



MINUTES of the regular meeting of the Board of Estimate and Taxation held on Monday, July 15, 2013 in the Town Hall Meeting Room, Greenwich, CT.

Chairman Michael Mason called the meeting to order at 6:34 P.M., after which the members pledged allegiance to the flag.

Board members in attendance:

Michael S. Mason, Chairman
Arthur D. Norton, Vice Chairman
Mary Lee A. Kiernan, Clerk
Gregory Bedrosian
Robert Brady
Sean Goldrick
Randall Huffman
Marc V. Johnson
Joseph L. Pellegrino
Jeffrey S. Ramer
Leslie L. Tarkington

Absent: William R. Finger

Staff: Peter Mynarski, Comptroller; Roland Gieger, Budget Director; J. Wayne Fox, Town Attorney; Eugene McLaughlin, Assistant Town Attorney; Alan Monelli, Superintendent of Building Construction and Maintenance, Public Works Department; Boris Hutorin, Director of Information Technology

Other: Laurence Simon, Retirement Board; John Chadwick, Chairman, Retirement Board

ROUTINE APPLICATIONS

There were no routine applications

NON-ROUTINE APPLICATIONS

RF-1 Retirement – Agreement (No funds required)

Mr. Mason noted that the item did not go through normal channels.

Mr. Bedrosian gave an overview of the approval process, presenting the application on behalf of the Investment Advisory Committee. Mr. Bedrosian noted that the Retirement Board seeks approval for investments in seven PIMCO funds, which are in the same asset classes in which the Retirement Board has already invested. Mr. Bedrosian also noted that the BET previously approved a Retirement Board investment in PIMCO, and added that PIMCO is a longstanding, blue chip company that manages trillions in assets. Mr. Bedrosian noted that the Retirement Board had already voted to invest \$4 million each in two of these seven funds, the PIMCO

Unconstrained Bond Fund and the PIMCO Senior Floating Rate Fund, but had not yet approved investments in the other five proposed PIMCO funds. Mr. Bedrosian further noted that the Investment Advisory Committee had approved modifications to the proposed Retirement Board resolution before the BET that would limit the investment in each PIMCO fund to \$10 million and require at least annual review of these investments for compliance with the Town Charter.

Mr. Ramer summarized the Law Committee's review of this application. Mr. Ramer explained that the Law committee voted 2-0 to find the documents in legal order with four conditions: 1) Receipt of a letter from New England Pension Consulting (NEPC) recommending these investments. This letter has been received. 2) Review and approval of these investments by the Retirement Board. The Retirement Board met subsequent to the Law Committee's meeting, and the Retirement Board approved investments in only the PIMCO Unconstrained Bond Fund and the PIMCO Senior floating Rate fund for \$4,000,000 each. 3) Approval of the proposed investments by the Investment Advisory Committee. The Investment Advisory Committee met subsequent to the Law Committee's meeting, and the Investment Advisory Committee approved the seven investments with the modifications described by Mr. Bedrosian. 4) Receipt of a letter from NEPC stating that each of the seven investments meets the Town Charter requirement that 40% of the Retirement System's portfolio conform to regulations governing state chartered insurance companies. This letter was not received.

Mr. Chadwick discussed the constraints on the Retirement Board's investing efforts, including the approval process for certain investments that lasts four to five months. Mr. Chadwick noted that the \$10,000,000 limitation suggested by the Investment Advisory Committee was not justified given the size of the portfolio and the size of other current investments in high yield instruments.

A discussion ensued regarding the appropriate level of BET oversight of Retirement Board investments authorized by the Town Charter Section 208. Mr. McLaughlin promised further analysis of this question and additional guidance for the BET and the Retirement Board.

Mr. Goldrick discussed the need for updating both Section 208 of the Town Charter and the Retirement Board's approach to investing. Mr. Goldrick suggested an amendment to the resolution in the application and proposed that the BET approve only the two PIMCO investments that were approved by the Retirement Board, to read as follows:

RESOLVED, that the Board of Estimate and Taxation accepts the recommendation of the Retirement Board to invest \$4 million each in the PIMCO Unconstrained Bond Fund and the PIMCO Senior Floating Rate Fund.

Upon a motion by Mr. Goldrick, seconded by Mr. Huffman, the Board voted 5-6-0 (Mr. Bedrosian, Mr. Johnson, Mr. Mason, Mr. Norton, Mr. Pellegrino, and Ms. Tarkington opposed) against the amendment to the resolution. The motion failed.

A discussion ensued about the proposed resolution and the potential amendments thereto recommended by the Investment Advisory Committee. Mr. Pellegrino suggested that the BET approve the resolution originally proposed by the Retirement Board:

RESOLVED, that the Board of Estimate and Taxation accept the recommendation of the Retirement Board to invest in the aforementioned investments (PIMCO Diversified Income Fund, PIMCO Unconstrained Bond Fund, PIMCO Emerging Local Bond Fund, PIMCO Senior

Floating Rate fund, PIMCO High Yield fund, PIMCO Asset Fund, PIMCO Commodity Real Return Strategy Fund).

Upon a motion by Mr. Bedrosian, seconded by Mr. Pellegrino, the Board voted 7-4-0 (Mr. Brady, Mr. Goldrick, Ms. Kiernan, and Mr. Ramer opposed) to approve the resolution.

