MINUTES of the regular meeting of the Board of Estimate and Taxation held on Monday, September 24, 2013 in the Cone Meeting Room, Greenwich, CT.

Chairman Michael Mason called the meeting to order at 6:31 P.M., after which the members pledged allegiance to the flag, and then Ms. Tarkington shared recollections of former BET member Mr. Bob Gilhuly, after which a moment of silence was observed in his memory.

Board members in attendance:

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

Selectmen: Peter Tesei, First Selectman; Drew Marzullo, Selectman

Staff: Peter Mynarski, Comptroller; Roland Gieger, Budget Director; Sheila Civale, Program Coordinator, Board of Education; J. Wayne Fox, Town Attorney; Aamina Ahmed, Assistant Town Attorney; Princess Erfe, Administrator, Community Development; Joan Sullivan, Director, Purchasing Department; Eileen Ingalls, Telecommunications Coordinator, Purchasing Department; John Crary, Town Administrator; Lauren Elliott, Assessor; Robert Shipman, Assistant Assessor

Other: George Yankowich, Chairman, Housing Authority; Anthony Johnson, Executive Director, Housing Authority; Steve Leaden, Leaden Associates; Alma Rutgers, CDAC Chair; Ed Krumeich, former BET.

Open PUBLIC HEARING

Upon a motion by Mr. Ramer, seconded by Ms. Kiernan, the Board voted 12-0-0 to open the Public Hearing Session for the Community Development Block Grant PY 2014 at 6:33 P.M.

Mr. Mason gave a brief explanation of the Public Hearing procedures.
### ROUTINE APPLICATIONS

#### ED-1  BOE – Approval to Use $87,000

<table>
<thead>
<tr>
<th>Approval to Use:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$78,857</td>
<td>to F6061735-51390</td>
</tr>
<tr>
<td>$1,143</td>
<td>to A901-57050</td>
</tr>
<tr>
<td>$7,000</td>
<td>to F6061735-52100</td>
</tr>
<tr>
<td>$87,000</td>
<td>from</td>
</tr>
</tbody>
</table>

Mr. Mason requested that the fixed charges should be separated on the application.

Upon a motion by Ms. Kiernan, seconded by Mr. Ramer, the Board voted 12-0-0 to approve the application, as amended.

#### HD-1  Health – Approval to Use $4,000

<table>
<thead>
<tr>
<th>Approval to Use:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$500</td>
<td>to F40339-52010</td>
</tr>
<tr>
<td>$670</td>
<td>to F40339-52090</td>
</tr>
<tr>
<td>$330</td>
<td>to F40339-52100</td>
</tr>
<tr>
<td>$1,000</td>
<td>to F40339-52950</td>
</tr>
<tr>
<td>$500</td>
<td>to F40339-53300</td>
</tr>
<tr>
<td>$1,000</td>
<td>to F40339-53950</td>
</tr>
<tr>
<td>$4,000</td>
<td>from</td>
</tr>
</tbody>
</table>

Upon a motion by Ms. Kiernan, seconded by Mr. Pellegrino, the Board voted 12-0-0 to approve the application.

#### HD-2  Health – Approval to Use $10,385

<table>
<thead>
<tr>
<th>Approval to Use:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,201</td>
<td>to F406-51490</td>
</tr>
<tr>
<td>$2,600</td>
<td>to F406-52010</td>
</tr>
<tr>
<td>$400</td>
<td>to F406-52920</td>
</tr>
<tr>
<td>$1,373</td>
<td>to F406-53010</td>
</tr>
<tr>
<td>$1,500</td>
<td>to F406-53250</td>
</tr>
<tr>
<td>$311</td>
<td>to F406-53550</td>
</tr>
<tr>
<td>$10,385</td>
<td>from</td>
</tr>
</tbody>
</table>

Upon a motion by Ms. Kiernan, seconded by Mr. Pellegrino, the Board voted 12-0-0 to approve the application.

#### HD-3  Health – Approval to Use $54,927

<table>
<thead>
<tr>
<th>Approval to Use:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$51,024</td>
<td>to F4038-51300</td>
</tr>
<tr>
<td>$3,903</td>
<td>to F4038-57050</td>
</tr>
<tr>
<td>$54,927</td>
<td>from</td>
</tr>
</tbody>
</table>
Upon a motion by Ms. Kiernan, seconded by Mr. Pellegrino, the Board voted 12-0-0 to approve the application.

HD-4  Health – Approval to Use $5,214

Approval to Use:
$ 400 to F40328-51490 Professional Services – NOC
$ 1,164 to F40328-52010 Advertising
$ 2,350 to F40328-52920 Work Transfer To and From
$ 400 to F40328-52950 Misc. Services – NOC
$ 900 to F40328-53950 Supplies and Materials – NOC
$ 5,214 from Lead Grant

Upon a motion by Ms. Kiernan, seconded by Mr. Pellegrino, the Board voted 12-0-0 to approve the application.

