1. BET Investment Advisory Comm. Webinar Agenda
   Documents:
   BET IAC WEBINAR AGENDA 12-08-2020.PDF

2. BET IAC Meeting Minutes_11-10-2020_STA
   Documents:
   BET IAC MEETING MINUTES_11-10-2020_STA.PDF

3. BET Investment Advisory Comm. Minutes_12-8-2020_STA
   Documents:
   SUB_TO_APP_BET IAC MINUTES_12-8-2020.PDF

4. APPROVED_BET IAC Meeting Minutes_12-8-2020
   Documents:
   APPROVED_BET IAC MEETING MINUTES_12-8-2020.PDF
TOWN OF GREENWICH

BOARD OF ESTIMATE & TAXATION
INVESTMENT ADVISORY COMMITTEE WEBINAR

Tuesday, December 08, 2020 – 10:00 A.M.

AGENDA

You are invited to a Zoom webinar
https://greenwichct.zoom.us/j/86383369745?pwd=QkZQcUU2YzFBM0hSNTBRZkorNXVrQT09
Password: 1796782

Or iPhone one-tap: US: +16465189805,,86383369745#,,1#,1796782# or
8884754499,,86383369745#,,1#,1796782# (Toll Free)

Dial (for higher quality, dial a number based on your current location): +1 646 518 9805 or
888 475 4499 or 833 548 0276 or 833 548 0282 or 877 853 5257 (Toll Free)

Webinar ID: 863 8336 9745
Password: 1796782

1. Approval of the BET Investment Advisory Committee Webinar Minutes of November 10, 2020

2. Review and approval of proposed investment actions of the December 8, 2020 OPEB Trust Board Meeting

3. Discussion of Proposed Changes to the OPEB Trust Funding Policy and Investment Policy Statement

4. Review compliance with the Town of Greenwich Resolution Concerning Cash Management

5. Review Town’s cash position as of 11/30/2020, actual cash flows for November 2020 and projected flows for the remainder of fiscal year 2021

6. New Business

7. Adjournment

Next Meeting: January 14, 2020 at 10:00 AM, via virtual Zoom webinar.

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

1. Approval of the BET Investment Advisory Committee Webinar Minutes

Upon a motion by Mr. Drake, seconded by Ms. Kreuzer, the Committee voted 4-0-0 to approve the Minutes of the IAC Webinar of October 15, 2020. Motion carried.

Mr. Drake made a motion, seconded by Ms. Kreuzer, to change the Agenda to discuss Item #3, Presentation by Greg Stump of Boomershine Consulting Group of the Town of Greenwich OPEB Actuarial Valuation as of July 1, 2020, before Item #2, Review and Approval of proposed investment actions of the November 10, 2020 OPEB Trust Board Meeting. The Committee voted 4-0-0. Motion carried.

3. Presentation by Greg Stump of Boomershine Consulting Group of the Town of Greenwich OPEB Actuarial Valuation as of July 1, 2020

Mr. Stump presented the Actuarial Valuation of the Town’s Other Post-Employment Benefits as of July 1, 2020. The report identified a 47% funding ratio of Actuarial Value of Assets to the Actuarial Accrued Liability. The Actuarially Determined Employer Contribution (ADEC) for FY22 is $3,835,422, based on assumptions of a 7.0% discount rate and the amortization of the Unfunded Actuarial Accrued Liability over 19 years.

Mr. Duus asked that an OPEB experience study be prepared for the Committee. A further request was made for information on the Town’s peer group OPEB Plans for comparison of
liability, portfolio asset allocation, discount rate, and if possible, performance. At the Committee’s request, Mr. Stump prepared various stress scenarios demonstrating the potential change to the funding ratio and ADEC. The Committee questioned whether rating agencies examined the OPEB portfolio’s asset mix and/or benchmark construction. Both Mr. Stump and Mr. Mynarski assured the Committee that the construction of the Portfolio’s asset mix had no impact on rating agency determination. However, Mr. Stump noted that the “prudent investor rule” should be taken into account when considering a portfolio with a larger equity allocation and/or lower diversification. The Committee noted that increasing health care costs were key contributors to potential liability increase and asked Mr. Stump to follow-up with suggestions on how to control liability escalation.

Upon a motion by Mr. Duus, seconded by Ms. Kreuzer, to accept the Actuarial Report and the proposed ADEC for FY2022. The Committee voted 4-0-0. Motion carried.

