

1. BET IAC & OPEB Concurrent Meeting Agenda_10-13-2022

Documents:

[BET IAC OPEB CONCURRENT MEETING AGENDA 10-13-2022.PDF](#)

1.I. SUB_TO_APP_BET IAC Meeting Minutes_09-14-2022

Documents:

[SUB_TO_APP_BET IAC MEETING MINUTES 09-14-2022 .PDF](#)

2. SUB_TO_APP_BET IAC And OPEB Meeting Minutes_10-13-2022

Documents:

[SUB_TO_APP_BET IAC AND OPEB CONCURRENT MEETING MINUTES_10-13-2022.PDF](#)

3. APPROVED_BET IAC OPEB Meeting Minutes_10-13-2022

Documents:

[APPROVED_BET IAC OPEB MEETING MINUTES_10-13-2022.PDF](#)



TOWN OF GREENWICH

**BOARD OF ESTIMATE & TAXATION
INVESTMENT ADVISORY COMMITTEE and OPEB TRUST BOARD
CONCURRENT MEETING**

**Thursday, October 13, 2022 – 10:00 A.M.
Mazza Room - 1st Floor, Town Hall**

AGENDA

1. Approval of the BET Investment Advisory Committee Meeting Minutes of September 14, 2022
2. Discussion of the discount rate and health care cost inflation – Gregory M. Stump, Boomershine Consulting Group, LLC
3. Review of market conditions, OPEB Trust Portfolio performance results and asset allocation as of September 30, 2022 – Brian D. Binkley, Vanguard Institutional Advisory Services
4. Discussion of the RFP for actuary services for the OPEB Trust
5. Review of Treasury Reports:
 - Town's cash position and invested cash allocations on September 30, 2022
 - Bank interest rates and ECR
 - Investments in U.S. Treasury Bills
 - CD Portfolio holdings
 - General Fund monthly cash flows: actual for September 2022 and projected for the remainder of fiscal year 2023
6. Old Business
7. New Business
8. Adjournment

Next IAC Meeting: Thursday, November 10, 2022 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**

September 14, 2022

Present:

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

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

BET Members: Dan Ozizmir, BET Chairman

The meeting was called to order at 8:35 A.M.

1. Approval of the BET IAC Meeting Minutes of July 14, 2022

Mr. Fisher made a motion to approve the July 14, 2022 meeting minutes, seconded by Ms. Kreuzer. The vote was 4-0-0 to approve the July 14, 2022 meeting minutes.

2. Update on the OPEB Trust Portfolio market value as of August 31, 2022

Ms. Yemets reviewed the OPEB Trust Portfolio performance results for the month and year-to-date. In July, the OPEB Trust Portfolio gained 6.5%, and in August the Portfolio lost 3.63%, ending with a market value of \$39,662,568 as of August 31, 2022. The Portfolio lost \$1.4 million in August and gained \$1.1 million FYTD as of August 31, 2022. On August 3rd, Vanguard performed a rebalancing resulting in the following allocation of the Portfolio as of August 31st: US equities 45.1%, non-US equities 29.9%, US fixed income 20.1%, and non-US fixed income 5.0% of the total Portfolio.

The Committee discussed and agreed to invite the Town's actuary, Mr. Greg Stump, to the next concurrent meeting of the IAC and OPEB (to be present by phone).

3. Review of Treasury Reports:

• **Town's cash position and invested cash allocations on August 31, 2022**

Ms. Yemets presented the August 31, 2022 Treasurer's Report, showing a General Fund cash balance of \$223,303,737, and made several comments regarding its contents. She noted that the General Fund purchased \$46.5 million of US Treasuries in August, and the Capital Projects Fund purchased \$23.8 million of US Treasuries in August.

In addition, Ms. Yemets provided a schedule of invested cash allocations, and discussed the interest rates, noting that interest rates continue to change rapidly.

- **Bank interest rates and ECR**

Ms. Yemets reviewed interest rates and earnings credit rates for each bank, Certificates of Deposit and U.S. Treasuries, noting again that interest rates are changing rapidly and are therefore being monitored regularly.

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

Ms. Yemets reviewed a schedule of all US Treasury Bills Investments which total \$129.0 million in the General Fund as of August 31st, showing trade date, maturity date, quantity, price and yield to maturity for each bill. She noted that maturities are never longer than six months. This schedule also showed US Treasuries purchased in the Capital Projects Fund (\$24.0 million), ARP COVID Recovery Fund (\$15.0 million), Capital Non-Recurring Fund (\$2.3 million) and Sewer Maintenance Fund (\$2.4 million).

