

1. BET Investment Advisory Comm. Meeting Agenda 09-14-2022

Documents:

[BET IAC MEETING AGENDA 09-14-2022 .PDF](#)

1.I. SUB_TO_APP_BET IAC Meeting Minutes_07-14-2022

Documents:

[SUB_TO_APP_BET IAC MEETING MINUTES_07-14-2022.PDF](#)

2. SUB_TO_APP_BET IAC Meeting Minutes_09-14-2022

Documents:

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



TOWN OF GREENWICH

**BOARD OF ESTIMATE & TAXATION
INVESTMENT ADVISORY COMMITTEE MEETING**

Wednesday, September 14, 2022 – 8:30 A.M.

**Mazza Room
1st Floor, Town Hall**

AGENDA

1. Approval of the BET Investment Advisory Committee Meeting Minutes of July 14, 2022
2. Update on the OPEB Trust Portfolio market value as of August 31, 2022
3. Review of Treasury Reports:
 - Town's cash position and invested cash allocations on August 31, 2022
 - Bank interest rates and earnings credit rates
 - Investments in U.S. Treasury Bills
 - General Fund monthly cash flows: actual for July and August 2022 and projected for fiscal year 2023
4. Old Business
5. New Business
6. Adjournment

Next Meeting: Thursday, October 13, 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**

**Concurrent meeting of
Investment Advisory Committee (IAC) and
Other Post-Employment Benefit (OPEB) Trust Board
Meeting Minutes**

Thursday, July 14, 2022

Present:

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

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

Staff: Peter Mynarski, Comptroller; Nataliya Yemets, Treasurer

Guest: Brian Binkley, Vanguard

BET Members: Dan Ozizmir, BET Chairman; Leslie Tarkington

The meeting was called to order at 10:02 A.M.

1. Approval of the BET IAC Meeting Minutes of June 9, 2022

Mr. Drake made a motion to approve the June 9, 2022 meeting minutes, seconded by Ms. Weisbrod. The vote was 3-0-1 to approve the June 9, 2022 meeting minutes (Fisher abstaining).

2. Review of market conditions, OPEB Trust Portfolio performance results and asset allocation as of June 30, 2022 – Vanguard

Mr. Binkley reviewed the OPEB Trust Portfolio performance results for the month, quarter and year-to-date. Since Vanguard took over management of the Portfolio, the returns are tracking the indexes as expected. The Portfolio market value was \$38,981,980 as of June 30, down 6.66% for the month, 13.18% for the quarter, and 12.35% for the fiscal year 2022. Since inception total return (inception being January 26, 2022, the date when the Trust assets were transferred to Vanguard) is -14.29%, 17 basis points below the Composite Benchmark, and 55 basis points below the '75/25 S&P500/Bloomberg Barclays Aggregate' Benchmark. The asset allocation is currently at 54.3% for Domestic Equity, 19.4% for International Equity, 21.1% for Domestic Fixed Income, and 5.2% for International Fixed Income, all close to targets.

Mr. Binkley commented that Vanguard will be transitioning to an improved performance reporting system in the fall, which will allow them to include Calendar YTD and Fiscal YTD results, in addition to attribution analysis. As of June 30th, the Portfolio is down 18.14% CYTD versus the benchmark that lost 17.9%. In response to a question, Mr. Binkley also

commented that Fixed Income non-U.S. bonds are hedged, and non-U.S. equities are not hedged. The OPEB Trust Fund expense ratio as of June 30th is 4.5 basis points.

Mr. Binkley reviewed Vanguard's estimated rates of return for a 10-year and 30-year time horizons. The median return forecast (as of March 31, 2022) for 30-year time horizon is 6%. Mr. Binkley also shared some data showing how the Town's OPEB Trust Portfolio compares with other OPEB plans in the state of Connecticut (175 plans in total), noting that the median discount rate is 6.5% among plans in Connecticut, and median funding for plans in Connecticut is 43% (versus the Town's funding of 63% as of last fiscal year-end).

With Vanguard's 10-year estimated median rate of return being 4.48%, and 30-year estimated median rate of return being 6%, Mr. Pellegrino requested the current discount rate of 6.75% be a topic of discussion for a future meeting (to include liability management as well).