2. Review and approval of proposed investment actions of the November 10, 2020 OPEB Trust Board Meeting

During the OPEB Trust’s meeting of November 10, 2020, the Trust Board voted 3-0-0 to invest 5% of the Portfolio in the Vanguard Russell 2000 Index ETF (VTWO) using cash invested in Vanguard Federal Money Market Fund (VMFXX). In a second action, the Trust Board voted 2-1-0 to invest 5% of the Portfolio in PIMCO Enhanced Short Maturity Active ETF (MINT) using cash invested in Vanguard Federal Money Market Fund (VMFXX). The investment in a small cap ETF was made to take advantage of the market’s transition to value and small cap assets; the actively managed short duration fixed income ETF produces a higher yield than a money market fund.

Mr. Duus proposed a motion, seconded by Mr. Weisbrod, to approve the investment of 5% of the Portfolio in the Vanguard Russell 2000 Index ETF (VTWO) from cash in the Portfolio’s Vanguard Federal Money Market Fund (VMFXX). The Committee voted 4-0-0 to approve the OPEB Trust Board recommendation. Motion carried.

Discussion took place on adding complexity to managing cash returns for minimum difference in yield and whether overriding the OPEB Trust Board recommendation was prudent in this case.

Mr. Duus made a motion, seconded by Mr. Drake, to approve the investment of 5% of the Portfolio in PIMCO Enhanced Short Maturity Active ETF (MINT) from cash in the Portfolio’s Vanguard Federal Money Market Fund (VMFXX). The Committee voted 3-1-0 (Opposed: Duus) Motion carried.

Mr. Drake made a motion, seconded by Ms. Kreuzer, to change the Agenda to discuss Item #5, Discussion of OPEB Trust Investment Policy Statement, before Item #4, Review Town’s cash position as of October 31, 2020, actual cash flows for October 2020 and projected flows for the remainder of fiscal year 2021. The Committee voted 4-0-0. Motion carried.
5. **Old Business: Discussion of OPEB Trust Investment Policy Statement (IPS)**

Mr. Duus reviewed some of the previous suggestion that had been offered so far on changing the structure and processes of the OPEB Trust Board and asked Committee members for additional recommendations to come to a consensus before revising another draft: transitioning to more passive investments; increasing the percentage of equity investments; replacing volunteer advisors with a compensated Outside Chief Investment Officer (OCIO); instituting quarterly meetings rather than monthly; and overall, devising a policy for Portfolio rebalancing. A member of the Committee suggested exploring more widely for prospective OCIO firms to compare costs.

Mr. Duus and Ms. Kreuzer will collaborate to produce a revised draft of the IPS for review by Committee members prior to the next meeting on December 8 for discussion.

4. **Review Town’s cash position as of 10/31/2020, actual cash flows for October 2020 and projected flows for the remainder of fiscal year 2021**

Cash inflows for October were $24.5 million, of which tax collection revenue was $15.5 million, outflows were $32.0 million resulting in a negative net flow of $7.5 million. Conveyance taxes and building permits collections were ahead of the forecast. The General Fund interest earned in October was about $56 thousand. Notable revenue included approximately $2.9 million of LOTCIP construction payment from the State of CT. The General Fund’s balance as of 10/31/2020 was $158.2 million, approximately $7.4 million higher than a year ago. The Committee reviewed deposit amounts and interest yields ranging from 0.07% to 1.88% paid by the bank depositories, STIF and the Town’s CD Program. Ms. Yemets reported that TD Bank interest in October was 0.30%, higher than other depository banks.

6. **New Business** – None

7. **Adjournment**

Mr. Weisbrod made a motion, seconded by Ms. Kreuzer, to adjourn the Regular Meeting of the Investment Advisory Committee at 11:59 A.M. The Committee voted 4-0-0. Motion carried.

Next Meeting: December 8, 2020 at 10:00 A.M. as a virtual webinar.

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Catherine Sidor, Recording Secretary

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Andreas Duus, Chair, Investment Advisory Committee

**Schedule Investment Advisory Committee Meetings for calendar year 2020**

- December 8, 2020 (Tuesday)
- January 13, 2021 (Thursday)
February 11, 2021 (Thursday)
March 11, 2021 (Thursday)
April 8, 2021 (Thursday)
May 13, 2021 (Thursday)
June 10, 2021 (Thursday)
1. Approval of the BET Investment Advisory Committee Webinar Minutes

Upon a motion by Mr. Drake, seconded by Ms. Kreuzer, the Committee voted 4-0-0 to approve the Minutes of the IAC Meeting of November 10, 2020. Motion carried.

