

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

Investment Advisory Committee Meeting Minutes

May 12, 2022

Present:

Committee: William Drake, Chairman; Michael Basham, Miriam Kreuzer
David Weisbrod

Staff: Aamina Ahmad, Assistant Town Attorney; Shira Davis, Executive
Assistant to the Comptroller; Joan Lynch, Assistant to the Treasurer;
Peter Mynarski, Comptroller; Nataliya Yemets, Treasurer

Guests: Joseph Pellegrino, Other Post-Employment Benefits (OPEB) Trust
Board Chairman

BET: Dan Ozizmir, BET Chairman; Leslie Tarkington

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

1. Approval of the BET Investment Advisory Committee (IAC) Meeting Minutes of March 14, 2022 and April 18, 2022

Mr. Basham made a motion to approve the March 14, 2022 and April 18, 2022 meeting minutes, seconded by Ms. Kreuzer. The vote was 4-0-0 to approve the March 14, 2022 meeting minutes and 4-0-0 to approve the April 18, 2022 meeting minutes.

2. Review of the OPEB Trust:

• **OPEB Trust Portfolio April 2022 Performance**

Ms. Yemets reported that the fund had a total loss of \$3,225,984 for the month of April, consisting of a \$2,839,849 decline in total equity, and a \$386,135 decline in fixed income. This brought the total value for the fund down to \$41,675,901 before operating cash. Ms. Yemets commented that the asset allocation was currently at 75.1% for total equity and 24.9% for total fixed income.

The Committee members turned their attention to the Monthly Performance Report for the period ended April 30, 2022 prepared by Vanguard. Ms. Yemets cautioned the Committee members that she was still working with Vanguard to improve the format and content. Of note, Ms. Yemets stated that she requested that the since inception performance should be removed from the report and calendar year-to-date returns included in the performance summary. Ms. Kreuzer emphasized the importance of including in the performance report the Policy benchmark consisting of 75/25 S&P500/Bloomberg Barclays Aggregate. The report showed the three-month return for the fund was -8.37%, trailing the composite benchmark by 46 basis points. The overall consensus of the Committee members was that

the Vanguard performance over the three-month period was one of unfortunate timing, and they shouldn't be held accountable for the weak performance to date.

- **Vanguard's proposed changes to Investment Policy Statement**

Ms. Yemets presented the Vanguard recommendations for changes to the Investment Policy Statement (IPS). They were as follows:

- Change the current maximum allocation of non-U.S. equity from 20% to 40% of the total equity exposure.
- Update the IPS benchmark to reflect the OPEB portfolio's exposure to the additional asset classes.
- Rebalance the portfolio when the equity or fixed income allocation is plus or minus 5% from policy targets versus the current threshold of 2%.

It was decided to discuss the future of the OPEB Board (next agenda item) before any additional discussion or decisions related to the IPS.

- **Composition and the role of the OPEB Board**

There was an extended discussion about the continuance of the OPEB Board. There currently is only one member, Mr. Pellegrino, and two vacant positions. The Committee invited Assistant Town Attorney Aamina Ahmad to offer opinions on the process of disbanding the current structure of the OPEB Board, should that decision be made. Ms. Ahmad cited the Ordinance to create an OPEB Board at the October 22, 2007 Representative Town Meeting, and the Declaration of Trust ratified by the RTM with an effective date of January 1, 2008. Her opinion was that if the decision was made to disband the current OPEB Board (due to the hiring of an Outsourced Chief Investment Officer), it would be appropriate to modify these documents, which would require RTM vote/approval. The consensus was not to disband the OPEB Board arrangement at this time, and the following motion was made:

Mr. Weisbrod made a motion to fully staff the OPEB Trust Board with two BET members, seconded by Ms. Kreuzer. The vote was 4-0-0, the motion carried.

3. Review of the Treasury Reports:

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

Ms. Yemets presented the April 30, 2022 Treasurer's Report, showing a General Fund cash balance of \$144,028,847, and made several comments regarding its contents. In addition, Ms. Yemets provided a schedule of invested cash allocations, and discussed the interest rates, noting that interest rates are changing rapidly, with STIF earning 83 basis points as of May 10 (almost double the 44 basis points earned in April 2022). She also reviewed interest rates and earnings credit rates for each bank, Certificates of Deposit and U.S. Treasuries.

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

Ms. Yemets presented the listing of U.S. Treasury Bills investments and highlighted that the interest rates ranged from a low of 0.203% to a high of 1.349%, all with term of six months.

She added that there are three additional US Treasury investments in ARP – Covid Recovery Funds for \$5 million each totaling \$15 million. They have three separate maturities, and two of them have semiannual coupons.

- **General Fund monthly cash flows: actual for April 2022 and projected for the remainder of fiscal year 2022**

Ms. Yemets presented the Cash Report for cash balances through April 30, 2022 and asked if there were any questions. Ms. Kreuzer asked about the \$22.7 million inflow in the 'BOE Grants & Other' line during fiscal year 2022, and whether the Town had received the \$9.5 million for Greenwich Public Schools ESSER III/ARP money. Ms. Yemets responded that only about \$1.4 million of those funds had been received to date. Mr. Mynarski also responded by saying that the ESSER III grant was a drawdown or reimbursement grant and that about \$1.3 million was for expenditures already spent and the rest was for 'set-aside' purposes. Ms. Yemets agreed to provide components of the \$22.7 million number and to break out 'BOE Grants' from 'Other Grants' in the Cash Report going forward.

4. **Old Business** – none

5. **New Business** – none

6. **Adjournment**

Upon a motion by Ms. Kreuzer, seconded by Mr. Bashan, to adjourn the Regular Meeting of the Investment Advisor Committee at 10:00 A.M, the Committee voted 4-0-0. Motion carried.

Peter Mynarski, Recording Secretary

William Drake, Chairman, Investment Advisory Cmte

The next meeting of the IAC will be held on Thursday, June 9, 2022 in the Mazza Room.