



TOWN OF LEESBURG
OPEB TRUST FINANCE BOARD MEETING MINUTES
MAY 28, 2025
Town Hall
Lower-Level Conference Room 1
25 W. Market Street, Leesburg, VA 20176

1. Call to Order

The meeting was called to order by Cole Fazenbaker at 2:01 p.m.

Board Members in attendance (in-person):

- Cole Fazenbaker, Deputy Director/ Treasurer
- Josh Didawick, Human Resources Director
- Owen Snyder, Assistant Town Manager/Chief Financial Officer
- Tamara Keesecker, Management and Budget Officer

Board Members in attendance (virtual):

- Diane Starkey, Deputy Director/Controller

Other Attendees:

- Octavia Andrew, Chief Procurement Officer (in-person)
- Dr. Todd Cimino-Johnson, Vice Mayor (virtual)

Ex Officio Attendees (in-person):

- Allison Corbally, PFM Asset Management
- Scott Fleming, PFM Asset Management
- Jack Schnorbus, PFM Asset Management

Absent Board Members:

- Joe Mason, Senior Vice President, Davenport & Co

Quorum was present

2. Approval of Minutes for 2/26/2025 Finance Board Meeting

Meeting Minutes were approved on a motion by Tamara Keesecker; seconded by Owen Snyder. (Unanimous 6-0).

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

Discussion of Market Results for Quarter Ending March 31, 2025

Coming off two strong calendar years, 2023 and 2024 for the markets, it had got off to a strong start with solid corporate earnings, stable market data, and consumer optimism. In February, the S&P 500 reached an all-time high; however, volatility in the market increased as we entered the month of April due to the uncertainty of the proposed increase in tariffs and political unrest.

At the end of the first quarter, market returns were negative primarily in the growth area. In the non-US equity marketplace, returns were over 6.5%. The position performance can be explained in the weakness of the U.S. dollar (index ebbs and flows with the U.S. Dollar). The markets have rebounded in the equity markets quarter-to-date; but there are still concerns about uncertainty as it relates to tariffs, deficit, and the economy. With respect to fixed income, we saw yields are falling during the first quarter, causing market values to increase, and spreads are widening. This trend shows that there is a flight to quality as investor brace for uncertainty. Since the first quarter through early June, we have seen spreads narrowing a bit and bond market on better footing.

Economic Context and Outlook

For the first quarter, unemployment has been resilient at approximately 4.2% (and steady). There were job gains in specific industries such as transportation, warehouse, healthcare, and leisure and hospitality. At this time, there is no data to support the impact that tariffs may have on our unemployment rate.

As it relates to inflation, the market is cooling at about 2.8% Consumer Price Index (CPI) versus 3.2% about six months ago. Shelter costs (high rental costs, high mortgage rates and limited availability) are a driving factor to the inflation rate. Tariffs and other future federal decisions will have an impact on the economy overall, as those costs will eventually be passed down to the consumers. Consumers in the marketplace represent 70% of the GDP and we are starting to see some delinquencies as it relates to student loans, mortgages, and car loans. As a result, banks are building up their reserves to protect loan delinquency risk.

Portfolio & Performance Review

At the end of March, the market value was \$19.2M, with the US equities driving the market down. The benefit of the non-US equities exposure is to buffer some of the negative returns from the US equity market. The quarter was somewhat flat; however, slightly underperformed for fixed income. An out of benchmark exposure (high yield) was removed from the portfolio and we took a more defensive position in the portfolio. As of the close of the fourth quarter, the investments were somewhat aligned with the strategy plan (weights). Since US equity generated negative returns for the quarter, the strategy was to let the portfolios drift – so, no significant changes in the first quarter. There have been recent changes to the portfolio by taking an underweight of US equity by 2% and underweight to non-US equity by 1%, and redeploying that into Core Fixed Income. The last significant change in the portfolio occurred in 2023. There have been tactical shifts in the portfolio to stay defensive as the investment committee monitors the markets. In considering current market volatility, decisions are being made in a prudent manner for the Town's assets. As fiduciaries, we remain consistent in our investment strategy and will not have an impulsive reaction to the market volatility.

4. Additions to Future Board Meetings

- a. None

5. Information Memorandums

- a. None

6. Members Statements/Comments

- a. None

7. Closed Session

- a. None

8. Adjournment

Motion to adjourn by Josh Didawick; seconded by Tamara Keesecker.

The meeting was adjourned at 2:34 pm.