1. BET Investment Advisory Comm. Meeting Agenda

   Documents:
   
   BET IAC MEETING AGENDA 12-07-2021.PDF

1.1. SUB_TO_APP_BET IAC Meeting Minutes_11-09-2021

   Documents:
   
   SUB_TO_APP_BET IAC MEETING MINUTES_11-09-2021.PDF

2. SUB_TO_APP_BET IAC Meeting Minutes_12-07-2021

   Documents:
   
   SUB_TO_APP_BET IAC MEETING MINUTES_12-7-2021.PDF
TOWN OF GREENWICH
BOARD OF ESTIMATE & TAXATION

INVESTMENT ADVISORY COMMITTEE MEETING
Tuesday, December 7, 2021 – 10:00 A.M.

Human Services Conference Room
3rd Floor, Town Hall

AGENDA

1. Approval of the BET Investment Advisory Committee Meeting Minutes of November 9, 2021

2. Review and approval of any proposed investment actions of the December 7, 2021 meeting of the OPEB Trust Board

3. Update on the RFP for Investment Advisory Services for the OPEB Trust Fund

4. Review of Treasury Reports:
   • Town’s cash position and invested cash allocations as of November 30, 2021
   • General Fund monthly cash flows: actual for November 2021 and projected for the remainder of fiscal year 2022

5. Old Business

6. New Business

7. Adjournment

Next Meeting: Thursday, January 13, 2021 at 10:00 A.M. in the Human Services Conference Room.
The meeting was called to order at 10:02 A.M.

1. **Approval of the BET Investment Advisory Committee Meeting Minutes**

   Ms. Kreuzer made a motion, seconded by Mr. Drake, to approve the Minutes of the Regular Meeting of the Investment Advisory Committee held on October 14, 2021. The Committee voted 4-0-0. Motion carried.

2. **Actuarial Valuation report for July 1, 2021, from Mr. Greg Stump of Boomershine Consulting Group, LLC regarding the OPEB Trust**

   Mr. Stump drew the Committee’s attention to changes made since they viewed the July draft report: employee retirement records were adjusted to reflect the date of original hire, even if hire was originally part-time; accrued liability increased more than originally estimated; and OPEB portfolio market asset value estimated to be $31 million for the fiscal year, actually gained $8 million for a total of $39 million; overall health premium cost increased 14% for active employees, whereas various rates have been negotiated in labor contract by BOE, Police and Fire groups and retirees.

   Mr. Stump commented that claim settlements were reducing the cost of Workers’ Compensation when over-65 retirees selected Medicare as primary healthcare provider and the CT Partnership as secondary. Mr. Mynarski and Ms. Graham, Employee Benefits Manager, will follow-up to determine monthly percentages of Workers’ Compensation benefits paid as settlements, monthly payments and annuity payments.

3. **Discussion and adoption of assumed rate of return on the OPEB Trust assets and discount rate of the related liability for FY2023**

   The 27% investment return of the OPEB Trust realized in FY21 was well above the a priori assumed return of 7.0%. If the assumed return would remain unchanged, however, the FY23 ADEC would be $4.459 million versus the FY22 ADEC of $3.835 million. The increase is due primarily to the 14% assumed increase in health care premiums.
Approximately $5.7 million of investment gains, however, remain to be recognized actuarially in future years. On a market value basis, the OPEB Trust was 56% funded at July 1, 2021. Therefore, Mr. Stump suggested that it could be timely for the IAC to consider using the unrecognized market asset value gain to decrease the rate of return.

According to Mr. Stump, the 7.0% rate used by the Town for FY22 was possibly slightly higher than that used by other CT municipalities for their OPEB liabilities. Mr. Stump did not recommend any change to the other two assumptions affecting the ADEC calculation: the 5-year amortization period for investment gains, and the underfunding amortization period (18 years now, declining by a year annually until reaching 15 years). Given the current level of OPEB Trust funding, the ADEC is not especially sensitive to a reduction in the discount rate. At a discount rate of 6.75%, the ADEC would be $4.46 million.

Mr. Duus made a motion, seconded by Mr. Weisbrod, to reduce the anticipated portfolio rate of return from 7.00% to 6.75%, and to maintain the scheduled 1-year reduction in the underfunding amortization period to 17 years for FY23. In a rollcall vote, the Committee voted 3-1-0 (Opposed: Drake).

Mr. Stump will reissue the draft Actuarial Valuation report to reflect the recommended 6.75% discount rate. Mr. Weisbrod commented that the Town’s bigger challenge (opportunity?) versus growing the OPEB assets might be to seek the means to reduce the OPEB liability. In this context, Ms. Kreuzer volunteered to forward a copy of the final OPEB Actuarial Valuation for July 1, 2021, to Mr. Mason who serves as the Town’s labor negotiator.

4. **Update on RFP #7631 for Investment Advisory Services for the OPEB Trust Fund**

Mr. Duus commented that the investment contract with the recommended OCIO remains in negotiation. He hopes to have the negotiations and the on-boarding completed by year-end.

5. **Review of Treasury Reports:**

- **OPEB Trust investment performance through October 31, 2021, and rebalancing analysis as of October 31, 2021**

  The OPEB Trust gained almost $2.0 million, or 4.34% in October. The ending balance of the Portfolio was $45.9 million of which 61.2% was in domestic equities, 9.0% was in international equities, and 29.8% was in fixed income and cash. At 29.8% of the Total Portfolio, exposure to actively managed funds complied with the Trust's IPS. The Portfolio returned 29.08% for one-year, 14.97% for 3-years and 10.05% for 10-years, all returns well above the actuarial assumption of 7.0%.

