



MINUTES of the regular meeting of the Board of Estimate and Taxation held on Monday, June 12, 2017 in the Town Hall Meeting Room, Greenwich, CT.

Chairman Michael Mason called the meeting to order at 4:35 P.M., after which the members pledged allegiance to the flag.

Board members in attendance:

Michael S. Mason, Chairman
Arthur Norton, Vice Chairman
William Drake, Clerk
John Blankley
Elizabeth K. Krumeich
James A. Lash
Leslie Moriarty
Jill K. Oberlander
Jeffrey S. Ramer
Leslie L. Tarkington
Anthony Turner
Nancy Weissler

Staff: Peter Mynarski, Comptroller; Roland Gieger, Budget Director; J. Wayne Fox, Town Attorney; Aamina Ahmad, Assistant Town Attorney; Atiya Jones, Retirement Administrator

Public: John Chadwick, Chairman, Retirement Board; Joseph Pellegrino, Member, Retirement Board; Edward H. Smoot, Patterson Belknap Webb & Tyler LLP, Retirement Board Attorney; Joseph Amato, President, Neuberger Berman Group; Edward Berman, SVP, Neuberger Berman; Michael Savinelli, VP, Neuberger Berman

Mr. Mason welcomed BET members and attendees.

New Business

Approval of resolutions related to Retirement Board Investment Management - Mr. Pellegrino introduced the topic as an initiative of the Retirement Board, which was adopted to enable the Retirement Board to simplify and improve the investment of the Retirement funds. He thanked Mr. McLaughlin and Mr. Smoot for their collaboration expediting the process to facilitate obtaining the BET and RTM approvals for the relationship to begin with the new fiscal year. Mr. Chadwick addressed the Retirement Board's expectation that outsourced CIO services would accelerate the process of purchasing new financial products. He acknowledged the responsiveness of the Law Department, Law Committee, IAC and Retirement Board.

Ms. Weissler asked if the new investment manager thought that 6.75% targeted performance was acceptable and feasible, what was encompassed in the fee and to further discuss the hurdle rate. Mr. Pellegrino responded that Neuberger Berman was comfortable with the achievability of the rate; a discussion of the composition of the portfolio was still to take place. Mr. Smoot responded to Ms. Weissler's question about fees, differentiating between complementary 3rd party managers and unaffiliated managers. He added that 3rd party managers and their fees would be under the jurisdiction and consent of the Retirement Board.

Ms. Tarkington commented that Mr. Smoot had been asked to enumerate important issues in the contract and his letter and discussion with the Law Committee on June 5, 2017 and the IAC at their June 9, 2017 meeting identified a) full discretion conditioned by the Retirement Board's Investment Policy Statement and an annual review; b) Neuberger Berman's fiduciary responsibility; c) the ongoing relationship with State Street as custodian; d) the successful negotiation of fees; e) the indemnification of TOG; and f) the favorability of the contract's termination clause to TOG. Mr. Turner shared his observations on the business rationale behind the contract's terms and noted the advantage for the Town as the complexity of investment conditions due to globalization, performance volatility, heightened fiduciary pressure, the scale of the money manager firm and its access to product information. Mr. Norton thanked Mr. Turner for bringing compliance issues to the IAC's attention. Mr. Drake commented on the new relationship's fee structure, the recent BET procedure and clarification of governance of the investing process. He pointed out that performance was not the rationale for the change, since the Retirement Board had been recognized as being in the first percentile of municipalities for their performance in calendar 2016.

In conclusion, Mr. Pellegrino thanked the BET for supporting the RFP process to obtain the OCIO services and opportunity for the future. Mr. Blankley echoed Mr. Pellegrino's comments and pointed out that the kind of returns that had been achieved could be sustained by the new CIO.

Mr. Ramer asked about blank areas in the Agreement and the logic of including the existing private equity commitments under Neuberger Berman oversight. Mr. Pellegrino responded that the administrative cost was fair compensation and the contract blanks referred to items among the 1,000 pages of contract exhibits and other documentation. Mr. Mason asked Ms. Tarkington for assurance that the contract was in compliance the Town charter. Ms. Tarkington remarked that the Law Committee vote to approve the contact was 2-0 in favor.

