregate Total Return Index lost 3.37% during the first quarter and gained only 71 bps in the trailing 12 months period.

Turning to the OPEB Portfolio, Ms. Yemets commented that it gained \$1,033,702 in March, ending the month with the market value of \$40,495,976 before operating cash. Fiscal year to date gains were \$7.8 million. As of March 31, 2021, 66.8% of the total portfolio was in domestic equities, 9.7% was in international equities, 16.1% was in domestic investment grade fixed income represented by PIMCO Income Fund and the remaining 7.4% was in the PIMCO Enhanced Short Maturity Active ETF and cash.

The OPEB Trust Portfolio gained 2.80% in March beating the benchmark by 105 bps. The quarter-to-date, fiscal year-to-date and one-year returns were 5.05%, 23.53% and 42.45%, respectively, outperforming the blended benchmark by three seven and more

than 10%. Longer term performance was well above the actuarial assumption of 7.00%. Domestic equity gained 4.01% in March, slightly lagging S&P 500, but outperformed the index in fiscal year-to-date and one-year periods. International equities experienced weaker performance, with fiscal year-to-date one- and three-year returns significantly lagging MSCI All Country World ex US Index. Domestic fixed income did not contribute as much to the total Portfolio returns when compared to the US Equity, but had impressive results relative to its benchmark, outperforming BC Aggregate by 3.23%, 8.92% and 11.11% in the quarter-to-date, fiscal year-to-date and one-year time periods.

3. Discuss market conditions and investment strategy

Mr. Ferdinand expressed the opinion that the U.S. market conditions remained the same. While looking at trading activity and the recent rally, he commented that the market valuations are projected to grow in the next 12 plus months while continuing to be volatile without huge gains. He recommended no change to the portfolio unless interest rates or inflation interrupted earnings' momentum. Mr. Pellegrino agreed with Mr. Ferdinand's perception of the market, questioning whether the market was fully valued, adding that the real risk was not to be invested in the market. Mr. Pellegrino favored healthcare, technology, maintaining the current exposure to the Russell 2000 and not increasing fixed income or international holdings. Mr. Stricker discussed the long-term outlook, noting that the equities rally cannot go forever and that it would be prudent to start gradually reducing the equity exposure. He proposed to move 5% from SPY to fixed income but did not receive support from the rest of the Board. The Board discussed benefits of adding the Vanguard Extended Market ETF to the Portfolio but came to the conclusion that the current combination of SPY and VTWO is very similar to the composition of VXF. The Board made no changes to the Portfolio allocations but asked that members continue to look for publicly traded alternative ETFs or mutual funds.

4. Discuss Investment Advisory Committee changes to the OPEB Trust Investment Policy Statement

The Board reviewed the final draft of the OPEB Trust Investment Policy Statement (IPS) to be presented by the IAC to the BET on its June Agenda. Mr. Stricker noted several inconsistencies in the draft, mainly that the IPS explicitly stated the Plan's long-term investment horizon, but established short-term procedural items like requesting the Board's annual view on short-term market returns. Mr. Stricker also suggested that a total market index is a better representation of the U.S. equity markets than SPX and therefore should replace SPX in the OPEB Portfolio blended benchmark. Mr. Duus responded that the S&P 500 Index was chosen for its simplicity and familiarity to most people. Mr. Stricker stated that he strongly opposed the IAC's decision to restrict active management in the IPS, arguing that in certain market conditions when active management is required to help the Plan achieve the assumed return of 7%, it would take a long time to change the IPS again. He assured the IAC that the OPEB Board favors low cost passive funds, and therefore restricting the flexibility of active management in the IPS, in his view, was unnecessary. Mr. Duus promised to discuss the raised items at the next IAC meeting.

5. Schedule meetings for the remainder of calendar year 2021

July 15, 2021
October 14, 2021

6. Discussion of topics for future Meetings

Mr. Duus expressed appreciation for the OPEB Trust Board's exceptional performance.

1. Board membership term expirations and renewal
2. Further exploration for attractive yields in illiquid investments

7. Adjournment

Upon a motion by Mr. Ferdinand, seconded by Mr. Stricker, the Board voted 3-0-0 to adjourn the meeting at 9:49 A.M.

Next OPEB meeting is scheduled for Thursday, July 15, 2021 at 8:30 A.M.

Catherine Sidor, Recording Secretary

Robert Stricker, Chair OPEB Trust

July 15, 2021 (Thursday)
October 14, 2021 (Thursday)

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

OPEB Trust Board Meeting Minutes

Thursday, June 10, 2021

Virtual Webinar

Present:

Trust Board: Robert Stricker, Chairman; William Ferdinand, Joseph Pellegrino

Staff: Joan Lynch, Assistant to the Treasurer; Peter Mynarski, Comptroller, and ex-officio member of the OPEB Trust Board; Nataliya Yemets, Treasurer and OPEB Board Trustee

BET Attendees: Andy Duus, Laura Erickson, Miriam Kreuzer

The meeting was called to order at 8:30 A.M.

