MINUTES of the regular meeting of the Board of Estimate and Taxation held on Monday, April 17, 2006 in the Town Hall Meeting Room, Greenwich, CT.

The Chairman, Peter J. Tesei, called the meeting to order at 7:08 P.M., after which the members pledged allegiance to the flag.

Board members in attendance:

Peter J. Tesei, Chairman
Robert S. Stone, Vice Chairman
Alma Rutgers, Clerk
Nancy E. Barton
William R. Finger
James Himes
Edward T. Krumeich
Michael Mason
Arthur D. Norton
Laurence B. Simon
Leslie Tarkington
Stephen G. Walko

Ex Officio Board Members: James Lash, First Selectman; Peter Crumbine and Penny Monahan, Selectmen

Staff: Peter Mynarski, Finance Department; Ted Gwartney, Robert Shipman, Assessor’s Office; Maureen Kast, Director of Human Resources; Aamina Ahmad, Eugene McLaughlin, Law Department

ROUTINE APPLICATIONS:

PS-1 PARKING SERVICES – Transfer - $60,000

Request for transfer:
$10,000 to G-219-53550 Mechanical Supplies
$50,000 to G-219-54020 Parking Area Maintenance
$60,000 from G-219-51920 Transfer to/from Other Depts.

PR-1 DEPARTMENT OF PARKS AND RECREATION - Transfer- $11,679

Request for Transfer:
$ 600 to A-811-51010 Regular Salaries
$ 11,079 to A-814-51100 Overtime
$ 600 from A-812-51300 Temp Services
$ 1,500 from A-815-51300 Temp Services
$ 500 from A-815-54020 Maint of Parking Areas
$ 2,400 from A-815-54350 Maint of Roads, Bridges  
$ 2,979 from A-817-51070 Other Salary Expenses  
$ 545 from A-817-52110 Mileage Allowance  
$ 800 from A-817-52240 Telephone, Telegraph  
$ 2,255 from A-817-52320 Rental of Other Equipment  
$ 100 from A-817-53310 Personal protective Equipment

SE-1 First Selectman-Additional Appropriation- $17,500

Request for additional appropriation:  
$17,500 to P-935-57350 Settlement  
$17,500 from Risk Fund Balance

RF-1 BET-Retirement -Release of Conditions- $1,200,000

Request for release of conditions:  
$1,200,000 to A-131-51490 Professional Services

Upon a motion by Ms. Rutgers, seconded by Mr. Walko, the Board voted 12-0-0 to approve the routine applications.

Mr. Walko, on behalf of the Budget Committee, commended the Department of Parks and Recreation for their compliance with the Budget Committees request to collect all costs relating to overtime utilization of town employees.

**HUMAN RESOURCES COMMITTEE ACTIONS & REPORT-APPROVAL OF EMPLOYEE HEALTH CARE BUDGET STATUS REPORT**

Maureen Kast, Director of Human Resources, presented the monthly report. Employee health care costs continue to run under budget, and there is still a lower than projected headcount. Ms. Kast expects this to continue through the end of the year.

Upon a motion by Mr. Simon, seconded by Ms. Tarkington, the Board voted 12-0-0 to accept the Employee Healthcare Budget Status Report.

**ASSESSOR’S REPORT**

Before presentation of the Assessor’s report, Mr. Tesei noted that both Ms. Barton and Ms. Tarkington had been working diligently collecting the questions from BET members regarding the potential change in schedule for the revaluations. They will continue to gather more
Mr. Gwartney began by stating that the Board of Assessment Appeals Hearings are concluding, and are expected to be complete by the end of the month.

Credits for the Elderly, Veterans and Firefighters are being processed at this time.

In response to a question from Mr. Walko with regard to the number of appeals anticipated, Mr. Gwartney responded that approximately 1,000 were anticipated, and 1,009 were received.

Mr. Walko also inquired as to the scope of the FOI request form the New York Times. Mr. Gwartney stated that they had requested information about the automobile Grand List. Information was provided to them, and they produced an article that identified a number of the more valuable cars in the town of Greenwich and discussed benefits some of the vehicle owners would get should property tax on automobiles be removed.

In the Board of Assessment Appeals portion of Mr. Gwartney’s monthly report, “Trial Runs” are mentioned with regard to entering appeals decision data. Mr. Walko asked for clarification of this term, and Mr. Gwartney explained that this means that entries (5) were put through the computer system to ensure that the system would properly process and produce notices that the Board of Assessment Appeals can use.

