

**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION**

Investment Advisory Committee Meeting Minutes

Thursday, June 11, 2020

Virtual Webinar

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 Moriarty, Leslie Tarkington

OPEB Trust: Robert Stricker, Chairman

The meeting was called to order at 10:01 A.M.

1. Approval of the BET Investment Advisory Committee Meeting Minutes

Upon a motion by Mr. Drake, the Committee voted 4-0-0 to approve the Minutes of the IAC Meeting of May 7, 2020, as amended. Motion Carried.

2. Review and Approve Actions of the OPEB Board Meeting

During the meeting of June 11, 2020, the OPEB Trust Board approved the reduction of the weighting of the Portfolio's equity holdings by 5% (currently approximately 77% of the Portfolio, to be reduced to 72%) by selling SPDR S&P 500 ETF (SPY) and investing the proceeds in Vanguard Federal Money Market Fund (VMFXX). The rationale for the action was to reduce the risk profile of the Portfolio in volatile markets and to bring the Portfolio closer to the Investment Policy Statement's 60% benchmark equity ratio.

Upon a motion by Mr. Duus, seconded by Mr. Drake, the IAC voted 4-0-0 to approve the actions of the OPEB Trust Board. Motion carried.

An IAC member expressed discomfort with more active investment management. Chair Duus commented that he expects that the IAC will have further discussion of this topic, and that he anticipates that the Retirement Board will have a similar discussion later this year.

3. Approve Re-appointments of OPEB Trust Chairman Robert Stricker and OPEB Trust Member William Ferdinand

Mr. Duus commented that the three OPEB Trust Board members are appointed for 3-year, staggered terms and that the 3-year term of William Ferdinand as a Board member and the 1-year term of Robert Stricker as the Trust Board's Chair were expiring at the end of this fiscal year. He added that both were willing to continue in their roles and that all three members of the Trust Board have complementary perspectives and approaches and work well together.

Upon a motion by Mr. Weisbrod, seconded by Mr. Drake, the Committee voted 4-0-0 to approve the re-appointment of Mr. Stricker for a 1-year term as Chairman, and Mr. Ferdinand for a 3-year term as an OPEB Trust Board Member. Motion carried.

Upon a motion by Mr. Drake, seconded by Ms. Kreuzer, the Committee voted 4-0-0 to change the Order of Business to discuss Item #5, before Item #4. Motion carried.

5. Discuss OPEB Trust Board Management Report and proposed changes to the OPEB Investment Policy Statement

Mr. Duus reminded the Committee that the full BET must review formally the funding policy of the OPEB Trust Fund every five years, that any changes are also subject to legal review, and that the most recent formal review was completed in July 2015.

OPEB Trust Board Chairman Robert Stricker spoke on behalf of the OPEB Trust Board. He indicated that several factors, including much higher recent market volatility, the appropriateness of lowering the actuarial assumption and the need for a more nimble approval process to take advantage of opportunities, were the rationale for his proposed adjustments to the OPEB Trust's Investment Policy Statement.

Mr. Duus said that he would re-circulate to the Committee a "red-line" copy of the Investment Policy Statement reflecting the OPEB Trust Board's recommended changes (which had been forwarded by Mr. Stricker to the Committee earlier this spring) and additional proposed edits made by Ms. Kreuzer and Mr. Duus. Additionally, Mr. Duus indicated that he will invite the actuary Greg Stump to join the July IAC meeting and asked for questions and comments to be circulated prior to sending the second draft to Mr. Stump for discussion during his July visit.

4. Review actual/forecasted General Fund monthly cash position for Fiscal Year 2020 and 2021

Ms. Yemets reported that as of May 31, 2020 the balance of the General Fund was \$110 million and the balance of all Town Funds was \$214 million. The latter includes \$32.5 million of the OPEB Trust, which had appreciated 4% in May. Ms. Yemets then reviewed how the \$182 million portion of the Town Funds excluding the OPEB Trust is invested. She noted that interest rates were trending lower. Most recently, the Town is earning 2.15% on its CD Program, a range from 0.14% to 0.37% on bank deposits, and 0.50% on its deposits with CT STIF. The Committee asked for an estimate of the impact of the low rates and earnings credit rate offset and Ms. Yemets responded that the impact could be mitigated by adjusting compensating balances.

Cash Forecast Report: Tax receipts are approximately \$500 thousand above forecast; unanticipated State grants for BOE and other departments contributed approximately \$2.0 million to the General Fund; and longevity pay for Police & Fire were paid during the first week of June. Overall, inflow was almost \$2.0 million higher than forecast and expenses were approximately \$3.5 million lower than forecast. Capital spending was higher. The General Fund ending cash balance was around \$5.0 million higher than forecast. The fiscal year-end General Fund cash position is now projected to be close to \$81.6 million. Mr. Weisbrod inquired about the projection of the fund balance at FY 2021 year-end and Mr.

Mynarski clarified that many factors would have an impact on that number: the float, payroll timing, Due to/Due forms, accruals, as well as payables and receivables.

The Committee also revisited a topic reviewed in its May meeting, namely the potential impact of the deferral to October 1 of receipt of the major portion of its six-month property taxes normally due this July 1. As follow-up to the May meeting Ms. Yemets prepared and reviewed with the Committee a projected monthly cash flow report for the 2021 fiscal year. She reviewed several cash flow scenarios: (1) assuming tax collections remain unchanged, (2) all tax payments except escrow are deferred to October, and (3) zero tax payments are collected in July – September 2020. Questioned if there is concern for the Town’s cash position if taxpayers don’t pay prior to the October deadline, Mr. Mynarski responded that other resources had already been explored and there should be no concerns about the Town’s ability to meet its obligations in the next several months.

6. Discussion of topics and review of future IAC meeting schedule

- July visit by actuary Mr. Gregory M. Stump from Boomershine Consulting Group
- OPEB Policy Statement Review
- Target Discount Rate

6. **New Business** – None

7. **Old Business** – None

8. **Adjournment**

Mr. Drake made a motion, seconded by Ms. Kreuzer to adjourn the meeting of the IAC at 11:45 A.M. The Committee voted 4-0-0. Motion carried.

Next Meeting: Wednesday, July 20, 2020 at 10:00 A.M. either in Town Hall, Mazza Conference Room, or as a Virtual webinar.



Catherine Sidor, Recording Secretary



Andreas Duus, Chair, Investment Advisory Committee

Meeting Schedule of the Investment Advisory Committee for balance of the calendar year 2020

- July 20 (Monday) - Mazza Conference Room, 1st Floor or Virtual
- August (no meeting)
- September 17 (Thursday) - Mazza Conference Room, 1st Floor
- October 15 (Thursday) - Mazza Conference Room, 1st Floor
- November 10 (Tuesday) - Human Services Conference Room 3rd Floor
- December 8 (Tuesday) - Mazza Conference Room, 1st Floor