



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

Investment Advisory Committee Meeting Minutes

Monday, April 18, 2022

Present:

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

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

Guests: Brian Binkley, CFA, Vanguard Institutional Advisory Services (VIAS)
Joseph Pellegrino, Other Post-Employment Benefits (OPEB) Member

BET Members: Dan Ozizmir, BET Chairman

The meeting was called to order at 10:00 A.M.

1. Approval of the BET Investment Advisory Committee (IAC) Meeting Minutes

A vote on the minutes for the March 14, 2022 Investment Advisory Committee meeting was deferred.

2. Review of the OPEB Trust Portfolio performance by Vanguard

Mr. Binkley gave a power point presentation on the Vanguard performance for the first quarter of calendar year 2022 OPEB Trust investments. He started by saying that he had entered five years of data into the VIAS data base. He also indicated that he had recently received data from Ms. Yemets going back ten years which he expects to have included by the next quarterly report.

The highlights of Mr. Binkley's presentation are as follows:

- Due to interest rate changes and current geopolitical risk and its impact, such as the Russian invasion of Ukraine, U.S. equities have declined for the first quarter by 5.4% and Non-U.S. equities have declined by 5.3% for the same period.
- Mr. Brinkley stated that energy stocks were the only bright spot in the market with a 39.0% return for the first quarter of 2022.

- He pointed out that U.S. Treasury yield curve returns for maturities of six months and greater have risen dramatically from one year ago. Mr. Brinkley mentioned that the yield curve for 2-year to 10-year yields have inverted which tends to indicate the possibility of a looming recession, which has occurred seven out of the last eight times.
- Mr. Binkley offered that geopolitical sell-offs are short-lived and have traditionally averaged 5% total returns 6 months from the event and 9% average total returns one-year from the event. He stated there have been 9 bear markets over the last 40 years, and bull markets last significantly longer than bear markets.
- Ms. Kreuzer asked Mr. Binkley to add footnotes to the performance report, stating historical benchmarks and dates of transition to VIAS. Mr. Binkley indicated he would include this information in future reports.
- Mr. Binkley turned the discussion to the Vanguard proposals for amendments to the Investment Policy Statement which included the following:
 - Recommending an allocation of up to 40% of the total equity exposure to non-U.S. investments, up from the current limit of 20%,
 - Recommending updating the current benchmarks for U.S. Equities as measured by the S&P 500 Index, and Fixed Income as measured by the Bloomberg Barclays U.S. Aggregate Bond index to reflect the OPEB portfolio's exposure to the various asset classes.
 - Recommending rebalancing the portfolio when the equity or fixed income allocation is plus or minus 5% from policy targets versus the current 2%.
- Mr. Binkley stated that VIAS was recommending an increased investment in international stocks as a valuable diversifier to a balanced portfolio that can serve to lessen volatility over the long-term.
- Mr. Binkley was asked by Mr. Pellegrino what was meant by a "spliced benchmark". Mr. Binkley responded that it was merely a weighted blending of a previously used older benchmark with a more current version.
- Mr. Binkley concluded his presentation by showing a slide of the median returns of various assets, by class, during the worst decile of monthly U.S. equity returns from January 1988 to March 2021.

3. Discussion of the composition and the role of the OPEB Board

There was a discussion among the Committee members and Mr. Pellegrino regarding the decision to retain the existing OPEB Trust Board with three members. Different opinions were expressed, and it was decided to defer action until a future meeting.

4. Review of Treasury Reports:

- **Investments in U.S. Treasury Bills: General Fund and American Rescue Plan monies**

Because the meeting was running out of its allotted time, Chairman Drake requested that the Committee take up only the subject of investing more in U.S. Treasuries.

Ms. Yemets stated that starting in January 2022 we have been investing \$1 million per week in U.S. Treasuries and thought we should increase future investments up to \$2 million per week through June 2022, and further assess at that time. This would be an additional approximately \$20 million, bringing the totals up to about \$32 million with \$12 million already invested.

Ms. Yemets further suggested introducing U.S. Treasuries into the current Certificate of Deposit (CD) Program when U.S. Treasury rates exceed those of CDs of similar maturities.

It was discussed and agreed these additional investments in U.S Treasuries, both within the CD Program and separately through JP Morgan Securities, can be done at the discretion of Ms. Yemets with approval from Mr. Mynarski, in accordance with the Town's Cash Management Resolution.

It was separately noted by Ms. Yemets that approximately \$15 million of the ARP COVID Recovery Funds have also been invested in U.S. Treasuries.

4. **Old Business** – none

5. **New Business** – none

6. **Adjournment**

Upon a motion by Ms. Kreuzer, seconded by Mr. Basham, to adjourn the Regular Meeting of the Investment Advisor Committee at 11:07 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, May 12, 2022 in the Mazza Room.