FI-1  Finance – Other $1,742,345

Other:
$ 100 to B Various FY2008-2009 Bonded Projects
$ 16,291 to B Various FY2009-2010 Bonded Projects
$ 522,189 to B Various FY2010-2011 Bonded Projects
$ 125 to B Various FY2011-2012 Bonded Projects
$ 378,250 to B Various FY2012-2013 Bonded Projects
$ 11,821 to B Various FY2007-2008 Bonded Projects
$ 813,569 to B Various FY2011-2012 Bonded Projects
$1,742,345 from

Mr. Mynarski stated that this application represented the residual amount of authorized borrowing that was not issued and now closed out.

Upon a motion by Ms. Kiernan, seconded by Mr. Finger, the Board voted 12-0-0 to approve the application.

NON-ROUTINE APPLICATIONS

CD-1  Community Development – Approval to Use $680,000

Approval to Use:
$ 680,000 to Q197 CDBG PY2014 Budget
$ 680,000 from HUD Entitlement

Mr. Pellegrino gave an explanation of the request and the CDBG program. Mr. Mason gave an overview of the Town’s approval process, and shared comments concerning the downward trend of the CDBG funding.

Louisa Winthrop, YWCA Domestic Abuse Program expressed gratitude for ongoing support and funding, and shared comments concerning the necessity of the CDBG program to the community.
Princess Erfe, CDBG Administrator, explained that other local nonprofits who received CDBG funding also expressed their gratitude for the support that CDBG provides to their facilities and programs, and Ms. Erfe will forward these communications to the Board.

Upon a motion by Mr. Pellegrino, seconded by Mr. Finger, the Board voted 12-0-0 to approve the application.

**CD-2  Community Development – Transfer $131,681**

Transfer:
- $121,681 to Q19713-59900-13322 HATG Kitchen Rehab at AG
- $10,000 to Q19713-59900-13313 SFH Food Service Program
- $131,681 from Q1913-59900 PY2013 Contingency Funds

Mr. Pellegrino explained that this request is to use excess funds from PY 2013, and that CDAC recommended these funds be granted to the Housing Authority and the Shelter for the Homeless.

Upon a motion by Mr. Pellegrino, seconded by Mr. Finger, the Board voted 12-0-0 to approve the application.

**CD-3  Community Development – Other $396,093.67**

Other:
- $396,093.67 to Loan Forgiveness

Mr. Mason shared comments concerning the amount of questions and discussion regarding this item.

Ms. Erfe stated that the program receives $38,718 annually from the repayment of principal and interest on this loan, and then gave an overview of the request, starting with the Housing Authority of the Town of Greenwich's ("HATG") request to the First Selectman and the subsequent review and recommendation process conducted by the Community Development Advisory Committee ("CDAC").

Ms. Erfe read the CDAC’s reasons for approving the application: (1) the funds were originally a grant that was converted into a loan to comply with tax credit regulations; (2) Parsonage Cottage serves the public good, providing valuable services to low income seniors; and (3) forgiving the loan will have no direct impact on Greenwich taxpayers. Ms. Erfe stated that she can provide further information and evaluation, as requested by the Board.

Mr. Tesei also shared comments concerning the necessity to enhance the opportunities for the frail aged in the community by supporting this request, and highlighted the efforts to ensure that the facility was rehabilitated in 1995 and licensed in a manner that has set a standard throughout our State. Mr. Tesei reiterated his support for this request in order to allow the Housing Authority to continue to do more good for the community without further delay.

Mr. Pellegrino gave a summary of the Budget Committee’s discussion, highlighting the many questions associated with the set of transactions that are covered in this application and the condition proposed by Mr. Finger that the Housing Authority pay off the Town loan in connection with the transactions in CD-3. Mr. Pellegrino raised the same question he raised at the Budget
Committee regarding the valuation of the limited partner interests that HATG intends to purchase. Mr. Pellegrino stated that there would be further questions to be answered before this application would be ready for a vote.

Mr. Marc Johnson shared comments supporting the request, which would clean up the Parsonage Cottage balance sheet, and he noted the value of Parsonage Cottage to the community. Prior to the vote to forgive the CDBG loan, Mr. Johnson wanted to make sure the CDAC understood the implications of not receiving annual principal and interest payments of $38,718. He also expressed concerns regarding the long-term viability of the CDBG program, and the importance of obtaining a letter of interest from a commercial bank for the refinancing, and noted that outstanding questions from fellow BET members should be answered prior to full BET support.

