

1. BET IAC OPEB Concurrent Meeting Agenda 07-24-2023

Documents:

[BET IAC OPEB CONCURRENT MEETING AGENDA 07-24-2023.PDF](#)

1.I. SUB_TO_APP_BET IAC Meeting Minutes_06-07-2023

Documents:

[SUB_TO_APP_BET IAC MEETING MINUTES_06-07-2023.PDF](#)

2. SUB_TO_APP_BET IAC & OPEB Concurrent Meeting Minutes_07-24-2023

Documents:

[SUB_TO_APP_BET IAC OPEB CONCURRENT MEETING MINUTES_07-24-2023.PDF](#)

3. APPROVED_BET IAC OPEB Concurrent Meeting Minutes_07-24-2023

Documents:

[APPROVED_BET IAC OPEB CONCURRENT MEETING MINUTES_07-24-2023.PDF](#)



**TOWN OF GREENWICH
BOARD OF ESTIMATE & TAXATION**

**INVESTMENT ADVISORY COMMITTEE and OPEB TRUST BOARD
CONCURRENT MEETING**

Monday, July 24, 2023 – 10:00 A.M.

**Mazza Room
1st Floor, Town Hall**

AGENDA

1. Approval of the BET Investment Advisory Committee Meeting Minutes of June 7, 2023
2. Review of market conditions, OPEB Trust Portfolio performance results and asset allocation as of June 30, 2023 – Vanguard
3. OPEB Board Chair reappointment for FY2024
4. Review of Treasury Reports:
 - Town's cash position and invested cash allocations on June 30, 2023
 - Bank interest rates and earnings credit rates
 - Investments in U.S. Treasury Bills
 - CD Portfolio holdings
 - General Fund monthly cash flows: actual for June 2023 and projected for fiscal year 2024
5. Old Business
6. New Business
7. Adjournment

Next IAC Meeting: Thursday, September 7, 2023 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 demetria.nelson@greenwichct.org as soon as possible in advance of the event.

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

**INVESTMENT ADVISORY COMMITTEE (IAC)
MEETING MINUTES**

June 7, 2023

Present:

IAC Members: William Drake, Chairman, Harry Fisher, Miriam Kreuzer, David Weisbrod

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

BET: Dan Ozizmir, BET Chairman; Leslie Tarkington

The meeting was called to order at 12:03 P.M.

1. Approval of the BET Investment Advisory Committee Meeting Minutes of May 11, 2023

Mr. Fisher made a motion to approve the May 11, 2023 meeting minutes, seconded by Ms. Kreuzer. The vote was 3-0-1 to approve the May 11, 2023 meeting minutes.

2. Update on the OPEB Trust Portfolio market value as of May 31, 2023

Ms. Yemets reviewed the OPEB Trust Portfolio performance results for the month of May and fiscal year-to-date through May 31st. The OPEB Trust Portfolio ended the month of May with a market value of \$41.7 million, which includes a loss of 1.09% (\$458,689) for the month, and a gain of \$3.1 million for the fiscal year to date. Allocations as of the end of May were as follows: 45.3% with US Equities, 30.8% with International Equities, 19.1% with US Fixed Income, and 4.8% with International Fixed Income, all within IPS guidelines. No rebalancing required.

3. Review of Treasury Reports

• **Town's cash position and invested cash allocations on May 31, 2023**

Ms. Yemets presented the May 31, 2023 Treasurer's Report, showing a General Fund cash balance of \$133.0 million, and made several comments regarding its contents. General Fund appreciation for the month of May was \$507,983. The total Town Cash position, including OPEB (excluding Retirement) was \$293.6 million. Fiscal YTD appreciation for the General Fund was \$5.2 million.

Mr. Fisher asked about timing of tax bills going out, and it was noted that the bills are targeted to be sent out June 15th-16th.

Ms. Yemets provided a schedule of invested cash allocations and noted that 3.4% of all cash (excluding Retirement and OPEB) is held at the banks (JPM, TD, Webster), with the

majority of cash funds invested in US Treasuries (70.8%), CT STIF (17.2%), and the CD Program (8.6%). Allocations are similar within the General Fund.