The following was read into the Minutes: Board of Estimate and Taxation of the Town of Greenwich Resolution dated June 12, 2017 regarding the selection of Neuberger Berman Trust Company N.A., a national banking association ("Neuberger") as investment manager for the Retirement System Funds:

Resolved that the full Board of Estimate and Taxation approves the contract between Neuberger and the Retirement Board as presented by Attorney Edward H. Smoot, special counsel retained by the Retirement Board for this purpose. This approval is based on the recommendation of the special counsel, Edward H. Smoot and the Law Department approval of the contract pursuant to Town of Greenwich Charter Section 208.

Mr. Mason made a motion to approve the Agreement. The Board voted 12-0-0 to approve the motion.

Mr. Mason asked for the Law Committee's vote on the selection of the investment manager,

Neuberger Berman, to which Ms. Tarkington responded the Law Committee had voted 2-0 in favor of selecting Neuberger Berman as the corporation trustee; the IAC also voted in favor of selecting Neuberger Berman, 4-0.

Further resolved that the full Board of Estimate and Taxation approves the designation of Neuberger as the corporation trustee for the purpose of managing the Retirement System Funds under Section 208(a) of the Town of Greenwich Charter.

Mr. Mason made a motion to approve the designation of Neuberger Berman as the outside investment manager. The Board voted 12-0-0 to approve the motion.

Mr. Amato, President of Neuberger Berman thanked the BET for its approval and commented that their selection was timely given the challenges of market volatility and pursuit of returns. Ms. Tarkington thanked Mr. Pellegrino, Mr. Chadwick and Mr. Smoot and Mr. McLaughlin as the supportive team which facilitated this accomplishment.

Executive Session- Discussion of Pending Litigation

Mr. Mason called for an Executive Session to discuss pending litigation.

Upon a motion by Ms. Tarkington, seconded by Mr. Ramer, the Board voted 12-0-0 to enter Executive Session at 5:14 P.M.

The Board exited Executive Session at 5:23 P.M.

ROUTINE APPLICATIONS

Mr. Mason asked Mr. Drake to read the Routine Applications.

| | | |
|-------------|-----------------|---------------------------------------|
| SE-19 | First Selectman | Settlement |
| \$20,253.05 | P935 57350 | Chubb Group v. TOG & Roberti |
| SE-20 | First Selectman | Settlement |
| \$10,437.58 | P935 57350 | Safeco Ins. Co. v. TOG & Ballone |
| LAW-2 | Law Department | Transfer |
| \$13,000.00 | A140 52150 | Research, depositions & phone expense |

Upon a motion by Mr. Drake to vote on all three Routine Applications simultaneously, seconded by Ms. Tarkington, the Board voted 12-0-0 to approve the SE-19 Settlement for \$20,253.05, the SE-20 Settlement for \$10,437.58 and the Law Department's request to transfer \$13,000 between accounts.

Capital Carry Forward Requests

Mr. Mason asked if members of the Board wished to vote on each Carry Forward item separately. There was no objection to voting for all 6 Capital Carry Forward requests simultaneously, so he

proposed that there be one vote that would cover all the 6 Capital Carry Forward Requests.

| | | |
|-------------|--------------------|-------------------------------------|
| PR-1 | Parks & Recreation | Capital Carry Forward |
| \$100,000 | Z822 59830 17186 | Binney Park Improvement |
| PR-2 | Parks & Recreation | Capital Carry Forward |
| \$35,000 | Z832 59830 17190 | Greenwich Point Master Plan |
| PR-3 | Parks & Recreation | Capital Carry Forward |
| \$1,334,000 | B833 59830 17194 | Repair Greenwich Point Causeway |
| PR-4 | Parks & Recreation | Capital Carry Forward |
| \$260,000 | B834 59700 17195 | Replace Byram Launch Ramp & Install |
| PW-1 | DPW | Capital Carry Forward |
| \$200,000 | B345 59560 17141 | Byram Fire Station Rehab Design |
| PW-2 | DPW | Capital Carry Forward |
| \$170,000 | B345 59560 17144 | Eastern Civic Center Design |

Upon a motion by Mr. Drake to approve all 6 requests for to Capital Carry Forward funds, seconded by Ms. Tarkington, the Board voted 12-0-0 to approve the requests.

ASSESSOR'S REPORT

Ms. Elliot was delayed in Court so the Board voted to accept the written report.

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

Mr. Ramer asked the Board to note that in the Assessor's report, a real estate diagram reflecting recent sales although not segregating by neighborhood or price, prompted him to remark that the data did not show a deterioration of the real estate market.

