

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

OPEB Trust Board Meeting Minutes

Thursday, June 10, 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: Andy Duus, Laura Erickson, Miriam Kreuzer

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

1. Approval of OPEB Meeting Minutes

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 3-0-0 to approve the Minutes of the OPEB Trust Board Meeting held on April 8, 2021. Motion carried.

2. Review the Trust's performance and asset allocation as of the end of May 2021

Ms. Yemets provided an overview of market activity through the end of May commenting that most stocks posted positive returns with S&P 500 gaining 70 bps, MSCI All Country World ex US advancing 3.13% and BC Aggregate up 33 bps. One year returns for US equities were positive ranging from 38% (Mid Cap Growth) to 79% (Small Cap Value). International equities gained 38% in the last twelve months and Emerging Markets rose by 51%.

The trust portfolio earned \$337,487 or 0.8% in May and ended the month with the market value of \$42,362,767 before operating cash. As of May 31, the portfolio allocations were 67.5% in US equities, 9.8% in international equities, and 22.7% in domestic fixed income, including short term and cash. Fiscal year-to-date gain was \$9.6 million and FYTD, CYTD and one-year returns outperformed the blended benchmark by 7.66%, 3.45% and 7.43%, respectively.

3. Discuss market conditions and investment strategy

Mr. Pellegrino led off the discussion with four items: 1) the pace, sustainability and ultimate strength of the economic recovery; 2) inflation - whether it will truly be only temporary; 3) market valuation - whether the market is fully valued, how much more upside there is versus the risk of the downside; and 4) future direction of the OPEB Trust investments. He saw the economic recovery as robust for the foreseeable future and was not overly concerned about the employment issue. Mr. Pellegrino was somewhat concerned about the inflation being vicious for a longer period of time. In

his view, the market is fully valued and there will be a pull back at some point, but not in the near twelve months.

Mr. Ferdinand expressed the opinion that as long as earnings remained positive and the Federal Reserve kept interest rates neutral, the markets would do well. He suggested that currently there was nothing to indicate change in the market movement. The earnings yield on stocks was good; therefore, the bias should be toward equities not fixed income.

Mr. Stricker had a more pessimistic view on the markets, suggesting that it was unlikely that the markets would do much better going forward. In his opinion, the OPEB Trust Portfolio's allocations should be closer to the benchmark allocations. He suggested reducing the US equity exposure and selling the Russell 2000 (VTWO) position. After having reviewed the Vanguard Russell 2000 Index Fund's gains in the last year, the Board agreed that the gain should be locked by redeeming VTWO. In addition, having discussed the framework further, the Board came to the conclusion that it would be prudent to reduce the equity position to 70% and add to fixed income. The decision was made not to buy any new holdings for the Portfolio but invest VTWO proceeds into the SPDR S&P 500 ETF and the PIMCO Income Fund.

Upon a motion by Mr. Pellegrino, seconded by Mr. Stricker, the Board voted 3-0-0 to sell the position in the Vanguard Russell 2000 Index Fund (VTWO) in its entirety. Motion carried.

Upon a motion by Mr. Pellegrino, seconded by Mr. Stricker, the Board voted 3-0-0 to add sufficient shares to the SPDR S&P 500 ETF (SPY) to bring the total equity exposure to 70% of the OPEB Trust Portfolio. Motion carried.

Mr. Pellegrino made a motion, seconded by Mr. Stricker, to invest the remainder of the proceeds from the sale of VTWO into the PIMCO Income Fund (PIMIX). The Board voted 3-0-0. Motion carried.

4. Discuss Investment Advisory Committee changes to the OPEB Trust Portfolio management

Mr. Stricker announced formally that this was his final OPEB Board meeting since he is moving out of Greenwich. Fellow Board members and attending BET members thanked him for the quality of leadership and continuity that he had brought to the work of the Board. His dedication to serving the Town and his volunteer commitment of twelve years were acknowledged. His incredibly great advice, particularly in fixed income, and his input to the growth of the Fund will be a legacy of his contribution to public service.

In light of this announcement, Mr. Duus asked if Mr. Pellegrino agrees to be nominated for a new three-year term, and Mr. Ferdinand and Mr. Pellegrino go forward as co-chairs of the Trust Board until a third member can be appointed, or the results of the RFP for OCIO is known. Both Mr. Pellegrino and Mr. Ferdinand agreed to stay on the Board and co-chair.

5. Discussion of topics for future Meetings

Mr. Duus expressed appreciation for the OPEB Trust Board's exceptional performance and Mr. Stricker's leadership, recognizing how his contribution had benefited the Town. Mr. Stricker was encouraged to attend the full BET meeting in July 2021.

6. Adjournment

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 3-0-0 to adjourn the meeting at 9:30 A.M.

Next OPEB meeting is scheduled for Thursday, July 15, 2021 at 8:30 A.M.

Catherine Sidor, Recording Secretary

Robert Stricker, Chair OPEB Trust

July 15, 2021 (Thursday)
October 14, 2021 (Thursday)