At the request of Ms. Tarkington, Mr. Mynarski reviewed each of the fund balances on the Treasurer's Report and discussed the status of each fund (other than General Fund and OPEB Trust Fund). At the suggestion of Ms. Kreuzer, Mr. Mynarski agreed it would be prudent to set a minimum guideline for the Sewer Maintenance Fund (the Town's only pay-as-you-go fund) as part of the fund review during the budget process.

- **Bank interest rates and earnings credit rates**

Ms. Yemets reviewed interest rates and earnings credit rates for each bank, Certificates of Deposit and U.S. Treasuries, noting that interest rates have increased across the board in May, and all rates are being monitored regularly. JPMorgan raised their rate to 3.47%, TD increased to 3.25% and Webster went up to 2.35%. STIF interest rate was 5.07% on May 31st, and STIF effective yield is 5.19%. The CD Program average yield was 2.33%, with current 3-, 6- and 12-month CDs currently offered at 5.30%.

- **Investments in U.S. Treasury Bills**

Ms. Yemets reviewed a schedule of all U.S. Treasury investments which total \$180.5 million (face value) as of May 31, 2023, showing trade date, maturity date, quantity, price and yield to maturity for each bill. The schedule showed total investments in U.S. Treasuries for the General Fund of \$94.0 million, Capital Projects Fund of \$53.5 million, ARP COVID Recovery Fund of \$13.0 million, Capital Non-Recurring Fund of \$7.0 million and Sewer Maintenance Fund of \$13.0 million.

Ms. Yemets commented a bill matured yesterday June 6th and the proceeds would be used to cover payroll this week. New investments in U.S. Treasuries will continue to be assessed based on available balances and liquidity needs.

- **General Fund monthly cash flows: actual for May 2023 and projected for June 2023**

Ms. Yemets presented the Cash Report for the General Fund cash flows and balances through May 31, 2023. Tax collections were \$2.2 million, Board of Ed grants were \$3.7 million, and NW collections were \$2.1 million. Total inflows were \$10.1 million, and total outflows were \$31.9 million, for net cash outflow of \$21.8 million in May. Cash ending balance was \$133.0 million.

4. Old Business

At the request of Mr. Drake, Mr. Mynarski provided an update of the RFP for Retirement and OPEB Actuarial Services and Retirement OCIO, which have been finalized and will be voted on at the BET meeting later today.

5. New Business

The November 2023 IAC Meeting was changed from Thursday, November 9th to Tuesday, November 7th at 9:00 am.

6. Adjournment

Upon a motion by Mr. Weisbrod, seconded by Ms. Kreuzer, to adjourn the Regular Meeting of the Investment Advisory Committee at 12:35 pm, the Committee voted 4-0-0 to adjourn.

Joan Lynch, Recording Secretary

William Drake, Chairman, Investment Advisory Cmte

The next meeting of the IAC will be a concurrent meeting of the IAC and the OPEB Trust Board on Monday, July 24, 2023 at 10:00 A.M. in the Mazza Room.

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

**Concurrent meeting of
Investment Advisory Committee (IAC) and
Other Post-Employment Benefits (OPEB) Trust Board
Meeting Minutes**

July 24, 2023

Present:

IAC Members: William Drake, Chairman, Harry Fisher, Miriam Kreuzer (via phone), David Weisbrod

OPEB Trust Board: Joseph Pellegrino, Chairman, William Drake, Miriam Kreuzer (via phone)

Staff: Peter Mynarski, Comptroller; Nataliya Yemets, Treasurer

Guests: Brian Binkley, Vanguard

BET Member: Dan Ozizmir, BET Chairman; Leslie Tarkington

The meeting was called to order at 10:00 A.M.

1. Approval of the BET IAC Meeting Minutes of June 7, 2023

Mr. Fisher made a motion to approve the June 7, 2023 meeting minutes, seconded by Ms. Kreuzer. The vote was 3-0-1 to approve the June 7, 2023 meeting minutes (Mr. Weisbrod joined the meeting after the vote). Motion carried.