Mr. Simon asked Mr. Gwartney to comment on the results of the Personal Property audits. Mr. Gwartney reported that, to date, 60 accounts have been worked on and 46 have been processed and finalized. The audits produced a total of $138,000 in new taxes at a cost of $23,000. A total of 160 audits were authorized.

Upon a motion by Mr. Simon, seconded by Ms. Tarkington, the Board voted 12-0-0 to accept the Assessor’s Report.

**BET COMMITTEE & LIAISON REPORTS**

*Law Committee-Michael Mason and Nancy Barton*

Mr. Mason began by stating that at the monthly Law Committee meeting, there was a full presentation on the claim just approved by the BET. Further discussions included the town attorney contract, questions about which were forwarded for review with a future report back to the Board; a control of commitments opinion from the town attorney’s office regarding the BOE, which will also be presented to the Board after review by the Budget Committee; and the budget resolutions.

Ms. Barton reported on a question previously raised by the Assessor’s Report regarding the impact of a Connecticut Supreme Court decision on the town's practice of allocating taxes when taxable property is conveyed to a tax exempt entity. The specific question was whether the
Supreme Courts decision is binding and mandatory with regard to the town of Greenwich, and Ms. Barton stated that yes, it is. It was an interpretation of a state statute, not a town ordinance, and therefore applies to the Town of Greenwich. Ms. Barton met with Ms. Tarkington and Mr. Gwartney sometime in late March/early April and reviewed the matter with him, and confirmed that the town is properly applying the Court’s decision.

**Human Resources Committee - Leslie Tarkington**

Ms. Tarkington reported that the Human Resources Committee met on April 6, 2006. All members and Mr. Mynarski were in attendance. Also in attendance were Jim Lash, Maureen Kast and Ed Gomeau, to update the Committee on Human Resources matters. Mr. Lash’s objective is to present to the Human Resources Committee personnel oriented issues that are being worked on, with a focus on succession planning, key training as promotions occur, diversity and skill enhancement training. An updated vacancies report was presented. Positions vacant for a longer amount of time may be a result of reorganization, removal or reclassification of the position. Many of the vacancies are close to being filled. The Committee appreciated the positive approach in responding to their requests for information.

The May 4, 2006 scheduled meeting of the Human resources Committee has been cancelled so that members can attend the RTM Budget Approval process.

**General Government Liaisons – Leslie Tarkington**

Ms. Tarkington also reported on the meeting she and Ms. Barton had with Mr. Gwartney. As a result of the Assessor’s request for a biennial revaluation, Ms. Tarkington and Ms. Barton met with Mr. Gwartney to discuss the request and circulated it for feedback and questions from the full BET. Follow up requests for information are being put together, and Mr. Gwartney’s input and responses are also being requested.

A presentation will be scheduled, working with Mr. Tesei and the Chairman of the Board of Assessment Appeals.

**Audit Committee- Robert Stone**

Mr. Stone said that 3 responses were received from a Request for Proposal concerning engagement of the town’s independent auditor. Two firms were interviewed by the Audit Committee.

At the regular April 13, 2006 meeting, 3 audit reports were reviewed;

1) Payroll Processing: This report outlines inadequate controls involving insufficient record keeping and lack of segregation of duties in several town departments. This exposes the town to abuse and financial loss. The respondents to the report seem to be in agreement with a need for corrective action; however the indicated time frame did not convey to the Committee that the matter carried a sufficiently high level of importance. The following resolution was adopted unanimously by the Committee:
“The Audit Committee accepts and thanks the Internal Auditor for his report on payroll processing and notes that the Internal Auditor expresses the opinion that certain town internal controls, approvals and checks and balances are not adequate; the Audit Committee urges the First Selectmen and relevant internal managers to develop and implement a plan to address such inadequacies on a timely basis, and to meet with the Audit Committee to discuss and report on such plan as soon as possible.”

2) 401(k) MC Contribution Match Audit- A misinterpretation of language leading to adverse financial implications was revealed, and has been somewhat costly to the town. One instance of “front end loading” resulted in a departing employee receiving over $5,600, almost double the proper amount due this employee. Under the interpretation, clarification is expected. The following resolution was adopted unanimously by the Committee:

“The Audit Committee strongly disagrees with the interpretation of how the 401(k) match is being implemented for MC employees, and believes that it should be based on earned salary only, with regard to both the contribution and the cap.”

3) Old Greenwich Yacht Club Audit: Presentation of this report indirectly alerted the Committee to an area concerning the insurance requirements involved in certain of town owned properties. A draft of a resolution concerning this issue is expected at the next Audit Committee meeting.