2. Review and approval of proposed investment actions of the December 8, 2020 OPEB Trust Board Meeting

During the OPEB Trust’s meeting of December 8, 2020, the Trust Board voted 3-0-0 to sell 100% of iShares Convertible Bond ETF (ICVT) and a sufficient amount of Vanguard Federal Money Market Fund (VMFXX) to invest the proceeds as follows: to bring the Vanguard Russell 2000 Index Fund ETF (VTWO) to 10% of the total Portfolio; to bring SPDR S&P 500 ETF (SPY) to 60% of the total Portfolio; and, to bring Vanguard FTSE All-World ex-US ETF (VEU) to 5% of the total Portfolio. The transactions were made to increase the equity portion of the Portfolio from 60.6% to 75.0% to capture a higher return.

Upon motion by Mr. Duus, seconded by Mr. Drake, the Committee voted 4-0-0 to accept the transactions proposed by the OPEB Trust Board. Motion carried.

3. Discussion of Proposed Changes to the OPEB Trust Funding Policy and Investment Policy Statement

The Committee continued discussion begun in the immediately preceding OPEB Trust meeting.

Discussion ensued regarding the potential changes in the investment policy statement for the OPEB Trust, and the contrast between how the Town manages its investment of its pension assets versus its OPEB assets.
Although there was a general support among Committee members for greater equity weighting of the portfolio, less active management and less frequent meetings of the OPEB Trust Board, Mr. Weisbrod asked if it was not time now for the Town to consider the engagement of a professional outside investment manager for the OPEB assets, possibly with the current members of the Trust Board acting in a review capacity.

Mr. Duus suggested that an intermediate step might be considered, given the expertise of the OPEB Trust Board members, to adjust the OPEB Board schedule to quarterly meetings, and increase the equity/passive orientation of the investment portfolio. Ms. Kreuzer added that it is necessary to distinguish between passive management of instruments versus passive management of allocation.

Mr. Pellegrino expressed belief that investment performance likely would not be adversely affected by moving from monthly to quarterly meetings and the possible resetting of the investment targets. With respect to hiring an outside manager, Mr. Pellegrino would not want to pay for a manager who would be a closet indexer. Rather, he would prefer that manager to make real bets, to use their judgement to either over- or under-weight versus a benchmark, and keep the benchmark narrowly defined (such as Equity-US, Equity-Int’l, Equity-Emerging and FI-Aggregate).

Mr. Stricker did not object to having an outside manager provided they would actively manage asset allocation amongst passive funds, watch the asset portfolio every day and stay within the guidelines set by the IAC. In this case, the manager could execute trades without IAC approval and report to the Committee on a quarterly basis. Possibly, in this context, the OPEB Trust Board might function in an oversight capacity, i.e., the OPEB Advisory Board.

Mr. Duus identified follow-up for the January meeting to include proposed changes to the investment policy statement and collecting data on outside investment managers. In this connection Mr. Mynarski will circulate to the Committee a copy of another Town’s RFP for an OPEB investment manager.

4. Review compliance with the Town of Greenwich Resolution Concerning Cash Management

Done annually, Ms. Yemets reviewed the Resolution Concerning Cash Management with the Committee. She confirmed that the Town remains in full compliance with the Resolution, and recommended no change.

5. Review Town’s cash position as of November 30, 2020, actual cash flows for November 2020 and projected flows for the remainder of fiscal year 2021

The Town’s General Fund November-end cash balance was $135.7 million compared to the November 2019 cash balance of $125.4 million, the difference primarily due to higher cash flows associated with higher collections of conveyance taxes and Federal and State grants.

6. New Business – None
7. **Adjournment**

Mr. Drake made a motion, seconded by Ms. Kreuzer, to adjourn the Regular Meeting of the Investment Advisor Committee at 11:25 A.M. The Committee voted 4-0-0. Motion carried.

Next Meeting: January 14, 2021 at 10:00 A.M. as a Virtual webinar.

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Catherine Sidor, Recording Secretary

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Andreas Duus, Chair, Investment Advisory Committee

**Schedule Investment Advisory Committee Meetings for calendar year 2021**

January 14 (Thursday)
February 11 (Thursday)
March 11 (Thursday)
April 8 (Thursday)
May 13 (Thursday)
June 10 (Thursday)
Present:
  Committee: Andreas Duus, Chair; William Drake, Miriam Kreuzer, David Weisbrod
  Staff: Joan Lynch, Assistant to the Treasurer; Peter Mynarski, Comptroller; Nataliya Yemets, Treasurer
  BET: Laura Erickson; Leslie L. Tarkington
  Guests: Joseph Pellegrino, OPEB Trust Board Member and Chairman, Retirement Board; Robert Stricker, Chairman, OPEB Trust Board

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

1. Approval of the BET Investment Advisory Committee Webinar Minutes

   Upon a motion by Mr. Drake, seconded by Ms. Kreuzer, the Committee voted 4-0-0 to approve the Minutes of the IAC Meeting of November 10, 2020. Motion carried.