1. Approval of OPEB Meeting Minutes

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 3-0-0 to approve the Minutes of the OPEB Trust Board Meeting held on April 8, 2021. Motion carried.

2. Review the Trust's performance and asset allocation as of the end of May 2021

Ms. Yemets provided an overview of market activity through the end of May commenting that most stocks posted positive returns with S&P 500 gaining 70 bps, MSCI All Country World ex US advancing 3.13% and BC Aggregate up 33 bps. One year returns for US equities were positive ranging from 38% (Mid Cap Growth) to 79% (Small Cap Value). International equities gained 38% in the last twelve months and Emerging Markets rose by 51%.

The trust portfolio earned \$337,487 or 0.8% in May and ended the month with the market value of \$42,362,767 before operating cash. As of May 31, the portfolio allocations were 67.5% in US equities, 9.8% in international equities, and 22.7% in domestic fixed income, including short term and cash. Fiscal year-to-date gain was \$9.6 million and FYTD, CYTD and one-year returns outperformed the blended benchmark by 7.66%, 3.45% and 7.43%, respectively.

3. Discuss market conditions and investment strategy

Mr. Pellegrino led off the discussion with four items: 1) the pace, sustainability and ultimate strength of the economic recovery; 2) inflation - whether it will truly be only temporary; 3) market valuation - whether the market is fully valued, how much more upside there is versus the risk of the downside; and 4) future direction of the OPEB Trust investments. He saw the economic recovery as robust for the foreseeable future and was not overly concerned about the employment issue. Mr. Pellegrino was somewhat concerned about the inflation being vicious for a longer period of time. In

his view, the market is fully valued and there will be a pull back at some point, but not in the near twelve months.

Mr. Ferdinand expressed the opinion that as long as earnings remained positive and the Federal Reserve kept interest rates neutral, the markets would do well. He suggested that currently there was nothing to indicate change in the market movement. The earnings yield on stocks was good; therefore, the bias should be toward equities not fixed income.

Mr. Stricker had a more pessimistic view on the markets, suggesting that it was unlikely that the markets would do much better going forward. In his opinion, the OPEB Trust Portfolio's allocations should be closer to the benchmark allocations. He suggested reducing the US equity exposure and selling the Russell 2000 (VTWO) position. After having reviewed the Vanguard Russell 2000 Index Fund's gains in the last year, the Board agreed that the gain should be locked by redeeming VTWO. In addition, having discussed the framework further, the Board came to the conclusion that it would be prudent to reduce the equity position to 70% and add to fixed income. The decision was made not to buy any new holdings for the Portfolio but invest VTWO proceeds into the SPDR S&P 500 ETF and the PIMCO Income Fund.

Upon a motion by Mr. Pellegrino, seconded by Mr. Stricker, the Board voted 3-0-0 to sell the position in the Vanguard Russell 2000 Index Fund (VTWO) in its entirety. Motion carried.

Upon a motion by Mr. Pellegrino, seconded by Mr. Stricker, the Board voted 3-0-0 to add sufficient shares to the SPDR S&P 500 ETF (SPY) to bring the total equity exposure to 70% of the OPEB Trust Portfolio. Motion carried.

Mr. Pellegrino made a motion, seconded by Mr. Stricker, to invest the remainder of the proceeds from the sale of VTWO into the PIMCO Income Fund (PIMIX). The Board voted 3-0-0. Motion carried.

4. Discuss Investment Advisory Committee changes to the OPEB Trust Portfolio management

Mr. Stricker announced formally that this was his final OPEB Board meeting since he is moving out of Greenwich. Fellow Board members and attending BET members thanked him for the quality of leadership and continuity that he had brought to the work of the Board. His dedication to serving the Town and his volunteer commitment of twelve years were acknowledged. His incredibly great advice, particularly in fixed income, and his input to the growth of the Fund will be a legacy of his contribution to public service.

In light of this announcement, Mr. Duus asked if Mr. Pellegrino agrees to be nominated for a new three-year term, and Mr. Ferdinand and Mr. Pellegrino go forward as co-chairs of the Trust Board until a third member can be appointed, or the results of the RFP for OCIO is known. Both Mr. Pellegrino and Mr. Ferdinand agreed to stay on the Board and co-chair.

5. Discussion of topics for future Meetings

Mr. Duus expressed appreciation for the OPEB Trust Board's exceptional performance and Mr. Stricker's leadership, recognizing how his contribution had benefited the Town. Mr. Stricker was encouraged to attend the full BET meeting in July 2021.

6. Adjournment

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 3-0-0 to adjourn the meeting at 9:30 A.M.

Next OPEB meeting is scheduled for Thursday, July 15, 2021 at 8:30 A.M.

Catherine Sidor, Recording Secretary

Robert Stricker, Chair OPEB Trust

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Catherine Sidor, Recording Secretary



Joe Pellegrino, Chair OPEB Trust

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