ACCEPTANCE OF TREASURER'S REPORT SHOWING INVESTMENT PORTFOLIO ACTIVITY FOR THE PERIOD OF June 1, 2013 – June 30, 2013

Upon a motion by Mr. Norton, seconded by Ms. Tarkington, the Board voted 11-0-0 to accept the Treasurer's Report.

BET Standing Committee Reports

Audit Committee Report

There was no Audit Committee Report.

Human Resources Committee Report

Mr. Johnson gave an overview of the Management and Confidential (M&C) Employees Performance Evaluation and Compensation Program approved by the HR committee 4-0. Mr. Johnson explained that the new system proposed by Buck Consultants is simpler and more consistent across departments and appointing authorities, and the new system eliminates anomalies and inconsistencies from the prior system. Mr. Johnson noted that M&C employees as a group were allocated a 2% salary increase, with those meeting or exceeding objectives receiving a 1.5% increase and those demonstrating outstanding performance receiving an additional .5% increase. The remainder of the salary pool was equally allocated to those earning the 1.5% increase. Buck is now rewriting all M&C job descriptions.

NEW BUSINESS

OPEB Trust Board Re-nominations

Mr. Bedrosian explained that the Investment Advisory Committee met to interview Mr. Robert Stricker for his role on the OPEB Trust Board and voted 4-0 to reappoint him for an additional term and as Chairman.

RESOLVED, that the Board of Estimate and Taxation reappoints Robert Stricker to a term on the OPEB Trust Board, expiring June 30, 2016.

Upon a motion by Mr. Bedrosian, seconded by Mr. Norton, the Board voted 11-0-0 to approve the resolution.

RESOLVED, that the Board of Estimate and Taxation reappoints Robert Stricker of the OPEB Trust Board as Chairman of said board for another term, ending June 30, 2014.

Upon a motion by Mr. Bedrosian, seconded by Mr. Ramer, the Board voted 11-0-0 to approve the resolution.

Amendment to the Retirement Plan

Mr. Simon gave an overview of the proposed amendment to the Retirement Plan Document. The proposed amendment removes a section that does not apply to municipalities and was erroneously inserted into the Retirement Plan Document. A brief discussion followed regarding circumstances and consequences associated with this amendment.

Upon a motion by Ms. Tarkington, seconded by Mr. Pellegrino, the Board voted 11-0-0 to approve the amendment to the Retirement Plan Document, as presented.

OLD BUSINESS

Central Fire Station Update

Mr. Monelli gave an update on the demolition of the Central Fire Station, which came in substantially under budget. Mr. Monelli also described the progress of the construction documents, the upcoming architectural estimates, additional cost estimates and alternates. A discussion followed regarding the bidding process, regulations, and site issues. Mr. Monelli estimated that construction might commence in December.

IT Strategic Study Update/Report

Mr. Hutorin gave a brief update concerning the recently completed Town of Greenwich IT Analysis and Recommendations. Mr. Brady inquired about the current IT initiatives, project leaders, additional funding and staff, upcoming RFP's, and the consultant's recommendations concerning website management. Mr. Goldrick shared comments regarding the Fire Marshall's IT requirements and safety issues. Mr. Mason requested that a report concerning the recommendations be added to the September BET Meeting Agenda.

Status of Current Economic Conditions Report

Mr. Gieger presented a report of the status of current economic conditions, highlighting the end of fiscal year fund balances. The "Town of Greenwich Summary of Fund Balances" is attached hereto. Mr. Pellegrino pointed out the specific balances as of July 1, 2013 as follows: General Fund: \$22,557,000; Capital Non Recurring: \$4,985,760; Risk Fund: \$3,023,000; and total Fund Balance: \$30,565,760. The total Fund Balance as a percentage of the FY 14 general fund budget is 8.0%. A discussion followed regarding this fund balance percentage, the views of this percentage by rating agencies, the amounts previously set aside for remediation of the Hillside property and the reimbursements expected to replenish the Capital Non Recurring account.

APPROVAL OF MINUTES

BET Regular Meeting, June 17, 2013

Upon a motion by Mr. Ramer, seconded by Ms. Tarkington, the Board voted 10-0-1 (Mr. Johnson abstained) to approve the Regular Meeting Minutes of the BET from June 17, 2013.

CHAIRMAN'S REPORT

Mr. Norton thanked all for their kind wishes.

Ms. Kiernan gave a brief report concerning the Benefits Strategy Group and upcoming Healthcare RFP.

Mr. Mason gave a brief report concerning real estate negotiations, the Retirement Board, and guidelines.

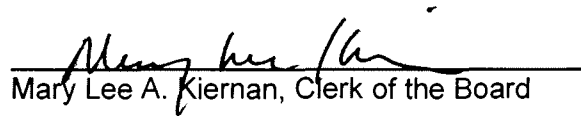
ADJOURNMENT

Upon a motion by Mr. Brady, the Board voted unanimously to adjourn at 8:55 P.M.

Respectfully submitted,



Maria Bocchino, Recording Secretary



Mary Lee A. Kiernan, Clerk of the Board



Michael S. Mason, Chairman