Ms. Yemets discussed the process of purchasing US Treasuries, based on liquidity needs and interest rate differentials between STIF and US Treasuries. Mr. Ozizmir discussed potential favorable impact from investing in US Treasuries to fiscal 2024 budget (for both General Fund and Capital Projects Fund).

- **General Fund monthly cash flows: actual for July and August 2022 and projected for fiscal year 2023**

Ms. Yemets presented the Cash Report for General Fund cash flows and balances through August 31, 2022. Tax collections were \$141 million in July and \$36 million in August, and conveyance tax continued to run relatively high at \$717,223 in July and \$964,577 in August. Total inflows were \$154 million in July and \$40 million in August, and total outflows were \$64 million in July (including net Pension Contribution of \$27 million and Debt Service payments), and \$38 million in August, for net cash inflow of \$90 million in July and \$2 million in August.

Ms. Yemets reviewed the FY 2023 cash flow projections by month, noting they were prepared based on the FY 2023 Budget, taking into consideration actual results to date and other known factors.

4. **Old Business** – None

5. **New Business** – None

6. **Adjournment**

Upon a motion by Ms. Kreuzer, seconded by Mr. Fisher, to adjourn the Regular Meeting of the Investment Advisory Committee at 9:37 A.M., 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 held on Thursday, October 13, 2022 at 8:30 A.M. in the Mazza Room. It will be a concurrent meeting with the OPEB Trust Board.

**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**

October 13, 2022

Present:

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

OPEB Trust Board: Joseph Pellegrino, Chairman, William Drake, Miriam Kreuzer

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

Guests: Brian Binkley, Vanguard; Gregory Stump, Boomershine Consulting
Group, LLC (by phone through Agenda item 2)

BET Members: Dan Ozizmir, BET Chairman; Leslie Tarkington (through Agenda item 2)

The meeting was called to order at 10:03 A.M.

1. Approval of the BET IAC Meeting Minutes of September 14, 2022

Mr. Fisher made a motion to approve the September 14, 2022 meeting minutes, seconded by Ms. Kreuzer. The vote was 4-0-0 to approve the September 14, 2022 meeting minutes.

2. Discussion of the discount rate and health care cost inflation – Gregory M. Stump, Boomershine Consulting Group, LLC

Mr. Mynarski initiated the discussion of the OPEB Trust discount rate, which is currently at 6.75%. Mr. Binkley stated that the expected median return for the OPEB Trust Portfolio is 6.91% based on Vanguard's 30-year capital market assumptions, therefore 6.75% is reasonable. Mr. Stump stated he agrees the 6.75% rate is reasonable and does not think an increase to 7.00% is a good idea. When questioned by Mr. Pellegrino for his view on conservative discount rates, Mr. Stump replied that getting closer to 6.00% would be the most conservative, but he thinks anywhere from 6.00% to 6.75% is appropriate. Mr. Stump stated that in the long term, he is expecting healthcare cost inflation estimates to stay roughly the same as past analyses (4.00% – 4.25%), but in the short term, healthcare rates are expected to increase due to impacts of COVID. (Mr. Stump stated his formal healthcare cost analysis will be completed in the next few weeks.) Discussion ensued around the impact of changing the discount rate, changing the amortization period of the unfunded liability, and changes to healthcare costs. Mr. Stump reviewed prior year sensitivity analyses with the committee. No motion was made by the OPEB Trust Board to make any changes at this time.

Mr. Weisbrod made a motion to change the amortization period of the OPEB unfunded liability from 17 years to 15 years, to thereby increase the funding ratio of the current outstanding liability. Motion was seconded by Ms. Kreuzer. After further discussion, motion failed 1-3-0.

3. Review of market conditions, OPEB Trust Portfolio performance results and asset allocation as of September 30, 2022 – Brian D. Binkley, Vanguard Institutional Advisory Services

Mr. Binkley reviewed the OPEB Trust Portfolio performance results for the three-months and one-year periods ended September 30, 2022. Through September, the OPEB Portfolio is down 5.74% for the quarter vs. 5.43% for composite benchmark, and for the one-year period, down 17.53% versus 15.97% benchmark.

Current returns are dismal, with the year off to one of the worse starts ever due to terrible market conditions and inflation rates. Since the portfolio is indexed, the returns mirror overall markets which are down significantly. US stocks are down 24%, non-US stocks down 26%, US Bonds down 14% which is very unusual to correlate with equities, as normally would be an inverse relationship. Non-US bonds are down 12.8%, showing tightening overseas as well.