COMPTROLLER'S REPORT

Mr. Mynarski asked if the Board had any questions about topics in his monthly report. Mr. Norton asked for clarification of the Retirement Board vote of 4-0-1 on the Chief Investment Officer Agreement and selection of a firm. Mr. Mynarski responded that one member of the Retirement Board had not had an opportunity to read the material and abstained from the vote.

Ms. Weissler asked about the bank reconciliation of credit card payments to the Tax Collector's Office for taxes, to which Mr. Mynarski responded that due to the Tax Office's staff reduction, no member of the staff was qualified to post the revenue temporarily during May. The Finance Department had since resolved the issue, subsequent to the written Comptroller's Report.

Ms. Moriarty asked for clarification on the federal reimbursements for Superstorm Sandy. Mr. Mynarski responded that the reimbursement process for the final \$1.6 million payment was slow.

Mr. Norton added that the State employee responsible for the reimbursement process had changed, and the Risk Manager, Mr. Lalli, was retiring; both circumstances delayed the process.

Upon a motion by Mr. Mason, seconded by Ms. Krumeich, the Board voted 12-0-0 to accept the Comptroller's Report.

Mr. Mason commented that the annual review of the Finance Department had been completed and complimented Mr. Mynarski on dealing with the Department's major changes including the hiring of an, Internal Auditor and Risk Manager.

Acceptance of the Treasurer's Report Showing Investment Portfolio Activity for April 2016

Upon a motion by Mr. Mason, seconded by Ms. Tarkington, the Board voted 12-0-0 to accept the Treasurer's Report.

BET Standing Committee Reports

Budget Committee – Mr. Lash reported that the Budget Committee received a presentation by the Harbor Management Commission on its budget and agreed that the Commission's current unspent appropriations of approximately \$70,000 would be adequate to meet its FY17 and FY18 expenses. The Commission suggested it would return any excess balance over its FY17-18 Budget at the end of June 2018.

Audit Committee – Mr. Norton reported that the Audit Committee had accepted the Internal Auditor's report on the Parking Service Department and expected the Forensic Audit to begin shortly with completion expected in three weeks. Ms. Oberlander commented that taxpayers placed a trust in public employees which had been undermined and commended the Finance Department on its leadership of the investigation to resolve these issues with a forensic audit.

Mr. Ramer brought the Board's attention to weakness cited in the conclusions of the 2003 and 2013 reports which had not been resolved and expressed the hope that this time appropriate measures would be implemented. Mr. Blankley suggested resolution was at the initiative of the Audit Committee and he was confident with the assistance of the Internal Auditor and Police involvement the situation would be resolved. Ms. Weissler asked that a copy of the engagement letter laying out the scope of the forensic audit be sent to the BET. Mr. Norton commented that the problem was related to the 22 recommendations from earlier audits that needed to be satisfactorily implemented and learning the new Internal Auditor's recommendations on issues to be revisited.

BET Liaison Reports

None

BET Special Project Team Reports

None

Old Business

None

Approval of the BET Meeting Minutes

Upon a motion by Ms. Tarkington, seconded by Mr. Ramer, the Board voted 12-0-0 to approve the Minutes of the BET Regular Monthly Meeting of the May 15, 2017.

Chairman's Report

Mr. Norton, as Vice Chairman, reminded BET members to attend the upcoming PTAC dinner.

Mr. Mason commented that it was a busy meeting season and thanked BET members for their commitment to moving its business forward. He complimented Mr. Turner, as a new member, for his contribution to IAC's review of the Retirement Board's outside investment manager process.

Adjournment

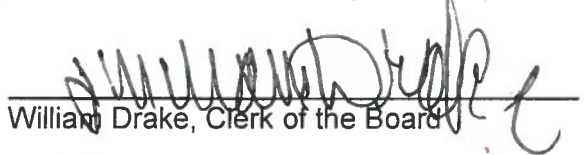
Upon a motion by Mr. Turner, seconded by Ms. Krumeich, the Board voted 12-0-0 to adjourn at 6:02 P.M.

The next Regular Meeting of the BET is on Thursday, July 13, 2017 at 5:30 P.M. in the Town Hall Meeting Room.

Respectfully submitted,



Catherine Sidor, Recording Secretary



William Drake, Clerk of the Board



Michael S. Mason, Chairman