1. OPEB Trust Board Webinar Agenda
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   OPEB WEBINAR AGENDA 11·10·2020.PDF

2. OPEB Trust Board Minutes 10-15-2020 STA
   Documents:
   
   OPEB MINUTES 10·15·2020 SUBJECT TO APPROVAL.PDF

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   OPEB TRUST BOARD WEBINAR MEETING MINUTES_11·10·2020_STA.PDF
TOWN OF GREENWICH

OPEB TRUST BOARD WEBINAR

Tuesday, November 10, 2020
8:30 A.M.

AGENDA

You are invited to a Zoom Webinar
https://greenwichct.zoom.us/j/87922135565?pwd=ZzlPWjhOVy9xZzBYckZZMkhJTHFPZz09
Password: 6505901
Or iPhone one-tap: +16465189805,,87922135565#,,1#,6505901# US
Dial (for higher quality, dial a number based on your current location): +1 646 518 9805
Webinar ID: 879 2213 5565
Password: 6505901

1. Approval of the OPEB Trust Meeting Minutes of October 15, 2020

2. Review performance of Trust as of the end of October 2020, including the rebalancing trades during the month and the resulting asset allocation percentages

3. Discuss market conditions and investment strategy

4. Consider Alternative Investments such as Real Estate Investment Trusts ETFs, MLP ETFs (AMLP), Convertible Bond ETFs, and BDC ETFs (BIZD)

5. Discussion of topics for future meetings

6. Adjournment

Next Webinar is on Tuesday, December 8, 2020 at 8:30 AM virtually via Zoom.

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, October 15, 2020
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: Michael Mason, BET Chairman; Andreas Duus, Laura Erickson, Miriam Kreuzer, David Weisbrod

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

1. **Approval of OPEB Meeting Minutes**

   Upon a motion by Mr. Ferdinand, seconded by Mr. Stricker, the Board voted 2-0-1 (Abstain: Pellegrino) to approve the Minutes of the OPEB Trust Board Meeting held on September 17, 2020. Motion carried.

2. **Review performance of Trust as of the end of September 2020, including the rebalancing trades during the month and the resulting asset allocation percentages**

   Ms. Yemets provided an overview of the month of September market activity: although the market enjoyed two consecutive days of new closing highs, it finished with negative returns across the board. The S&P 500 Index was down 3.8% for the month; MSCI All Country World ex US declined 2.46%; the Bloomberg Barclays US Aggregate Total Return Bond Index lost 5 bps. U.S. equities, both Large Cap Growth and Small Cap Value, posted weaker returns than US Mid Caps, with one-year returns ranging from negative 14.9% to positive 37.5%.

   In September, the OPEB Trust Portfolio lost $1,073,252 and ended the month with a market value of $35,055,456 before operating cash. On 9/30/2020, U.S. equities represented 64.7% of the Portfolio, 5.1% was in convertible bonds, and the rest of the Portfolio was allocated to PIMCO Income Fund (PIMIX) and cash. The US T-Bill matured on 10/8/2020, all proceeds were swept into the Vanguard Federal Money Market Fund. The OPEB Trust Portfolio lost 2.70% in September versus 2.15% decline of the blended benchmark. U.S. equities lost 3.74%, domestic fixed income gained 22 bps and outperformed its benchmark by 27 bps. Longer-term performance of the total Portfolio and its segments lagged their corresponding benchmarks; however, one-, five- and ten-year annualized returns of the Trust beat the actuarial assumption of 7%.

3. **Discuss market conditions and investment strategy**

   Mr. Ferdinand led off the discussion suggesting that when the FED starts to reverse its policy, it would be difficult to generate positive returns anywhere. He was in favor of being somewhat
cautious, increasing the cash position and waiting until the markets normalize, predicting a potentially big downside. Mr. Pellegrino agreed that locking some of the S&P 500 gains and waiting for the economic recovery was prudent. He commented that the upcoming election might have the effect of eliminating the public’s discomfort with uncertainty. Mr. Pellegrino compared the Town Greenwich Retirement Plan financial composite returns with OPEB’s, and pointed out that OPEB had better performance in many investment categories. The Board noted that the Retirement Plan’s assumed rate of return was lowered from 6.50% to 6.25%, whereas OPEB’s assumed rate of return was 7%. Mr. Stricker agreed that, in light of the market and political uncertainty, the Trust’s exposure to equities should be reduced but argued that for the Portfolio to generate annualized 7%, the proceeds should be invested in instruments that offer higher yields, such as convertible bonds, business development companies (BDCs), MLPs, REITs or ultrashort bond funds. The Board arrived at a consensus that the position in domestic equities should be gradually decreased.

Mr. Pellegrino made a motion, seconded by Mr. Stricker, to reduce the Portfolio equity target allocation to 55%, drawing down 10% from S&P 500 ETF (SPY). The Board voted 3-0-0. Motion carried.

After further discussion of several proposed investment options, it was decided that the yields were not compelling when fund management fees were considered.

Mr. Pellegrino made a motion, seconded by Mr. Stricker, to invest the proceeds from the S&P 500 ETF (SPY) sale into the Vanguard Federal Money Market Fund (VMFXX). The Board voted 3-0-0. Motion carried.

4. Review PIMCO’s Enhanced Short Maturity Active DTF (MINT)

Mr. Pellegrino noted that the fund’s 30-day SEC yield of 0.39% would be almost completely offset by the fund’s administration fees of 0.35%. The fund was not discussed further.