COMPTROLLER’S REPORT

Mr. Mynarski presented his monthly report to the Board.

He commented on an update of the Milbrook Sewer Assessment portion of the report. Bob Tuthill of the Condemnation Commission estimates that the Apportionment Letters will go out in early May 2006. An appeal process will follow, and a public hearing will be held in June 2006. A September 1, 2006 mailing for the Milbrook Assessment is scheduled. The RTM has passed a charter revision so that the date is flexible.

The Flash Report from the Retirement Board is not yet available and will be sent out as soon as it ready.

Mr. Walko inquired as to a newspaper article relative to issues regarding applications. He asked if Parks and Recreation staff had contacted the Risk Manager for further assistance with processing applications. Mr. Mynarski commented that the Risk Manager has been to the Parks and Recreation office weekly to speak with the clerical person processing these applications. The estimate is that 30% of the applications are being returned and that applicants are not reading them completely, and overlooking the fact that insurance information is a requirement. There has been no negative feedback. Data with regard to additional costs to boaters is not yet available.
In response to a question from Mr. Stone about difficulties experienced by Parks and Recreation on the technical side, Mr. Mynarski reported that that no such difficulties are exist.

Mr. Simon asked if a different heading than “Enterprise Fund Accounting” could be used in the Comptrollers Report. Mr. Mynarski will change it to “Cost Allocation Plan”.

Mr. Simon was concerned about losing track of the Outcome Based Budgeting (OBB) Process, as no timetable has been developed. Mr. Walko responded that it was noted at the March 2006 Budget Committee meeting that soon after the budget process was finalized, conversation would take place with the First Selectman and other representatives to go through the preliminary steps to bring OBB back on track.

Upon a motion by Mr. Stone, seconded by Mr. Walko, the Board voted 12-0-0 to accept the Comptrollers Report.

**ACCEPTANCE OF TREASURER’S REPORT SHOWING INVESTMENT PORTFOLIO ACTIVITY FOR THE PERIODS OF FEBRUARY 1, 2006-FEBRUARY 28, 2006**

Mr. Norton stated that subsequent to last month’s meeting, he and Mr. Himes met with the managers of U.S. Trust. Mr. Norton said that he had difficulties with the structure of their portfolio, and discussion will continue. Mr. Norton and Mr. Himes will also meet with the OPEB Advisory Committee to further discuss this matter.

Mr. Simon pointed out that there is $41.4 million at Hudson National Bank, earning 5.25% interest. Mr. Simon asked if this wasn’t too large an amount to keep in an uninsured account at one bank.

Mr. Mynarski responded that $10 million has been removed from that account within the last week. Mr. Mynarski noted that one requirement of the banks, besides being accepted by the BET and the resolution passed last June, is that they are qualified public depositories. Governed by state statutes, they meet requirements with regard to collateralizing and risk and capital ratios. Hudson United Bank (HUB) is being taken over by Toronto Dominion Bank North (TDB North). One of the reasons for the high balance is that this bank holds the tax receipts for the town.

Mr. Stone asked if securities have been set aside for our account by HUB, and Mr. Mynarski responded that state statute requires it.

Ms. Tarkington said one of the concerns is that TDB North is a Canadian bank, and how the branch system operates cross border is not clear.

Upon a motion by Mr. Norton, seconded by Mr. Himes, the Board voted 12-0-0 to accept the Treasurer’s Report.
APPROVAL OF MINUTES

Regular BET Meeting Minutes- March 20, 2006

Upon a motion by Mr. Walko, seconded by Mr. Finger, the Board voted 12-0-0, to approve the Regular Meeting Minutes of the BET from March 20, 2006.

OFFICER’S REPORT

Mr. Tesei asked the Finance Department to distribute to the members of the BET a copy of the Encumbrance Policy, as informational for the June BET meeting.

Mr. Tesei expressed appreciation to Messrs. Mynarski, Gwartney and Gieger for meeting with Mr. Tesei and Mr. Finger for orientation for Mr. Finger, the newest member of the Board. The April 11, 2006 meeting offered an orientation of to Mr. Finger, as well as a view of the inner workings of the Finance Department and the Assessors Office.

Mr. Tesei reported that he had received a request from Ellen Flanagan, the Director of Human Resources for the BOE, to appoint representatives to upcoming labor negotiations. Traditionally, two representatives form the BET have served as observers to the negotiations. Mr. Simon has served previously and asked to continue to serve. Mr. Tesei reappointed Mr. Simon, and stated that a representative from the Republican Caucus has yet to be selected.