Ms. Kiernan acknowledged Ms. Erfe's hard work on all three applications before the Board, and the work of the Housing Authority in the community. Ms. Kiernan summarized for the public a phone conversation among herself, Ms. Erfe and the Hartford HUD representative, in which all BET members were invited to participate. The HUD representative confirmed that the application for loan forgiveness could be addressed by either 1) loan modification with cash flow contingencies or 2) loan forgiveness with a loan forgiveness agreement, and she noted that neither of these options had been explored to date. Ms. Kiernan also summarized questions and areas of due diligence relating to valuation of the limited partnership interests raised by the Budget Committee, review of all legal documents and possible defaults under the CDBG loan, Town Loan, Operating Agreement and Lease, regulatory questions regarding the Certificate of Need and reimbursement rates, indemnification and insurance questions, and Town policy questions regarding a senior security interest held by a commercial bank in the leasehold on a Town property. Ms. Kiernan summarized the duty of the BET to protect taxpayers and the Town from both a financial and risk management perspective, and the BET's further duty to make decisions only after all information has been gathered and reviewed. She expressed support for working together to find a resolution to the transactions and issues raised by CD-3.

Ms. Tarkington noted the volume of pages in the application, the continuing questions about the equity in this limited partnership, the questions about the security interest that the commercial bank will take in the Town property, the questions around whether Parsonage Cottage is part of the Nathaniel Witherell property and that she was not are of these issues when the Budget Committee voted on CD-3.

Mr. Yankowich described the monumental effort put into CD-3 and expressed concern that the commitment to refinance the Town Loan is subject to interest rate risk while the BET and the RTM review this application. Mr. Yankowich also summarized a letter sent today to the BET regarding the contemplated transactions.

Mr. Tony Johnson addressed specific issues and state that eventually a commercial bank will have a first mortgage on Parsonage Cottage similar to the arrangement with another Town property, Hollow Wood Lane.

Mr. Ed Krumeich described the complex financing structure put together in 1995 in order to renovate Parsonage Cottage, noting the early issues with the Certificate of Need and the importance of supportive housing for the frail elderly.

Ms. Erfe provided her analysis of CD-3 and explained that on a financial level, granting the request to forgive the CDBG loan means that local non-profits lose a total of $542,052, which is...
the principal and interest payable over the next 14 years. She explained that the BET should evaluate whether this trade-off is reasonable and asked if the BET would evaluate a request to forgive the Town's loan for Parsonage Cottage in a similar way. Ms. Erfe noted that on the local level, nonprofit agencies such as Kids in Crisis, Child Guidance and the Boys and Girls Club and their clients will be directly affected by this loss of funds in the CDBG program. On a national level, Ms. Erfe explained that the Town should be consistent with its message expressed to HUD earlier in the year and to our Congressman and Senators regarding the need for more CDBG funding, and whether forgiving this loan conveys a commitment to the CDBG program. Ms. Erfe suggested that a group be assembled to identify all possible options, and she recommended a modification of the current loan to benefit both Parsonage Cottage while enabling the CDBG program to serve the entire community.

Mr. Jim Boutelle, Director, Transportation Association of Greenwich, stated that the purpose of the CDBG program was to support only housing, and he reiterated his support for loan forgiveness.

Ms Alma Rutgers, Chair of the CDAC group, described the CDAC process and voting on CD-3, including the August 1, 2013 CDAC vote of 11-2, and that she had received only positive comments from the other members of CDAC unable to attend this meeting. Ms. Rutgers noted that the Board of Selectmen and the Budget Committee had approved this application, and the questions raised this evening are new. She further discussed the importance of maintaining the health of Parsonage Cottage.

Mr. Goldrick noted that no one objects to helping Parsonage Cottage, but cautioned that the structure is complicated and that the Town needed to proceed with care with the proposed transactions. He raised concerns about the stated interest rate risk on refinancing the Town loan, and reiterated that the application still had unanswered questions.

Mr. Finger noted that the two 1995 loans enabled a Low Income Housing Tax Credit structure that resulted in $1.175 million in equity that was not otherwise available to this project. Mr. Finger also expressed support for Parsonage Cottage and the need for affordable housing, but expressed caution about the complexity of the proposed transactions, and that we would be shirking our responsibility as a finance board if we did not explore all options and answer all questions about this application.

Upon a motion by Mr. Pellegrino, seconded by Mr. Norton, the Board voted 12-0-0 to postpone a decision on this application until a working group, appointed by the BET Chairman, worked expeditiously to resolve the outstanding questions, and that this issue be addressed no later than the October 29, 2013 Board meeting.

Mr. Mason appointed Ms. Kiernan, Ms. Tarkington, Mr. Johnson, and Mr. Finger to the Parsonage Cottage Working Group, and stated that the BET will do its best to move forward quickly in the best interests of the Town.