5. Review alternative investments, including MLP ETFs

It was decided to put alternative investment ETFs on a watch list.

6. Discussion of topics for future Meetings

Due to time constraints, this topic was not discussed.

7. Adjournment

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

Next OPEB meeting is scheduled for Tuesday, November 10, 2020 at 8:30 A.M. either virtually or in the Human Services Conference Room.
November 10, 2020 (Tuesday) – Human Services Conference Room, 3rd Floor or virtual
December 8, 2020 (Tuesday) – Mazza Conference Room, 1st Floor or virtual
January 13, 2021 (Thursday)
February 11, 2021 (Thursday)
March 11, 2021 (Thursday)
April 8, 2021 (Thursday)
May 13, 2021 (Thursday)
June 10, 2021 (Thursday)
BET OPEB Trust Meeting Minutes – November 10, 2020 – Subject to Approval

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION

OPEB Trust Board Meeting Minutes
Tuesday, November 10, 2020
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: Michael Mason, BET Chairman; Andy Duus, Miriam Kreuzer, David Weisbrod

The meeting was called to order at 8:34 A.M.

1. Approval of the OPEB Trust 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 October 15, 2020. Motion carried.

2. Review performance of Trust as of the end of October 2020, including the rebalancing trades during the month and the resulting asset allocation percentages

Ms. Yemets provided an overview of the month of October market activity: the S&P 500 Index was down 2.66%; MSCI All Country World ex-US declined 2.15%; and the Bloomberg Barclays US Aggregate Total Return Bond Index lost 45 bps. U.S. Small Cap Value led the month with a return of 3.58%, while Large Cap Growth lagged, losing 3.40%. One-year results for domestic equities range from -13.92% (Small Cap Value) to +29.22% (Large Cap Growth).

The OPEB Trust Portfolio declined by $234,331 in October, finishing the month with a value of $34,821,125 before operating cash. Fiscal year-to-date gains were $2,770,289. The value of the Trust declined 91 bps but outperformed the benchmark by 73 bps. As of 10/31/2020, domestic equities represented 53.7% of the Portfolio, 18.0% was in PIMCO Income Fund, 5.1% was in convertible bonds, and 23.2% was in cash represented by the Vanguard Federal Money Market Fund.
3. **Discuss market conditions and investment strategy**

Mr. Ferdinand led off the discussion suggesting that the Pfizer announcement of the coronavirus vaccine made the recovery visible. In his view, the market fundamentals are slowly improving and, unless the FED starts raising rates, positive equity trends will continue with no signs of market correction. Mr. Stricker noted the transition from Large Cap Growth "working-from-home" stocks to small caps. He advised that the small caps positive performance should be captured by investing in a decent small/mid cap fund. Mr. Pellegrino questioned whether the rotation between large and small caps was a trend or just a small blip and wondered how long the rise of small caps would last. Mr. Ferdinand predicted that cash will continue going into the market, most probably into small caps. He agreed with Mr. Stricker that improvement in the economy will benefit small and mid-size companies and that the OPEB Trust should have some representation of small caps in addition to S&P 500. Mr. Pellegrino noted that it is likely the next relief package will help small companies and agreed with the idea of investing in small cap equities at this time, suggesting that the proceeds for the trade should come from the Portfolio’s cash position.

Mr. Ferdinand made a motion, seconded by Mr. Pellegrino, to invest 5% of the Total OPEB Trust Portfolio in the Vanguard Russell 2000 Index Fund ETF (VTWO) using the cash invested in the Vanguard Federal Money Market Fund (VMFXX). The Committee voted 3-0-0. Motion carried.

4. **Consider Alternative Investments such as Real Estate Investment Trust ETFs, MLP ETFs (AMLP) Convertible Bond ETFs and BDC ETFs (BIZD)**

Investing in the Russell 2000 index fund led to a discussion of alternative investments, their risk, yield, and liquidity data. The Board considered VanEck Vectors BDC Income ETF (BIZD), as an alternative that generates yields higher than money market returns; however, after further review of the fund’s investments, pricing, distributions, size and trading volumes, the Board decided not to invest in the fund at this time.

Mr. Ferdinand made a motion, seconded by Mr. Stricker, to invest 2.5% of the Portfolio in VanEck Vectors BDC Income ETF (BIZD) using the cash invested in the Vanguard Federal Money Market Fund (VMFXX).

Mr. Ferdinand, with agreement from Mr. Stricker as the motion’s seconder, withdrew his motion to invest in VanEck Vectors BDC Income ETF (BIZD).

Further discussion of the yield versus cost, volatility, and the choice of investing in a mutual fund or ETF took place.

Mr. Ferdinand made a motion, seconded by Mr. Stricker, to invest 5% of the Total OPEB Trust Portfolio in PIMCO Enhanced Short Maturity Active ETF (MINT) using the cash invested in the Vanguard Federal Money Market Fund (VMFXX). The Committee voted 2-1-0 (Opposed: Pellegrino). Motion carried.
5. **Discussion of topics for future Meetings**

Due to time constraints, this topic was not discussed.

7. **Adjournment**

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

Next OPEB meeting is scheduled for Tuesday, December 8, 2020 at 8:30 A.M. virtually via Zoom.

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Catherine Sidor, Recording Secretary

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Robert Stricker, Chair OPEB Trust

January 14, 2021 (Thursday)
February 11, 2021 (Thursday)
March 11, 2021 (Thursday)
April 8, 2021 (Thursday)
May 13, 2021 (Thursday)
June 10, 2021 (Thursday)