

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

**OPEB Trust Board Meeting Minutes**

Thursday, January 14, 2021

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, Laura Erickson, Miriam Kreuzer, Leslie Moriarty

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

**1. Approval of OPEB Trust Meeting Minutes**

Upon a motion by Mr. Ferdinand, seconded by Mr. Pellegrino, the Board voted 3-0-0 to approve the Minutes of the OPEB Trust Board Meeting held on December 8, 2020. Motion carried.

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

Ms. Yemets provided an overview of the month of December's market activity commenting that all equity indices showed positive results: S&P 500 posting a return of 3.84% and MSCI All Country World ex U.S. generating 5.41%. In U.S. equities, growth stocks outperformed value and small caps performed better than large caps; emerging markets had better results than developed markets equities. One-year returns ranged from 2.80% for Large Cap Value to 38.49% for Large Cap Growth. U.S. equities and emerging markets equities generated returns of 18.40% and 18.31%, respectively, and international equities advanced 7.82% in calendar year 2020.

As per the Board's votes at the December meeting, on 12/08/2020, the entire position in iShares Convertible Bond ETF was sold, the allocation to Vanguard Russell 2000 Index ETF (VTWO) was increased to 10% of the total Portfolio, the S&P 500 ETF (SPY) position was increased to 60% of the total Portfolio and Vanguard FTSE All-World ex-US ETF (VEU) was adjusted to 5% of the total Portfolio. On December 31, 2020, the Portfolio's asset allocations were as follows: 70.1% in U.S. equities; 5% in international equities; 24.8% in domestic fixed income, of which two thirds were invested in PIMCO Income Fund (PIMIX), one fifth in PIMCO Enhanced Short Maturity Active ETF (MINT) and the balance was in Vanguard Federal Money Market Fund.

The Trust earned 3.33% or \$1,139,907 in December, ending the month with a market value of \$38,516,095 before operating cash. The fiscal year-to-date gain was

\$5.8 million. The total Portfolio outperformed its blended benchmark by 72 bps in December. The Portfolio also beat the benchmark for the three-months, fiscal-year-to-date and one-year time periods. For the longer-term periods, the Portfolio somewhat lagged its benchmark, but generated returns well above the 7% actuarial assumption. Domestic equity returned 4.22% beating the benchmark by 38 bps; Vanguard FTSE All-World ex-US was part of international equity for only half the month and did worse than the benchmark; domestic fixed income generated a return of 1.52% in December, 138 bps ahead of benchmark.

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

Mr. Ferdinand discussed his belief that the economy will recover substantially and stated that GDP is projected to grow at 6-7% in the second half of the year. He suggested that if interest rates were bumped up due to rebalancing of institutional investors' portfolios selling equity, that would result in an increase in inflation and in interest rates, but that is not expected to happen soon. Mr. Ferdinand anticipated that the markets would pick up another 5-6% in 2021, with growth and small cap stocks continuing to be in favor, but the returns would be nothing like in 2020. Mr. Pellegrino commented that new administration was promising stimulus money for individuals as well as small businesses which would have a positive effect on the market. Mr. Stricker compared the current market valuations to 1929 and proposed moving about 5% of the Portfolio to cash reserves, which was not supported by Mr. Ferdinand or Mr. Pellegrino. The Board discussed the new political regime's commitment to the economy, environment, and income inequality issues reviewing potential outcomes. Mr. Pellegrino suggested adding another 5% of the Portfolio to international equities. Mr. Stricker and Mr. Ferdinand agreed this would be a prudent action only if proceeds are taken from the domestic equities and the total equity allocation stays unchanged at 75%.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 3-0-0 to increase international holding (VEU) to 10% of the Total Portfolio by reducing S&P 500 ETF (SPY) allocation to 55% of the Portfolio while retaining the total equity exposure at 75%. Motion carried.

The Board reviewed earnings generated by the Vanguard Federal Money Market Fund and compared to the PIMCO Enhanced Short Maturity ETF (MINT). It was agreed that moving most of the cash position to MINT would be beneficial.

Upon a motion by Mr. Ferdinand, seconded by Mr. Stricker, the Board voted 3-0-0 to move most of the Vanguard Federal Money Market Fund (VMFXX) position into PIMCO Enhanced Short Maturity ETF (MINT). Motion carried.

### **4. Consider Alternative Investments such as Real Estate Investment Trust ETFs, MLP ETFs, Convertible Bond ETFs, and BDC ETFs**

The Board decided that without seeing an attractive opportunity in alternative investments currently, there was no need to discuss this topic.

**5. Discuss OPEB Trust Board Management Report submitted to the BET Investment Advisory Committee in April 2020**

Not having received any revisions from the Investment Advisory Committee, the topic was not discussed.

**6. Discussion of topics for future meetings**

The schedule of OPEB meetings was not formally changed; however, unless circumstances require an earlier meeting, the next OPEB meeting will be held on April 8, 2021.

Mr. Duus expressed appreciation for the OPEB Trust fiscal year-to-date earnings and reminded the Board that OPEB's long-term liability suggested investing with a long-term perspective in mind. He remarked that the Investment Advisory Committee anticipated voting on the revisions to OPEB's Investment Policy Statement at its February meeting to forward to the BET in time for its February adoption.

**7. Adjournment**

Upon a motion by Mr. Ferdinand, seconded by Mr. Pellegrino, the Board voted 3-0-0 to adjourn the meeting at 9:20 A.M.

Next OPEB meeting is scheduled for Thursday, April 8, 2021 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

**Schedule of OPEB Trust Board future meetings (all start at 8:30 A.M.)**

April 8, 2021 (Thursday)  
May 13, 2021 (Thursday)  
June 10, 2021 (Thursday)