1. REVISED AGENDA_OPEB Webinar Agenda_10-14-2021
   Documents:
   
   REVISED AGENDA_OPEB WEBINAR AGENDA_10-14-2021.PDF

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

3. SUB_TO_APP_OPEB Trust Board Meeting Minutes_10-14-2021
   Documents:
   
   SUB_TO_APP_OPEB TRUST BOARD MEETING MINUTES_10-14-2021.PDF

4. APPROVED_OPEB Trust Board Meeting Minutes_10-14-2021
   Documents:
   
   APPROVED_OPEB TRUST BOARD MEETING MINUTES_10-14-2021.PDF
TOWN OF GREENWICH
OPEB TRUST BOARD WEBINAR

Thursday, October 14, 2021 – 8:30 A.M.

REVISED AGENDA

Join Webinar:
https://greenwichct.zoom.us/j/82716984354?pwd=OWRuYmhyVDNuM3c3eC9rU0pjTVpKUT09
Password: 7796932

US Dial-in: +1 646 518 9805 or 877 853 5257 (Toll Free)
Webinar ID: 827 1698 4354
Password: 7796932

1. Approval of the OPEB Trust Meeting Minutes of July 14, 2021
2. Review of the Trust’s performance and asset allocation as of the end of September 2021
3. Review of the OPEB Trust Portfolio rebalancing mechanism and performance report format
4. Discussion of market conditions and investment strategy, including asset allocation, domestic equity index funds and international fixed income funds
5. Scheduling of Board meetings in calendar year 2022
6. Discussion of topics for future meetings
7. Adjournment

Next OPEB Board meeting date and location TBD.
TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION

OPEB Trust Board Meeting Minutes
Wednesday, July 14, 2021
Virtual Webinar

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 overall 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.

__________________________________________________________________________
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
TOWN OF GREENWICH
OPEB Trust Board Meeting Minutes
Thursday, October 14, 2021
Virtual Webinar

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 Trustee

BET Attendees: Andreas Duus, Miriam Kreuzer, David Weisbrod, Leslie Moriarty

Guest: Robert Stricker

The meeting was called to order at 8:32 A.M.

1. Approval of OPEB Trust 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 July 14, 2021. Motion carried.

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

Ms. Yemets provided a market update for the month of September 2021 commenting that all equity indices posted negative returns in September, with S&P 500 down 4.65%. Large Cap Growth lost 5.60%, whereas Small Cap Value was down 2.00%. One-year returns for most equities were still positive double digits ranging from 18.20% for emerging markets to 63.92% for U.S. Small Cap Value.

The OPEB Trust Portfolio loss in September was $1.5 million, reducing the Trust's fiscal year-to-date gain to $66,775. The market value of the Portfolio as of 9/30/2021 was $43,877,658. At the month-end, 59.6% of the Portfolio was in domestic equities, 9.1% was in international equities, and 31.3% was in fixed income and cash. All allocations were close to targets and within the IPS allocation ranges. The total allocation to actively managed funds exceeded the allowable 30% by 1.3%. The Total Portfolio lost 3.13% in September but outperformed its blended benchmark by 58 bps. Calendar year-to-date return of the Trust was 11.55% and one-year return was 22.59%, beating the benchmark by 2.90% and 5.03%, respectively.

3. Review of the OPEB Trust Portfolio rebalancing mechanism and performance report format

Ms. Yemets inquired whether there should be a special rebalancing mechanism for actively managed mutual funds and ETFs in the Portfolio. The Board confirmed that rebalancing should occur if the allocation deviates 2% or more from the approved 20% per fund / 30% in aggregate across all actively managed funds.

BET OPEB Trust Meeting Minutes - October 14, 2021 – Subject to Approval
4. **Discussion of market conditions and investment strategy, including asset allocation, domestic equity index funds and international fixed income funds**

Mr. Pellegrino opened the discussion by sharing his observations on the Fed’s monetary policy, inflation and recent earnings announcements. He argued that the inflation would last, the markets would see rotation back to growth and away from industrials, and it would take international and emerging markets some time to recover. He felt optimistic about U.S. equities and claimed that fixed income investments would not be able to offer same value for the OPEB Portfolio. Mr. Pellegrino felt that no changes to OPEB’s target asset allocation were necessary, except potentially moving about 20% of the equity position into a sector fund to add value to the Total Portfolio. Mr. Ferdinand agreed that equities offered more return than fixed income but opposed increasing the total exposure to equities to 80% suggesting that it should stay at 70%. In his view, potential changes in fiscal policy and corporate tax rates might reduce earnings and negatively impact the markets, thus the OPEB Board should wait for the next decision by the Federal Reserve Board before making changes to the Portfolio’s equity allocation. Mr. Ferdinand recommended adding some active positions to domestic equities, stating that long-term investing consists of a series of short-term decisions, therefore some tactical management of the OPEB Portfolio would be prudent. The Board decided not to make any changes to the tactical asset allocation at this time.

5. **Scheduling of Board meetings in calendar year 2022**

It was decided to hold the next OPEB Board meeting on December 7, 2021 and postpone scheduling meetings beyond that date until after the BET Investment Advisory Committee calendar is prepared.

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

- Search of an Outsourced Chief Investment Officer for OPEB Trust and the role of the OPEB Board
- Filling the vacancy on the OPEB Board

Mr. Pellegrino suggested that OPEB Board members could offer counsel during the selection of an outside firm to manage OPEB Trust Fund and recommended that the transition date is set to the first business day of a month for ease of future performance reporting.

Mr. Duus asked for OPEB Trustees to offer suggestions for an experienced nominee for a third Board member.

7. **Adjournment**

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 2-0-0 to adjourn the meeting at 9:45 A.M.

Next OPEB Board meeting will be held on Tuesday, December 7, 2021 at 8:30 A.M. Format and location of the meeting to be determined.

Catherine Sidor, Recording Secretary

William Ferdinand, Co-Chair, OPEB Trust
TOWN OF GREENWICH
OPEB Trust Board Meeting Minutes
Thursday, October 14, 2021
Virtual Webinar

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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

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