



**TOWN OF LEESBURG**  
**OPEB TRUST FINANCE BOARD MEETING MINUTES**  
**FEBRUARY 26, 2025**  
Town Hall  
Lower-Level Conference Room 1  
25 W. Market Street, Leesburg, VA 20176

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**1. Call to Order**

The meeting was called to order by Cole Fazenbaker at 2:03 p.m.

Board Members in attendance (in-person):

- Cole Fazenbaker, Deputy Director/ Treasurer
- Diane Starkey, Deputy Director/Controller
- Octavia Andrew, Chief Procurement Officer
- Owen Snyder, Assistant Town Manager/Chief Financial Officer
- Tamara Keesecker, Management and Budget Officer

Quorum was established.

Ex Officio Attendees (in-person):

- Allison Corbally, Director, PFM Asset Management
- Scott Fleming, Director, PFM Asset Management
- Jack Schnorbus, Relationship Manager, PFM Asset Management

Absent Board Members: Joe Mason, Josh Didawick

**2. Approval of Minutes for 11/15/2024 Finance Board Meeting**

Meeting Minutes were approved on a motion by Diane Starkey; seconded by Octavia Andrew. (Unanimous 5-0).

**3. Discussion Items led by PFM Asset Management, LLC (PFMAM)**

*Discussion of Market Results for Quarter Ending December 30, 2024*

2024 resulted in a positive year for the financial markets. Labor markets are generally in good shape, even with some volatility in unemployment rates. Consumers continue to spend at healthy rates and inflation moderating down.



Quarterly returns for equity markets and domestic equity markets are positive, and any negative returns are in value space (small cap). In the 3<sup>rd</sup> quarter, there was rotation out of the large cap growth stocks to displaced stocks such as value and small cap growth. In the 4<sup>th</sup> quarter, there was rotation back to the large cap growth companies. 2024 trended like 2023 with AI large cap growth dominating the market. As it relates to international markets, there were some negative returns in the 4<sup>th</sup> quarter -- we have a strong US dollar which impacts non-US equity and a slowing economy across the board globally. Fixed income did not have a good quarter and with a cautionary outlook for 2025.

### *Economic Context and Outlook*

Overall, for the fourth quarter, the market produced strong returns across the board in equities and fixed income. Emerging markets are not growing as quickly. U.S. GDP growth equaled 2.3% in Q4, which was a bit lower than 2<sup>nd</sup> and 3<sup>rd</sup> quarters with full year growth of 2.8% in 2024. For additional context, GDP growth in the European Union was 0.8%, growth in the UK less than 1%, growth in Mexico over 1%, and growth in Canada approximately 2%. In considering the Federal Reserve's informal GDP benchmark of 1.8%, with the growth above 2%, we are in good shape financially. Consumer spending in the 4<sup>th</sup> quarter has increased over 4%, which was the biggest amount since the 1<sup>st</sup> quarter of 2023. Will continue to stay neutral and conservative as it relates to consumer spending. The Federal Reserve released the 2025 benchmark at 2.1%.

As it relates to inflation, minus food and energy (core rating), the Consumer Price Index (CPI) is 3.3%, and 2.8% for the Personal Consumption Expenditures (PCE). At the end of the 3<sup>rd</sup> quarter, headline CPI was 2.4%; we ended 2024 at 2.9%, and unfortunately in January we are trending towards 3%. As it relates to CPI, we may be heading in the wrong direction, but we are trending water. Labor markets have remained stable even with the threat of a potential weakness in labor markets. In the last 25 years, the average unemployment rate has been 5.7%. In the fixed income markets, rates have gone up and values have gone down, which results in a negative performance. Of course, tariffs and other federal decisions will have a major impact on the economy overall. Tariffs will be passed onto consumers and the Town.

### *Portfolio & Performance Review*

As it relates to fixed income, we remain active and will be 50/50 active in the portfolio. As it relates to asset allocation, portfolio is 60/40 (exposure benchmark) and is in line with the projections. Due to the presidential election



and other factors, there was volatility at the end of December due to the unknowns and the lack of clarity. The discussion of tariffs will add additional complexity. Overall, the economy still looks good, and markets are performing well. And, from a valuation perspective, valuations look attractive for the non-US market. As fiduciaries, it would be incumbent on us to remain consistent in our investments and stick to the fundamentals for the near and long term and not react to the noise in the marketplace.

#### **4. Additions to Future Board Meetings**

##### *Portfolio Review Against Investment Policy*

The Town transitioned the portfolio on the equity side from active to passive in 2023. The actuarial report states the discount rate is 7% and the portfolio is managed based on the risk appetite and what the Town can accept. PFMAM provided modeling on various intermediate and long-term return projections with different allocations for equity and fixed income. The models are simply projections based on the capital market assumptions of these anticipated returns for the various asset classes. As you take on more equities in the portfolio, you are taking on more risk as equities are more volatile. As a fiduciary, there should be some exposure to international equity as there may be a time in which the international markets may outperform the domestic markets. The benefit of overweighting and underweighting the various equity asset classes is minimizing the exposure risk. Discussions regarding syncing up the 30-year fund to the payout schedule to the Trust to minimize risk be more conservative towards the end of the life of the plan. The Town will provide PFMAM with the latest actuarial report to provide additional modeling projections.

#### **5. Information Memorandums**

- a. None

#### **6. Members Statements/Comments**

- a. None

#### **7. Closed Session**

- a. None

#### **8. Adjournment**

Motion to adjourn by Tamara Keesecker; seconded by Diane Starkey.



The meeting was adjourned at 2:55 pm.