Mr. Tesei addressed the upcoming RTM meetings on the Budget. He said that this is a very important aspect of what the BET does, and in order for it to be effective, it is important that all twelve members participate. Some additional effort will be required on the part of the BET this year, as there is a small amount of misinformation about the Budget being circulated.

On Wednesday, April 19, 2006, Mr. Walko and Mr. Lash will hold a meeting with RTM Committee Chairs and the Finance and Budget Overview Committees. Mr. Tesei will work with Mr. Simon to form a list of questions that RTM members seem to have and to produce a summary so each member has a sense of where the concerns are. The capital budget is the focal point. Mr. Tesei also sent an explanation of the capital budget to the RTM. Mr. Tesei distributed the following assignment list for BET members: All Good Luck To You!

Monday:
Jim Himes, Education Committee
Larry Simon/Stephen Walko, Finance Committee
Leslie Tarkington, Land Use
Nancy Barton, Legislative and Rules
Michael Mason, Public Works

Tuesday:
Alma Rutgers, Health and Human Services
William Finger, Parks and Recreation
Arthur Norton, Transportation
Peter Tesei, Town Services

Mr. Krumeich and Mr. Stone were invited to join any of the assignees. Attendees should summarize concerns that come out of the meetings and email them to the Finance Department for distribution to the full BET before the District Meetings to be held Wednesday and Thursday. The comments of the public and the votes of the committees will be an important measure of support or lack of support for the budget, or if there is misinformation it can be addressed and corrected.

In response to a request from Mr. Krumeich, Mr. Tesei asked that the communication titled “Consideration of the 2006-07 Budget” dated March 31, 2006 be circulated to the BET members.

Ms. Rutgers stated that, in response to a question with regard to the filing of minutes and Freedom of Information (FOI) compliance, the BET is in full compliance and a process is in place to provide a draft version within 48 hours of each meeting to the Finance Department. The finished version after approval by the full BET is available after that point.

The Budget Overview Committee is meeting on Thursday, April 27, 2006 at 7:00 P.M., in the Mazza Room.

OLD BUSINESS

There was no Old Business.

NEW BUSINESS

Appointment of McGladrey and Pullen as Independent Accountants for the Town of Greenwich

Financial statements for fiscal years ending June 30, 2006 and June 30, 2007:

Mr. Stone read the following resolution into the record:

“Resolved, that the Board of Estimate and Taxation in accordance with provisions of the Connecticut General Statutes and upon advice of its Audit Committee, hereby appoints McGladrey and Pullen as the independent public accountants to conduct the annual audits of the Town of Greenwich for the next two (2) fiscal years, beginning July 1, 2006 and July 1, 2007, with the option of an additional 3 one year terms, given approval of both parties.”

Upon a motion by Mr. Stone, seconded by Ms. Tarkington, the Board voted 12-0-0 to approve the Resolution.
Approval of Buckhead Capital Management, LLC as Retirement Board Money Manager

The primary committee that reviewed this and the ING contract is the Law Committee. Mr. Tesei asked Ms. Barton to report.

Ms. Barton stated that the Buckhead contract is an advisory contract for the small cap portion of the portfolio. The contract was reviewed from a legal perspective with the town’s Law Department, and there are no issues with it.

Upon a motion by Mr. Simon, seconded by Mr. Stone, the Board voted 12-0-0 to approve the Buckhead Capital Management contract.

Approval of ING Clarion Lion Properties Fund Investment

Ms. Barton stated that this is a subscription agreement for the town to purchase shares in a real estate fund managed by Clarion Lion Properties. The contract provides for an investment of up to approximately $8 million. This contract was reviewed by the Retirement Board liaisons, Mr. Stone and Mr. Simon, as well as the Law Committee and the town’s Law Department.

The primary issue with this contract was a demand by Clarion for indemnification from the town and the Law Department has taken the position that the town is not permitted under the Charter to grant such indemnification. This was clarified in the contract.

A second issue is that shareholders in the fund are required to indemnify the manager if they sell their shares to a third party. The Law Department has communicated to the Retirement Board that they may not transfer ownership to a third party, but can only exercise redemption rights under the agreement.

Upon a motion by Mr. Simon, seconded by Mr. Stone, the Board voted 12-0-0 to approve the ING Clarion Lion Properties Fund contract.

ADJOURNMENT

Upon a motion by Mr. Finger, seconded by Mr. Norton the Board voted 12-0-0 to adjourn at 8:02 P.M.

Respectfully submitted,
Valerie Zebrowski, Recording Secretary

Alma Rutgers, Clerk of the Board

Peter J. Tesei, Chairman