2. Review of market conditions, OPEB Trust Portfolio performance results and asset allocation as of June 30, 2023 – Vanguard

Mr. Binkley started with a recap of the broad indices, both equity and fixed income since the portfolio underlying funds mirror index performance. He stated that equities markets had been strong this year with U.S. stocks being up over 16% on the calendar year-to-date (YTD) basis and on one-year basis up over 18%. This is off of the October lows, but not off the lows of January of last year, so it would be too early to call it a bull market. Non-U.S. stocks were strong, but behind the U.S. stocks – up 9% on the calendar YTD basis, 12% on the one-year basis. Fixed Income had an awful year in 2022 due to the rises in interest rates by the Fed, but so far U.S. bonds (broad Barclays Aggregate) are up 2% and Non-U.S. bonds are up 3.6% on the calendar YTD basis, on the one-year basis the returns from Fixed Income are still negative. Mr. Binkley also noted that Large Cap stocks led the way with a return of 19% on calendar YTD basis, and Growth stocks outperformed Value – up 28% vs. 5%. Mr. Binkley provided a quick overview of the sectors, mentioning that growth sectors, including IT stocks, Consumer Discretionary and Communication Services, dominated in the last six months. He also discussed the market drivers and provided an analysis of the market leadership, showing that 10 largest companies in the S&P500

contributed 74% of the S&P500 return YTD. Mr. Binkley reviewed the yield curve, which remains inverted – usually a predictor of recession.

Mr. Binkley then reviewed OPEB Trust performance, noting that the Portfolio had a strong positive 12.54% gross return on a one-year (Town's fiscal year) basis – almost a reversal of where the Plan was last year in terms of absolute performance. The current asset allocation was close to the policy index, with a slight overweight to U.S. Equities. Mr. Binkley reported that on July 14, 2023 there was an annual contribution to the Plan in the amount of \$1.4 million (net of previous fiscal year Plan health care expenses). That cashflow was used to rebalance the Portfolio to the target allocations. He also reviewed fiscal year 2023 flows, including total capital appreciation of \$3.97 million and total income of \$944.5 thousand, which brought the Portfolio's ending market value to \$43.5 million.

Mr. Binkley then reviewed the investment management fees and expenses for the OPEB Portfolio. The index fund expenses ranged from 3 bps for the Total Stock Market Index Fund to 11 bps for the Total International Bond Index Fund. On the weighted average basis, the OPEB Trust expenses were 5 bps or \$21,722 for the fiscal year 2023. These expenses do not come out of the Trust, but rather are reflected in the performance of the index funds. Mr. Binkley explained that equity funds can track their indices tighter due to the fact that they engage in securities lending and approximately 90% of the revenue generated from securities lending is paid back to the funds. Mr. Binkley also discussed Vanguard's advisory fees, an out-of-pocket expense for the OPEB Trust. These fees are 12 bps, which equated to \$52 thousand for the fiscal year 2023.

Mr. Binkley also provided an update for the 30-year expected return for the Portfolio. With the current target allocation, at the median, the expected return is 6.9% over the 30-year time horizon. This return is close to the discount rate used for the Plan, so it's unlikely that the actuary would recommend any changes to the current discount rate. Mr. Binkley noted that the OPEB funded status is approximately 50% and compared it to other OPEB plans in the State of CT. According to his data, only 47% of 175 plans in the State of CT are funded. For those with an OPEB trust, the average funding ratio is 36.5%. He commended the Town of Greenwich for having the OPEB Trust established and keeping its funded status higher than the average. The median investment return assumption for OPEB plans in the State of CT is 6.25%. Mr. Ozizmir inquired how changing the discount rate would impact the amount of annual contribution. Mr. Mynarski offered to share the sensitivity analysis normally performed by the actuary.