- **Town’s cash position and invested cash allocations as of October 31, 2021**

  In October, the General Fund earned $24,469 in interest, the fiscal year-to-date earnings were $143,870. The cash balance of the Fund at month-end was $170.0 million. The General Fund’s cash deposits were allocated among three banks with interest rates
ranging from 0.06% to 0.12%; the CT STIF earned 0.09%; and the CD Program yielded 0.95%.

- **General Fund monthly cash flows: actual for October 2021 and projected for the remainder of FY 2022**

  Ms. Yemets reported that the General Fund total cash inflows were $4.7 million and the total outflows were $31.0 million in October. No appreciable changes were made to the projections for the remainder of FY2022. The American Rescue Plan Act funds are maintained in an account separate from the General Fund. Although there are no restrictions on the spending of the interest income earned by ARP funds, the Committee concurred that it should be put aside for possible project spending overages.

6. **Old Business**

   None.

7. **New Business**

   A December lunch will be scheduled for Committee members and key staff.

8. **Adjournment**

   Mr. Weisbrod made a motion, seconded by Ms. Kreuzer, to adjourn the Regular Meeting of the Investment Advisor Committee at 11:45 A.M, the Committee voted 4-0-0. Motion carried.

Next meeting is scheduled on Tuesday, December 7, 2021, in the Human Services Conference Room on the 3rd Floor of the Town Hall.

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Catherine Sidor, Recording Secretary

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Andreas Duus, Chair, Investment Advisory Committee
EXECUTIVE SESSION

Mr. Drake made a motion, seconded by Ms. Kreuzer, to enter Executive Session at 10:04 A.M. to discuss a contract, and the Committee voted 4-0-0. Motion carried.

Mr. Drake made a motion, seconded by Mr. Duus, to exit Executive Session at 10:55 A.M., and the Committee voted 4-0-0. Motion carried.

The meeting was called to order at 10:56 A.M.

1. Approval of the BET Investment Advisory Committee Meeting Minutes

   Mr. Drake made a motion, seconded by Mr. Weisbrod, to approve the Minutes of the Regular Meeting of the Investment Advisory Committee held on November 9, 2021 as amended. The Committee voted 4-0-0. Motion carried.

2. Review and approval of any proposed investment actions of the December 7, 2021 meeting of the OPEB Trust Board

   Ms. Yemets reported that the OPEB Trust Board recommended selling the entire position of the PIMCO Income Fund (PIMIX), an actively managed mutual fund, to reinvest (a) a sufficient amount in the S&P 500 ETF (SPY) to increase its position to 75% of the portfolio, (b) a sufficient amount into Vanguard FTSE All-World ex-US ETF (VEU) to increase it to 5% of the portfolio, and (c) invest the balance into PIMCO Enhanced Short Maturity Active EFT (MINT) to comprise 20% of the portfolio. The Board’s objective for the trade was to increase the equity portion of the portfolio to 80% and fixed income to 20% of the portfolio. A member of the IAC commented that it was a prudent and responsible institutional move.
Mr. Weisbrod made a motion, seconded by Ms. Kreuzer, to approve the recommended actions of the OPEB Trust Board, and the Committee voted 4-0-0. Motion carried.

3. **Update on the RFP for Investment Advisory Services for the OPEB Trust Fund**

Mr. Duus commented that the selected winning OCIO (Outsourced Chief Investment Officer) firm’s contract is being negotiated and the hope is that the firm possibly could be on-board by year-end.

4. **Review of Treasury Reports:**

- **Town's cash position and invested cash allocations as of November 30, 2021**

  On November 30, 2021, the General Fund cash balance was $146,402,002. The appreciation generated in November was $24,576. The General Fund allocations of cash deposits among three banks had rates of return between 0.06% to 0.12%; the CT STIF allocation earned 0.09% interest; and $21 million invested in CDs earned 0.95% (annualized). The General Fund fiscal year-to-date earnings were $168,000.

- **General Fund monthly cash flows: actual for November 2021 and projected for the remainder of FY2022**

  Ms. Yemets commented that in November the Town saw strong income from building permits and conveyance taxes. The General Fund total cash inflows in November were $5.5 million and total outflows were $29.2 million with a month-end cash balance of $146 million.

6. **Old Business** - none

7. **New Business** – none

**Chairman’s Remarks**

Mr. Duus commented that meeting in-person for the first time since the advent of the Pandemic was a welcome experience and thanked the IAC Committee for a remarkable two years. Highlights included Ms. Yemets’ first full two-year term as Treasurer; two 3-month Tax Holiday for payment of local property taxes (without meaningful negative affect on the Town’s liquidity due to, in part, daily monitoring of tax inflow and cash balances); the extensive change of the OPEB Trust Investment Policy Statement; the ‘staffing’ by the members of the IAC of the BET’s Pension Liability Special Project Team; and the engagement of professional OCIO management for OPEB Trust. The Committee thanked Mr. Duus’ for his leadership.
8. **Adjournment**

Ms. Kreuzer made a motion, seconded by Mr. Weisbrod, to adjourn the Regular Meeting of the Investment Advisory Committee at 11:26 A.M, the Committee voted 4-0-0. Motion carried.

Next Meeting: January 13, 2022 at 10:00 A.M. Zoom webinar

Catherine Sidor, Recording Secretary

J. William Drake, Chairman, Investment Advisory Comm.