Mr. Binkley reviewed a schedule of US equity valuations since 1950, noting that valuations are 'returning to earth', and in Vanguard's opinion, the market is on average now valuing stocks closer to fair value.

4. Discussion of the RFP for actuary services for the OPEB Trust

Mr. Mynarski stated the Town Charter requires that the Retirement Board do an annual actuary study, and a 5-year experience study, and the OPEB Trust will piggy-back on this process. Mr. Mynarski will issue an RFP to Purchasing in January, to hire or re-hire an actuary, effective July 1, 2023. The RFP will request that bidders bid on either the Retirement Plan, the OPEB Trust Plan, or both (either independently or combined). The RFP will request replies from bidders by the end of February/early March, with the decision being made by the end of May. Recommendations will come through the IAC, and Pete is requesting a volunteer to be on the review committee for OPEB RFPs. Ms. Kreuzer volunteered to be on the Actuary RFP Review Committee.

5. Review of Treasury Reports:

• **Town's cash position and invested cash allocations on September 30, 2022**

Ms. Yemets presented the September 30, 2022 Treasurer's Report, showing a General Fund cash balance of \$209,648,973, and made several comments regarding its contents. The total Town Cash position, including OPEB (excluding Retirement) was 344,413,038. She noted that less than 3% 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 (49%), CT STIF (41%), and the CD Program (7%).

In addition, Ms. Yemets provided a schedule of invested cash allocations, and discussed the interest rates, noting that interest rates continue to change rapidly.

- **Bank interest rates and ECR**

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 at all banks, and are being monitored regularly. The ECR has increased at JP Morgan Chase, and is monitored at all banks used by the Town, in order to maximize the benefit of ECR/Interest rates.

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

Ms. Yemets reviewed a schedule of all US Treasury Bills investments which total \$109.0 million in the General Fund as of September 30th, showing trade date, maturity date, quantity, price and yield to maturity for each bill. The schedule also showed US Treasuries purchased in the Capital Projects Fund (\$24.0 million), ARP COVID Recovery Fund (\$15.0 million), Capital Non-Recurring Fund (\$2.3 million) and Sewer Maintenance Fund (\$2.4 million).

Ms. Yemets noted that an additional purchase of US Treasuries was made from the General Fund in early October at a rate just over 4% (first time over 4%). In addition, the ARP COVID Recovery Fund had one bond mature in early October, and additional COVID funds were received from the State, so an additional \$10 million of US Treasuries were purchased in early October. Therefore, the COVID Recovery Fund has a total of just over \$20 million invested in US Treasuries as of today, maturing in December 2022 & January 2023.

- **CD Portfolio holdings**

Total CD maturities were \$20,983,000 as of September 30, 2022, with \$500,000 of that total invested in US Treasuries. 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. Portfolio yields range from 10 bps to 4.3%, all IDC rankings are 165 or higher, and all positions are below \$250,000.

- **General Fund monthly cash flows: actual for September 2022 and projected for the remainder of fiscal year 2023**

Ms. Yemets presented the Cash Report for General Fund cash flows and balances through September 30, 2022. Tax collections were \$4.7 million in September. Conveyance tax continued to run relatively high at \$638,762, and Building Permits were \$606,934 in September. Total inflows were \$20.7 million, and total outflows were \$34.3 million, for net cash outflow of \$13.6 million in September.

Ms. Yemets reviewed the FY 2023 cash flow projections by month, noting they were prepared based on the FY 2023 Budget, taking into consideration actual results to date and other known factors.

6. **Old Business** – none

7. **New Business** – none

8. **Adjournment**

Upon a motion by Mr. Weisbrod, seconded by Mr. Drake, to adjourn the Concurrent Meeting of the IAC and OPEB Trust Board at 11:23 A.M, 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 held on Thursday, November 10, 2022 at 10:00 A.M. in the Mazza Room.

SUBJECT TO APPROVAL



**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**

October 13, 2022

Present:

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

OPEB Trust Board: Joseph Pellegrino, Chairman, William Drake, Miriam Kreuzer

Staff: Joan Lynch, Assistant to the Treasurer, Peter Mynarski, Comptroller;
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6. **Old Business** – none

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Joan Lynch, Recording Secretary



William Drake, Chairman, Investment Advisory Cmte

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