Mr. Binkley finished his presentation with the overview of how Vanguard's capital market assumptions changed over three different periods: 2021 year-end, 2022 year-end and 2023 midyear. Vanguard's 10-year annualized return forecasts in 2022 were higher than in 2021, however, they got modestly lower in 2023. At this time, expectations for the global/international equities is higher than U.S. equities on a 10-year basis because valuations are cheaper on international markets and the U.S. dollar is expected to weaken slightly over the next 10 years. Ms. Kreuzer inquired at what point Vanguard would consider reducing an allocation to international equities, provided their valuations are getting less attractive compared to what they used to be. Mr. Binkley responded that the change would be made only if there is a drastic change in market expectations, otherwise, they do not do tactical allocations, unless requested by the OPEB Board / IAC. Ms. Kreuzer concurred with that approach. The Committee discussed the role of alternative investments in OPEB portfolios, and it was decided that due to the nature and size of the OPEB plans, investments in alternatives are probably not common.

Mr. Weisbrod complimented Mr. Binkley on the work Vanguard does for the OPEB Trust and expressed an opinion that retaining Vanguard was a good decision.

3. OPEB Board Chair reappointment for FY2024

Mr. Mynarski listed the current OPEB Board Members term expiration dates. After a brief discussion by the meeting participants, the following motions were made:

OPEB Trust Board: Ms. Kreuzer made a motion, seconded by Mr. Drake, to reappoint Mr. Pellegrino for a 1-year term as an OPEB Trust Board Chair. The OPEB Trust Board voted 3-0-0. Motion carried.

BET IAC: Mr. Weisbrod made a motion, seconded by Mr. Drake, to reappoint Mr. Pellegrino for a 1-year term as an OPEB Trust Board Chair. The Committee voted 4-0-0. Motion carried.

Mr. Fisher made a motion, seconded by Mr. Weisbrod, to nominate Mr. Drake for another 3-year term as an OPEB Trust Board Member. The Committee voted 4-0-0. Motion carried.

4. Review of Treasury Reports

- **Town's cash position and invested cash allocations on June 30, 2023**

Ms. Yemets presented the June 30, 2023 Treasurer's Report, showing a General Fund cash balance of \$159.4 million, and made several comments regarding its contents. General Fund appreciation for the month of June was \$463,288. The total Town Cash position, including OPEB (excluding Retirement) was \$316.5 million. Fiscal YTD appreciation for the General Fund was over \$5.7 million.

Mr. Ozizmir inquired why the General Fund cash balance on June 30, 2023 (\$159.4 million) was significantly higher than on June 30, 2022 (\$130.5 million). Mr. Mynarski and Ms. Yemets listed several factors that contributed to the difference, including higher tax levy, larger amounts of grant funds paid to the Town by the Government, higher interest income earned in fiscal year 2023, and increase in conveyance tax and building permits revenues.

Ms. Yemets provided a schedule of invested cash allocations and noted that 3.0% of all cash (excluding Retirement and OPEB) is held at the banks (JPM, TD, Webster), with the majority of cash funds invested in U.S. Treasuries (55.0%), CT STIF (33.9%), and the CD Program (7.9%). Allocations are similar within the General Fund.

- **Bank interest rates and earnings credit rates**

Ms. Yemets reviewed interest rates and earnings credit rates for each bank, Certificates of Deposit and U.S. Treasuries, noting that all rates are being monitored regularly and there had not been any changes in the bank deposit interest rates since June. STIF interest rate was 5.13% on June 30th, and STIF effective yield is 5.25%. The CD Program average yield was 2.40%, with current 3-, 6- and 12-month CDs currently offered at 5.30%

- **Investments in U.S. Treasury Bills**

Ms. Yemets reviewed a schedule of all U.S. Treasury investments which totaled \$151.5 million (face value) on June 30, 2023, showing trade date, maturity date, quantity, price and yield to maturity for each bill. The schedule showed total investments in U.S. Treasuries for the General Fund of \$72.0 million, Capital Projects Fund of \$46.5 million, ARP COVID Recovery Fund of \$13.0 million, Capital Non-Recurring Fund of \$7.0 million and Sewer Maintenance Fund of \$13.0 million.

Ms. Yemets commented that a total of \$25.0 million of General Fund T-Bills matured in July prior to the IAC meeting. Of that total, \$10.0 million was rolled over into a 4-month T-Bill at 5.312% YTM and the rest was pending reinvestment. Also, on July 11, 2023, \$7.0 million of Capital Projects investment in T-Bills matured and the proceeds were moved to CT STIF. New investments in U.S. Treasuries will continue to be assessed based on available balances and liquidity needs.

