1. OPEB Trust Board Webinar Agenda
   Documents:
   
   OPEB WEBINAR AGENDA 07-15-2021.PDF

2. SUB_TO_APP_OPEB Trust Board Meeting Minutes_6-10-2021
   Documents:
   
   SUB_TO_APP_OPEB TRUST BOARD MEETING MINUTES_6-10-2021.PDF

3. SUB_TO_APP_OPEB Trust Board Meeting Minutes_7-14-2021
   Documents:
   
   SUB_TO_APP_OPEB TRUST BOARD MEETING MINUTES_7-14-2021.PDF

4. APPROVED_OPEB Trust Board Meeting Minutes_7-14-2021
   Documents:
   
   APPROVED_OPEB TRUST BOARD MEETING MINUTES_7-14-2021.PDF
TOWN OF GREENWICH

OPEB TRUST BOARD
WEBINAR

Wednesday, July 14, 2021
3:00 P.M.

AGENDA

You are invited to a Zoom webinar
https://greenwichct.zoom.us/j/85868034479?pwd=NDM2ZUVYS0Z1MIArQIFxcGRtUGZ3Zz09
Password: 7501301

Dial: +1 646 518 9805 or 833 548 0282 (Toll Free)
Webinar ID: 858 6803 4479
Password: 7501301

1. Approval of the OPEB Trust Meeting Minutes of June 10, 2021

2. Review of the Trust’s performance and asset allocation as of the end of June 2021

3. Review of the Portfolio compliance with the Investment Policy Statement approved by BET on June 14, 2021

4. Discussion of market conditions and investment strategy

5. Discussion of topics for future meetings

6. Adjournment

Next OPEB Board Meeting in on Thursday, October 14, 2021 at 8:30 AM. Location 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, 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

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

Trust Board: Co-Chairmen: 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, Miriam Kreuzer, David Weisbrod

Guest: Cyril Espagnol

The meeting was called to order at 3:00 P.M.

1. **Approval of OPEB Meeting Minutes**

   Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 2-0-0 to approve the Minutes of the OPEB Trust Board Meeting held on June 10, 2021. Motion carried.

2. **Review of the Trust’s performance and asset allocation as of the end of June 2021**

   Ms. Yemets provided an overview of market activity, commenting that international and US value stocks posted negative returns, while domestic growth and core equities generated positive returns ranging from 1.47% to 6.80% in June. The S&P 500 gained 2.33%, MSCI All Country World ex US lost 65 bps and BC Aggregate gained 70 bps. One-year returns for US equities range from 42.50% for Large Cap Growth to 73.28% for Small Cap Value; one-year return for emerging markets is 40.90% and international equities have gained 32.35%.

   With the return of 1.51% in June, the Trust Portfolio outperformed its blended benchmark for both calendar year-to-date and one-year time periods; its longer-term returns were well above the actuarial assumption of 7%. Domestic equities gained 2.41%, international equities lost 49 bps for a total equities gain of 2.00%. Fixed Income generated a return of 22 bps and lagged the benchmark. In total, the Portfolio gained $564,750 in June, ending the month with a market value of $42.9 million. The Portfolio’s market gain in fiscal year 2021 amounted to $10.2 million.

   In closing, Ms. Yemets reminded the Committee that the Town’s annual net OPEB contribution of $883,365.88, which consists of the budgeted contribution of $3,836,000 minus the previous fiscal year expenses of the plan, was wired into OPEB’s brokerage account at Vanguard and swept into the Vanguard Federal Money Market Fund the day before the Board meeting.

3. **Review of the Portfolio compliance with the Investment Policy Statement approved by BET on June 14, 2021**
The OPEB Portfolio allocations at the end of June were 60.6% in domestic equities, 9.6% in international equities and 29.8% in domestic fixed income including short term and cash. All allocations were close to targets that were set at the June 10 OPEB meeting and were within the updated IPS guidelines, with the exception of the PIMCO Income Fund (PIMIX). Ms. Yemets noted that the proceeds from the previous month’s sale of VTWO ($4.65 million) had been used to bring the S&P500 ETF (SPY) holdings to 60% of the Trust, with the remainder of the proceeds going to PIMCO Income Fund (PIMIX). Per the current IPS, actively managed mutual funds and ETFs are limited to 20% of the total Portfolio for any individual mutual fund or ETF, and 30% in aggregate across all actively managed mutual funds and ETFs. PIMIX was now up to 22.8% of the portfolio, so this should be addressed by the Board in today’s meeting.

4. Discussion of market conditions and investment strategy

Mr. Ferdinand led off the discussion suggesting that the Federal Bank was focusing on reducing unemployment, not raising interest rates, and it apparently had no intention of disrupting the financial markets in the near term. He predicted that in the second half of the year, earnings would carry the market through the first half of next year. Mr. Ferdinand indicated he was not inclined to make any changes to the OPEB portfolio. Mr. Pellegrino suggested that he believed that US global interests were de-coupling from China, and that US banks had no incentive to lend because of concern about inflation and rate increases. He was more concerned about inflation, and remarked that the Portfolio’s lack of exposure to international fixed income was a drag on performance, especially relative to the index. He proposed the Board consider Vanguard Total International Bond Index Fund ETF (BNDX) which is a very large fund or BlackRock Short Maturity Bond ETF (NEAR) which has positive returns over all timeframes. Ms. Yemets was asked for a 3-year comparison of MINT’s earnings versus BlackRock Short Maturity Bond ETF and a list of alternative funds to consider at the next meeting.

