TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION

Investment Advisory Committee Meeting Minutes
Tuesday, November 10, 2020 – 10:00 AM
Virtual Webinar

Present
Committee: Andreas Duus, Chair; William Drake, Miriam Kreuzer, David Weisbrod

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

BET: Michael Mason, BET Chairman; Leslie L. Tarkington

Guest: Greg Stump, Actuary, Boomershine Consulting Group

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

1. Approval of the BET Investment Advisory Committee Webinar Minutes

   Upon a motion by Mr. Drake, seconded by Ms. Kreuzer, the Committee voted 4-0-0 to approve the Minutes of the IAC Webinar of October 15, 2020. Motion carried.

   Mr. Drake made a motion, seconded by Ms. Kreuzer, to change the Agenda to discuss Item #3, Presentation by Greg Stump of Boomershine Consulting Group of the Town of Greenwich OPEB Actuarial Valuation as of July 1, 2020, before Item #2, Review and Approval or proposed investment actions of the November 10, 2020 OPEB Trust Board Meeting. The Committee voted 4-0-0. Motion carried.

2. Presentation by Greg Stump of Boomershine Consulting Group of the Town of Greenwich OPEB Actuarial Valuation as of July 1, 2020

   Mr. Stump presented the Actuarial Valuation of the Town’s Other Post-Employment Benefits as of July 1, 2020. The report identified a 47% funding ratio of Actuarial Value of Assets to the Actuarial Accrued Liability. The Actuarially Determined Employer Contribution (ADEC) for FY22 is $3,835,422, based on assumptions of a 7.0% discount rate and the amortization of the Unfunded Actuarial Accrued Liability over 19 years.

   Mr. Duus asked that an OPEB experience study be prepared for the Committee. A further request was made for information on the Town’s peer group OPEB Plans for comparison of
liability, portfolio asset allocation, discount rate, and if possible, performance. At the Committee’s request, Mr. Stump prepared various stress scenarios demonstrating the potential change to the funding ratio and ADEC. The Committee questioned whether rating agencies examined the OPEB portfolio’s asset mix and/or benchmark construction. Both Mr. Stump and Mr. Mynarski assured the Committee that the construction of the Portfolio’s asset mix had no impact on rating agency determination. However, Mr. Stump noted that the “prudent investor rule” should be taken into account when considering a portfolio with a larger equity allocation and/or lower diversification. The Committee noted that increasing health care costs were key contributors to potential liability increase and asked Mr. Stump to follow-up with suggestions on how to control liability escalation.

Upon a motion by Mr. Duus, seconded by Ms. Kreuzer, to accept the Actuarial Report and the proposed ADEC for FY2022. The Committee voted 4-0-0. Motion carried.

2. **Review and approval of proposed investment actions of the November 10, 2020 OPEB Trust Board Meeting**

During the OPEB Trust’s meeting of November 10, 2020, the Trust Board voted 3-0-0 to invest 5% of the Portfolio in the Vanguard Russell 2000 Index ETF (VTWO) using cash invested in Vanguard Federal Money Market Fund (VMFXX). In a second action, the Trust Board voted 2-1-0 to invest 5% of the Portfolio in PIMCO Enhanced Short Maturity Active ETF (MINT) using cash invested in Vanguard Federal Money Market Fund (VMFXX). The investment in a small cap ETF was made to take advantage of the market’s transition to value and small cap assets; the actively managed short duration fixed income ETF produces a higher yield than a money market fund.

Mr. Duus proposed a motion, seconded by Mr. Weisbrod, to approve the investment of 5% of the Portfolio in the Vanguard Russell 2000 Index ETF (VTWO) from cash in the Portfolio’s Vanguard Federal Money Market Fund (VMFXX). The Committee voted 4-0-0 to approve the OPEB Trust Board recommendation. Motion carried.

Discussion took place on adding complexity to managing cash returns for minimum difference in yield and whether overriding the OPEB Trust Board recommendation was prudent in this case.

Mr. Duus made a motion, seconded by Mr. Drake, to approve the investment of 5% of the Portfolio in PIMCO Enhanced Short Maturity Active ETF (MINT) from cash in the Portfolio’s Vanguard Federal Money Market Fund (VMFXX). The Committee voted 3-1-0 (Opposed: Duus) Motion carried.

Mr. Drake made a motion, seconded by Ms. Kreuzer, to change the Agenda to discuss Item #5, Discussion of OPEB Trust Investment Policy Statement, before Item #4, Review Town’s cash position as of October 31, 2020, actual cash flows for October 2020 and projected flows for the remainder of fiscal year 2021. The Committee voted 4-0-0. Motion carried.
5. **Old Business: Discussion of OPEB Trust Investment Policy Statement (IPS)**

Mr. Duus reviewed some of the previous suggestions that had been offered so far on changing the structure and processes of the OPEB Trust Board and asked Committee members for additional recommendations to come to a consensus before revising another draft: transitioning to more passive investments; increasing the percentage of equity investments; replacing volunteer advisors with a compensated Outside Chief Investment Officer (OCIO); instituting quarterly meetings rather than monthly; and overall, devising a policy for Portfolio rebalancing. A member of the Committee suggested exploring more widely for prospective OCIO firms to compare costs.

Mr. Duus and Ms. Kreuzer will collaborate to produce a revised draft of the IPS for review by Committee members prior to the next meeting on December 8 for discussion.

4. **Review Town’s cash position as of 10/31/2020, actual cash flows for October 2020 and projected flows for the remainder of fiscal year 2021**

Cash inflows for October were $24.5 million, of which tax collection revenue was $15.5 million, outflows were $32.0 million resulting in a negative net flow of $7.5 million. Conveyance taxes and building permits collections were ahead of the forecast. The General Fund interest earned in October was about $56 thousand. Notable revenue included approximately $2.9 million of LOTCIP construction payment from the State of CT. The General Fund’s balance as of 10/31/2020 was $158.2 million, approximately $7.4 million higher than a year ago. The Committee reviewed deposit amounts and interest yields ranging from 0.07% to 1.88% paid by the bank depositories, STIF and the Town’s CD Program. Ms. Yemets reported that TD Bank interest in October was 0.30%, higher than other depository banks.

6. **New Business** – None

7. **Adjournment**

Mr. Weisbrod made a motion, seconded by Ms. Kreuzer, to adjourn the Regular Meeting of the Investment Advisory Committee at 11:59 A.M. The Committee voted 4-0-0. Motion carried.

Next Meeting: December 8, 2020 at 10:00 A.M. as a virtual webinar.

Catherine Sidor, Recording Secretary

Andreas Duus, Chair, Investment Advisory Committee

**Schedule Investment Advisory Committee Meetings for calendar year 2020**

December 8, 2020 (Tuesday)
January 13, 2021 (Thursday)
February 11, 2021 (Thursday)
March 11, 2021 (Thursday)
April 8, 2021 (Thursday)
May 13, 2021 (Thursday)
June 10, 2021 (Thursday)