- **CD Portfolio holdings**

As of June 30, 2023, the Town's CD portfolio consisted of 89 holdings. Total maturities were \$21.5 million, with current weighted average maturity of 1.43 years, and weighted average yield 2.397%. FNC has discretion to roll over maturing CD's within guidelines, but they contact Ms. Yemets whenever large amounts are maturing, and they are in regular contact. Yields currently range from 20 bps to 5%, all IDC rankings are 165 or higher, and all positions are below FDIC limit of \$250,000.

- **General Fund monthly cash flows: actual for June 2023 and projected for fiscal year 2024**

Ms. Yemets presented the Cash Report for the General Fund cash flows and balances through June 30, 2023. Tax collections In June were \$55.4 million, conveyance tax collections were \$895.9 thousand, building permit revenues were \$602.0 thousand, and Board of Ed grants were \$3.2 million. Total inflows were \$63.2 million, and total outflows were \$36.8 million, for net cash inflow of \$26.4 million in June. Cash ending balance was \$159.4 million on June 30, 2023.

Ms. Yemets provided a comparison of tax receipts collected from June 20 to July 21 in 2023 to the collections during the same time period in 2022. In the current year, the collections lagged by approximately \$31.0 million, however, Ms. Yemets was confident that they would catch up when the escrow payments are sent to the Tax Collector.

The fiscal year 2024 cash flow projections will be provided to the Committee at the next IAC meeting in September.

5. **Old Business** – None

6. **New Business**

Mr. Mynarski provided an update on the Assistant to the Treasurer job posting and preliminary search results.

6. Adjournment

Upon a motion by Mr. Fisher, seconded by Mr. Weisbrod, to adjourn the Concurrent Meeting of the Investment Advisory Committee and the OPEB Trust Board at 11:10 A.M., the Committee voted 4-0-0 to adjourn.

Nataliya Yemets, Recording Secretary

William Drake, Chairman, Investment Advisory Cmte

The next meeting of the IAC will be held on Thursday, September 7, 2023 at 10:00 A.M. in the Mazza Room.



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

**Concurrent meeting of
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U.S. bonds are up 3.6% on the calendar YTD basis, on the one-year basis the returns from Fixed Income are still negative. Mr. Binkley also noted that Large Cap stocks led the way with a return of 19% on calendar YTD basis, and Growth stocks outperformed Value – up 28% vs. 5%. Mr. Binkley provided a quick overview of the sectors, mentioning that growth sectors, including IT stocks, Consumer Discretionary and Communication Services, dominated in the last six months. He also discussed the market drivers and provided an analysis of the market leadership, showing that 10 largest companies in the S&P500 contributed 74% of the S&P500 return YTD. Mr. Binkley reviewed the yield curve, which remains inverted – usually a predictor of recession.

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reducing an allocation to international equities, provided their valuations are getting less attractive compared to what they used to be. Mr. Binkley responded that the change would be made only if there is a drastic change in market expectations, otherwise, they do not do tactical allocations, unless requested by the OPEB Board / IAC. Ms. Kreuzer concurred with that approach. The Committee discussed the role of alternative investments in OPEB portfolios, and it was decided that due to the nature and size of the OPEB plans, investments in alternatives are probably not common.

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The fiscal year 2024 cash flow projections will be provided to the Committee at the next IAC meeting in September.

5. Old Business – None

6. New Business

Mr. Mynarski provided an update on the Assistant to the Treasurer job posting and preliminary search results.

6. Adjournment

Upon a motion by Mr. Fisher, seconded by Mr. Weisbrod, to adjourn the Concurrent Meeting of the Investment Advisory Committee and the OPEB Trust Board at 11:10 A.M., the Committee voted 4-0-0 to adjourn.



Nataliya Yemets, Recording Secretary



William Drake, Chairman, Investment Advisory Cmte

The next meeting of the IAC will be held on Thursday, September 7, 2023 at 10:00 A.M. in the Mazza Room.