After some discussion, Mr. Pellegrino proposed to bring the PIMCO Income Fund’s allocation in compliance with the Trust’s current IPS by moving the excess 2.8% into the PIMCO Enhanced Short Maturity Active ETF (MINT). In addition, he suggested that the Town’s annual contribution should also be invested in MINT until other options are researched and considered at the next OPEB Board meeting in October 2021. It was noted that approving these motions would result in aggregate actively managed mutual funds and ETFs becoming slightly above the 30% maximum allowed by IPS guidelines.

Mr. Pellegrino made a motion, seconded by Mr. Ferdinand, to sell the 2.8% excess in PIMCO Income Fund (PIMIX) and invest the proceeds in PIMCO Enhanced Short Maturity Active ETF (MINT). The Board voted 2-0-0. Motion carried.

Mr. Pellegrino made a motion, seconded by Mr. Ferdinand, to invest the Town’s annual contribution (net of prior fiscal year expenses) in the amount of $883,365.88 in PIMCO Enhanced Short Maturity Active ETF (MINT). The Board voted 2-0-0. Motion carried.

5. Discussion of topics for future meetings

- Discussion of fixed income investment options.
Ms. Yemets remarked that the IPS calls for an annual review consisting of review of markets, market outlook, changes in asset class expected returns, and any recommendations for changes to IPS if applicable. IAC members on the call said this may not be necessary at this time since the IPS guidelines had just been updated.

6. **Adjournment**

   Upon a motion by Mr. Ferdinand, seconded by Mr. Pellegrino, the Board voted 2-0-0 to adjourn the meeting at 3:55 P.M.

Next OPEB meeting is scheduled for Thursday, October 14, 2021 at 8:30 A.M. The meeting will be held at Town Hall in a meeting room to be determined.

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Catherine Sidor, Recording Secretary

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Joseph Pellegrino, Co-Chair, OPEB Trust

**Schedule meetings for the remainder of calendar year 2021**

   Thursday, October 14, 2021
Present:

Trust Board: Co-Chairmen: 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, Miriam Kreuzer, David Weisbrod

Guest: Cyril Espagnol

The meeting was called to order at 3:00 P.M.

1. Approval of OPEB Meeting Minutes

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 2-0-0 to approve the Minutes of the OPEB Trust Board Meeting held on June 10, 2021. Motion carried.

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

Ms. Yemets provided an overview of market activity, commenting that international and US value stocks posted negative returns, while domestic growth and core equities generated positive returns ranging from 1.47% to 6.80% in June. The S&P 500 gained 2.33%, MSCI All Country World ex US lost 65 bps and BC Aggregate gained 70 bps. One-year returns for US equities range from 42.50% for Large Cap Growth to 73.28% for Small Cap Value; one-year return for emerging markets is 40.90% and international equities have gained 32.35%.

With the return of 1.51% in June, the Trust Portfolio outperformed its blended benchmark for both calendar year-to-date and one-year time periods; its longer-term returns were well above the actuarial assumption of 7%. Domestic equities gained 2.41%, international equities lost 49 bps for a total equities gain of 2.00%. Fixed Income generated a return of 22 bps and lagged the benchmark. In total, the Portfolio gained $564,750 in June, ending the month with a market value of $42.9 million. The Portfolio's market gain in fiscal year 2021 amounted to $10.2 million.
In closing, Ms. Yemets reminded the Committee that the Town’s annual net OPEB contribution of $883,365.88, which consists of the budgeted contribution of $3,836,000 minus the previous fiscal year expenses of the plan, was wired into OPEB’s brokerage account at Vanguard and swept into the Vanguard Federal Money Market Fund the day before the Board meeting.

3. **Review of the Portfolio compliance with the Investment Policy Statement approved by BET on June 14, 2021**

The OPEB Portfolio allocations at the end of June were 60.6% in domestic equities, 9.6% in international equities and 29.8% in domestic fixed income including short term and cash. All allocations were close to targets that were set at the June 10 OPEB meeting and were within the updated IPS guidelines, with the exception of the PIMCO Income Fund (PIMIX). Ms. Yemets noted that the proceeds from the previous month’s sale of VTWO ($4.65 million) had been used to bring the S&P500 ETF (SPY) holdings to 60% of the Trust, with the remainder of the proceeds going to PIMCO Income Fund (PIMIX). Per the current IPS, actively managed mutual funds and ETFs are limited to 20% of the total Portfolio for any individual mutual fund or ETF, and 30% in aggregate across all actively managed mutual funds and ETFs. PIMIX was now up to 22.8% of the portfolio, so this should be addressed by the Board in today’s meeting.

4. **Discussion of market conditions and investment strategy**

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Mr. Pellegrino made a motion, seconded by Mr. Ferdinand, to invest the Town's annual contribution (net of prior fiscal year expenses) in the amount of $883,365.88 in PIMCO Enhanced Short Maturity Active ETF (MINT). The Board voted 2-0-0. Motion carried.

5. **Discussion of topics for future meetings**

   - Discussion of fixed income investment options.

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6. **Adjournment**

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Next OPEB meeting is scheduled for Thursday, October 14, 2021 at 8:30 A.M. The meeting will be held at Town Hall in a meeting room to be determined.

\[\text{Signature} \]

Catherine Sidor, Recording Secretary

\[\text{Signature} \]

Joseph Pellegrino, Co-Chair, OPEB Trust

**Schedule meetings for the remainder of calendar year 2021**

Thursday, October 14, 2021