3. Discussion of the changes to the OPEB Trust Investment Policy Statement proposed by Vanguard

Mr. Pellegrino led a discussion of the recommended changes to the Investment Policy Statement (IPS). Proposed changes include:

- (1) Benchmark weightings adjusted to reflect the portfolio's exposure to non-US equity and fixed income investments (US Equity 45%, Non-US Equity 30%, US Fixed Income 20%, Non-US Fixed Income 5%),
- (2) Equity allocation limit for Non-US Equities adjusted to allow for a maximum of 40% of total equity exposure (in line with global equity capitalization, thereby offering potential for higher equity returns considering Vanguard's most recent capital market projections),
- (3) Rebalancing to target weightings daily, if/when any asset class is +/- 5% from target weighting. (Rebalancing done daily at asset class level, not sub-asset class level.)

During the equity allocation discussion, an informal vote was taken among IAC members regarding the proposed change to the maximum limit for Non-US Equities from 20% to 40% of total equity exposure, which passed with a vote of 3-1-0.

A motion was made by Mr. Pellegrino, seconded by Mr. Drake, for the OPEB Board to recommend to the IAC to accept the revised IPS document as amended. Motion passed with a vote of 3-0-0.

A motion was made by Mr. Drake, seconded by Mr. Weisbrod, for the IAC to accept the revised IPS document as amended, and recommend to the BET to accept the revised IPS document as amended. Motion passed with a vote of 4-0-0.

4. Review of Treasury Reports:

- **Town's cash position and invested cash allocations on June 30, 2022**

Ms. Yemets presented the June 30, 2022 Treasurer's Report, showing a General Fund cash balance of \$130,535,839, and made several comments regarding its contents. She noted another \$9.6 million of ARP funds were received from the State of Connecticut on July 5th.

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

Mr. Ozizmir inquired about the continuing goal of maximizing interest earnings through the purchases of US Treasuries. Ms. Yemets expressed her efforts to balance this along with liquidity needs and increasing interest rates. As of June 30th, \$101.7 million is invested with STIF (representing 41.3% of non-OPEB funds) earning 154 basis points as of July 12, and \$46.9 million (representing 19% of non-OPEB funds) is invested in US Treasuries.

- **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. All three banks expect to increase rates after the next Federal Reserve meeting later in July.

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

Ms. Yemets presented the listing of U.S. Treasury Bills investments which total \$36 million as of July 14th, and highlighted that the interest rates ranged from a low of 0.31% to a high of 2.8% (purchased June 14th), all with a term of six months. She reviewed ARP – Covid Recovery Funds investments in three US Treasury maturities for \$5 million each totaling \$15 million.

- **CD Portfolio holdings**

As of June 30th, the CD portfolio consisted of 91 holdings and \$500,000 in US Treasuries, with yields ranging from 10 basis points to 3.3% (lower yields purchased in 2020/21). The weighted average yield on the entire portfolio is 95 basis points, and the weighted average maturity is 1.18 years, with longest maturity being 3 years. All holdings are under the FDIC insurance maximum of \$250,000, and all have IDC Rankings of 165 or higher.

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

Ms. Yemets presented the Cash Report for General Fund cash flows and balances through June 30, 2022. Tax collections were very high in June at \$45.5 million, and conveyance tax continued to run relatively high at \$722,179. June total inflows were \$53.0 million, and total outflows \$37.8 million, for net cash inflow of \$15.2 million. The FY 2023 projections will be presented to the Committee at their next meeting in September.

5. **Old Business** – none

6. **New Business** – none

7. **Adjournment**

Upon a motion by Mr. Weisbrod, seconded by Mr. Fisher, to adjourn the Regular Meeting of the Investment Advisory Committee at 11:51 A.M, the Committee voted 4-0-0. Motion carried.

Joan Lynch, Recording Secretary

William Drake, Chairman, Investment Advisory Cmte

The next meeting of the IAC will be held on Wednesday, September 14, 2022 at 8:30 A.M. in the Mazza Room. The next concurrent meeting of the IAC and OPEB Trust Board will be held on Thursday, October 13, 2022 at 10:00 A.M. in the Mazza Room.

SUBJECT TO APPROVAL

**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.