TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION

OPEB Trust Board Meeting Minutes
Tuesday, November 10, 2020
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, Miriam Kreuzer, David Weisbrod

The meeting was called to order at 8:34 A.M.

1. Approval of the OPEB Trust 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 October 15, 2020. Motion carried.

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

Ms. Yemets provided an overview of the month of October market activity: the S&P 500 Index was down 2.66%; MSCI All Country World ex-US declined 2.15%; and the Bloomberg Barclays US Aggregate Total Return Bond Index lost 45 bps. U.S. Small Cap Value led the month with a return of 3.58%, while Large Cap Growth lagged, losing 3.40%. One-year results for domestic equities range from -13.92% (Small Cap Value) to +29.22% (Large Cap Growth).

The OPEB Trust Portfolio declined by $234,331 in October, finishing the month with a value of $34,821,125 before operating cash. Fiscal year-to-date gains were $2,770,289. The value of the Trust declined 91 bps but outperformed the benchmark by 73 bps. As of 10/31/2020, domestic equities represented 53.7% of the Portfolio, 18.0% was in PIMCO Income Fund, 5.1% was in convertible bonds, and 23.2% was in cash represented by the Vanguard Federal Money Market Fund.
3. **Discuss market conditions and investment strategy**

Mr. Ferdinand led off the discussion suggesting that the Pfizer announcement of the coronavirus vaccine made the recovery visible. In his view, the market fundamentals are slowly improving and, unless the FED starts raising rates, positive equity trends will continue with no signs of market correction. Mr. Stricker noted the transition from Large Cap Growth "working-from-home" stocks to small caps. He advised that the small caps positive performance should be captured by investing in a decent small/mid cap fund. Mr. Pellegrino questioned whether the rotation between large and small caps was a trend or just a small blip and wondered how long the rise of small caps would last. Mr. Ferdinand predicted that cash will continue going into the market, most probably into small caps. He agreed with Mr. Stricker that improvement in the economy will benefit small and mid-size companies and that the OPEB Trust should have some representation of small caps in addition to S&P 500. Mr. Pellegrino noted that it is likely the next relief package will help small companies and agreed with the idea of investing in small cap equities at this time, suggesting that the proceeds for the trade should come from the Portfolio’s cash position.

Mr. Ferdinand made a motion, seconded by Mr. Pellegrino, to invest 5% of the Total OPEB Trust Portfolio in the Vanguard Russell 2000 Index Fund ETF (VTWO) using the cash invested in the Vanguard Federal Money Market Fund (VMFXX). The Committee voted 3-0-0. Motion carried.

4. **Consider Alternative Investments such as Real Estate Investment Trust ETFs, MLP ETFs (AMLP) Convertible Bond ETFs and BDC ETFs (BIZD)**

Investing in the Russell 2000 index fund led to a discussion of alternative investments, their risk, yield, and liquidity data. The Board considered VanEck Vectors BDC Income ETF (BIZD), as an alternative that generates yields higher than money market returns; however, after further review of the fund’s investments, pricing, distributions, size and trading volumes, the Board decided not to invest in the fund at this time.

Mr. Ferdinand made a motion, seconded by Mr. Stricker, to invest 2.5% of the Portfolio in VanEck Vectors BDC Income ETF (BIZD) using the cash invested in the Vanguard Federal Money Market Fund (VMFXX).

Mr. Ferdinand, with agreement from Mr. Stricker as the motion’s seconder, withdrew his motion to invest in VanEck Vectors BDC Income ETF (BIZD).

Further discussion of the yield versus cost, volatility, and the choice of investing in a mutual fund or ETF took place.

Mr. Ferdinand made a motion, seconded by Mr. Stricker, to invest 5% of the Total OPEB Trust Portfolio in PIMCO Enhanced Short Maturity Active ETF (MINT) using the cash invested in the Vanguard Federal Money Market Fund (VMFXX). The Committee voted 2-1-0 (Opposed: Pellegrino). Motion carried.
5. **Discussion of topics for future Meetings**

Due to time constraints, this topic was not discussed.

7. **Adjournment**

Upon a motion by Mr. Ferdinand, seconded by Mr. Pellegrino, the Board voted 3-0-0 to adjourn the meeting at 9:49 A.M.

Next OPEB meeting is scheduled for Tuesday, December 8, 2020 at 8:30 A.M. virtually via Zoom.

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Robert Stricker, Chair OPEB Trust

January 14, 2021 (Thursday)  
February 11, 2021 (Thursday)  
March 11, 2021 (Thursday)  
April 8, 2021 (Thursday)  
May 13, 2021 (Thursday)  
June 10, 2021 (Thursday)