2. Review and approval of proposed investment actions of the December 8, 2020 OPEB Trust Board Meeting

   During the OPEB Trust’s meeting of December 8, 2020, the Trust Board voted 3-0-0 to sell 100% of iShares Convertible Bond ETF (ICVT) and a sufficient amount of Vanguard Federal Money Market Fund (VMFXX) to invest the proceeds as follows: to bring the Vanguard Russell 2000 Index Fund ETF (VTWO) to 10% of the total Portfolio; to bring SPDR S&P 500 ETF (SPY) to 60% of the total Portfolio; and, to bring Vanguard FTSE All-World ex-US ETF (VEU) to 5% of the total Portfolio. The transactions were made to increase the equity portion of the Portfolio from 60.6% to 75.0% to capture a higher return.

   Upon motion by Mr. Duus, seconded by Mr. Drake, the Committee voted 4-0-0 to accept the transactions proposed by the OPEB Trust Board. Motion carried.

3. Discussion of Proposed Changes to the OPEB Trust Funding Policy and Investment Policy Statement
The Committee continued discussion begun in the immediately preceding OPEB Trust meeting.

Discussion ensued regarding the potential changes in the investment policy statement for the OPEB Trust, and the contrast between how the Town manages its investment of its pension assets versus its OPEB assets.

Although there was a general support among Committee members for greater equity weighting of the portfolio, less active management and less frequent meetings of the OPEB Trust Board, Mr. Weisbrod asked if it was not time now for the Town to consider the engagement of a professional outside investment manager for the OPEB assets, possibly with the current members of the Trust Board acting in a review capacity.

Mr. Duus suggested that an intermediate step might be considered, given the expertise of the OPEB Trust Board members, to adjust the OPEB Board schedule to quarterly meetings, and increase the equity/passive orientation of the investment portfolio. Ms. Kreuzer added that it is necessary to distinguish between passive management of instruments versus passive management of allocation.

Mr. Pellegrino expressed belief that investment performance likely would not be adversely affected by moving from monthly to quarterly meetings and the possible resetting of the investment targets. With respect to hiring an outside manager, Mr. Pellegrino would not want to pay for a manager who would be a closet indexer. Rather, he would prefer that manager to make real bets, to use their judgement to either over- or under-weight versus a benchmark, and keep the benchmark narrowly defined (such as Equity-US, Equity-Int’l, Equity-Emerging and FI-Aggregate).

Mr. Stricker did not object to having an outside manager provided they would actively manage asset allocation amongst passive funds, watch the asset portfolio every day and stay within the guidelines set by the IAC. In this case, the manager could execute trades without IAC approval and report to the Committee on a quarterly basis. Possibly, in this context, the OPEB Trust Board might function in an oversight capacity, i.e., the OPEB Advisory Board.

Mr. Duus identified follow-up for the January meeting to include proposed changes to the investment policy statement and collecting data on outside investment managers. In this connection Mr. Mynarski will circulate to the Committee a copy of another Town’s RFP for an OPEB investment manager.

4. **Review compliance with the Town of Greenwich Resolution Concerning Cash Management**

Done annually, Ms. Yemets reviewed the Resolution Concerning Cash Management with the Committee. She confirmed that the Town remains in full compliance with the Resolution, and recommended no change.

5. **Review Town’s cash position as of November 30, 2020, actual cash flows for November 2020 and projected flows for the remainder of fiscal year 2021**

The Town’s General Fund November-end cash balance was $135.7 million compared to the November 2019 cash balance of $125.4 million, the difference primarily due to higher cash flows associated with higher collections of conveyance taxes and Federal and State grants.
6. **New Business** – None

7. **Adjournment**

   Mr. Drake made a motion, seconded by Ms. Kreuzer, to adjourn the Regular Meeting of the Investment Advisor Committee at 11:25 A.M. The Committee voted 4-0-0. Motion carried.

Next Meeting: January 14, 2021 at 10:00 A.M. as a Virtual webinar.

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Catherine Sidor, Recording Secretary

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Andreas Duus, Chair, Investment Advisory Committee

**Schedule Investment Advisory Committee Meetings for calendar year 2021**

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