

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

OPEB Trust Board Meeting Minutes

Tuesday, April 7, 2020

Zoom Virtual Meeting

Present:

Trust Board: Robert Stricker, Chairman; William Ferdinand, Joseph Pellegrino

BET Attendees: William Drake, Andreas Duus, Laura Erickson, Miriam Kreuzer, Michael Mason, Leslie Moriarty, David Weisbrod

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

The meeting was called to order at 8:04 A.M.

1. Approval of the OPEB 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 March 12, 2020. Motion carried.

2. Review performance of Trust as of the end of March 2020

Ms. Yemets reported that all equity indices had negative performance, with the S&P 500 Index declining 12.35% in March and 19.60% for the calendar year-to-date (CYTD) period, the MSCI All Country World ex US Index losing 14.48% for the month and 23.36% for CYTD, and the Bloomberg Barclays US Aggregate Bond Index shedding 59 bps in March, however, still generating a positive return of 3.15% for CYTD. The worst performing sectors in March were Energy -34.80%, Financials -21.31%, and Industrials -19.18%. US Small Cap Value equity was the worst performer in March with a return of -24.67%. One-year returns ranged from -29.64% (SCV) to 0.91% (LCG). US equities one-year returns were better than those generated by international equities, emerging markets experienced the worst performance.

In March, the OPEB Trust Portfolio lost \$3.4 million, or 10.08%, and ended the month with a market value of \$28,501,390 before operating cash. Fiscal year-to-date (FYTD) Portfolio losses were approximately \$3.2 million or 9.85%. At the Board's March 12 meeting, the target allocation to equities was raised to 70% by selling US Treasuries and adding to the SPDR S&P 500 ETF (SPY) position. On 3/31/2020 the Portfolio had the following asset allocations: 61.9% in domestic equities, 9.1% in international equities, 29.0% in domestic fixed income which includes cash.

3. Discuss and approve the OPEB Trust Board annual report for the Investment Advisory Committee

Mr. Stricker presented a draft of the OPEB Board's Annual Report for discussion, and responded to IAC members' questions about the ten-year expected returns and inflation

assumptions included in the report. Mr. Stricker commented that without active management and aggressive equity allocation, it would be difficult to generate the actuarial assumed return of 7% (annualized). He suggested that in order for the Board to be able to operate efficiently and add value in extremely volatile markets, the OPEB decision making framework needs to be more flexible.

4. Review of the Investment Policy Statement (IPS)

Mr. Stricker explained the OPEB Board's recommended changes to the IPS, including asset allocation guidelines, benchmark weightings, timing for rebalancing the Portfolio, and a proposal for more flexibility in OPEB Board's decisions approval process. The discussion continued about the need for flexibility to capitalize on market volatility, active versus passive investment approach, frequency of OPEB Board meetings. Concern was expressed about a possible new recession, the length of time market recovery will require, and the possibility of inflation based on the infusion of federal stimulus into the economy. Mr. Duus proposed treating the Report as a "first read" to be further discussed at the IAC meeting and at the next OPEB Board meeting.

5. Discuss market conditions and investment strategy, including

- **Asset Allocation** – A comparison of earnings declines during the Great Depression, the 1973 recession, and current market was reviewed. It was agreed that in each of the three cases, estimates for the lowest point of the decline were hard to predict. The Board's consensus was that it was not possible to know if the market had reached its lowest point or when it would bounce back. A discussion of whether to raise the Portfolio's equity position to 75% or 80% followed.

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 2-0-1 (Opposed: Stricker) to increase the Portfolio's equity allocation first to 72.5% and then to 75.0% by selling a sufficient amount of U.S. Treasury Bills and investing the proceeds in SPDR S&P 500 ETF (SPY). The trades to be executed on two separate days when the S&P 500 Index declines 2% or more from prior day close to 2:00 PM of current day. Motion carried.

- **Passively and actively managed high yield credit funds** – Topic was not discussed due to time constraints.
- **Low cost emerging market index ETFs** – Topic was not discussed due to time constraints.

6. Discussion of topics for future Meetings

Topics were not proposed due to time constraints.

7. Adjournment

Upon a motion by Mr. Pellegrino, seconded by Mr. Ferdinand, the Board voted 2-0-0 to adjourn the meeting at 9:15 A.M.

Next OPEB meeting is scheduled for Thursday, May 7, 2020 either in Town Hall, Mazza Conference Room, 1st Floor or as a Zoom virtual meeting.

Catherine Sidor

Catherine Sidor, Recording Secretary

Robert Stricker

Robert Stricker, OPEB Trust Board Chairman

Schedule of OPEB Trust Board Meetings for calendar year 2020 at 8:30 A.M.

May 7, 2020	(Thursday) – Mazza Conference Room, 1 st Floor or Zoom virtual meeting
June 11, 2020	(Thursday) – Mazza Conference Room, 1 st Floor
July 16, 2020	(Thursday) – Mazza Conference Room, 1 st Floor
August	(no meeting)
September 17, 2020	(Thursday) – Mazza Conference Room, 1 st Floor
October 15, 2020	(Thursday) – Mazza Conference Room, 1 st Floor
November 10, 2020	(Tuesday) – Human Services Conference Room 3 rd Floor
December 8, 2020	(Tuesday) – Mazza Conference Room, 1 st Floor