**PUR-1 Purchasing – Additional Appropriation $150,000**

Additional Appropriation:

$ 150,000 to Z106-92500-Telecom New Centralized Telecom System

$ 150,000 from Z106-92500-Telecom New Centralized Telecom System
Mr. Pellegrino gave a summary of the Budget Committee's discussion and request that the RFP include the Cloud system, as well as a centralized system. Mr. Mason reiterated the need for a phone system consolidating all of the Town departments, including the Board of Education. Mr. Brady shared background information concerning the original request to purchase the new telecommunications system because the Town system was beyond “end of life,” the amount needed to get work underway on the RFP, and that the RFP should provide a proposal to include the BOE system when the BOE equipment contract ends. Mr. Leaden shared comments regarding price guarantees and that telephony should reside in an organization’s IT department.

A discussion followed regarding the conditions imposed by the Budget Committee, the expansion of the RFP to include the BOE, a later bonding resolution and the timeline for funding.

Upon a motion by Mr. Brady, seconded by Mr. Pellegrino, the Board voted 12-0-0 to reduce the application from $1,584,000 to $150,000.

Upon a motion by Mr. Pellegrino, seconded by Mr. Finger, the Board voted 12-0-0 to approve the application as amended, Subject to Release upon review and approval by the Board of Estimate and Taxation of an RFP to include both Cloud technology and centralized systems, and covering all Town departments including the Board of Education when the current BOE phone contract expires.

**ASSESSOR’S REPORT**

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the Board voted unanimously to take this item out of order.

Ms. Elliott presented the Assessor’s Report, highlighting the BAA Motor Vehicle hearings on September 12th, 2013 resulting in a reduction in taxes of approximately $6,794.00. Ms. Elliott also shared information regarding personal property declarations and the Assessor/Tax Collector software conversion process that will be finished in October.

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

**Close PUBLIC HEARING**

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the Board voted unanimously to take this item out of order.

Upon a motion by Mr. Finger, seconded by Ms. Tarkington, the Board voted to close the Public Hearing Session for the Community Development Block Grant PY 2014 at 9:03 P.M.

**EXECUTIVE SESSION:**

Upon a motion by Mr. Pellegrino, seconded by Mr. Norton, the Board voted 12-0-0 to enter into executive session at 9:15 P.M. to discuss pending litigation.
In attendance were:
Peter Mynarski, Comptroller; Roland Geiger, Budget Director; Wayne Fox, Town Attorney; Aamina Ahmad, Assistant Town Attorney; BET Members: Mr. Mason, Mr. Norton, Ms. Kiernan, Mr. Bedrosian, Mr. Brady, Mr. Finger, Mr. Goldrick, Ms. Tarkington, Mr. Huffman, Mr. Johnson, Mr. Pellegrino and Mr. Ramer

Upon a motion by Mr. Pellegrino, seconded by Mr. Norton, the Board voted 12-0-0 to leave executive session at 10:00 P.M.

SE-1 First Selectman – Additional Appropriation $1,000,000

Additional Appropriation:
$1,000,000 to P935-57350 Settlement
$1,000,000 from Risk Fund

Upon a motion by Mr. Ramer, seconded by Mr. Norton, the Board voted 12-0-0 to approve the application.

COMPTROLLER’S REPORT

Upon a motion by Ms. Kiernan, seconded by Mr. Norton, the Board voted 12-0-0 to accept the Comptroller’s Report.

ACCEPTANCE OF TREASURER’S REPORT SHOWING INVESTMENT PORTFOLIO ACTIVITY FOR THE PERIOD OF July 1, 2013 – August 31, 2013

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

BET Standing Committee Reports

Audit Committee Report
The Audit Committee Report was included in the Agenda packet.

BET Liaison Reports

Nathaniel Witherell
The Nathaniel Witherell Building Committee report was included in the Agenda packet.

BET Special Project Team Reports

Labor Contracts Team Report
Mr. Mason reported that the BOE LIUNA contract negotiation was still in progress.

NEW BUSINESS
2014 BET Meeting Calendar

Mr. Mason distributed the draft calendar and asked the Board members to review the draft and send all questions or conflicts to Elaine Brown before the October Board meeting, when the calendar will be approved.

Approval of Proposed $10 Million Investment in EIG Fund XVI

Mr. Bedrosian presented the Retirement Board's request for approval to invest $10 million in EIG Fund XVI. Mr. Bedrosian described the history and performance of the manager's investments in the energy sector. The Town had previously invested in EIG Fund XV, which is one of the portfolio’s best performers with a 22.7% return, net of fees. EIG Fund XV is distributing capital, so the new fund will replace this commitment. Mr. Bedrosian further described the blend of credit and equity in EIG Fund XVI, with 75% of the fund invested in domestic opportunities. The Investment Advisory Committee voted (3-1) to approve (Mr. Goldrick opposed) the recommendation.

Mr. Ramer provided the Law Committee’s report on this application, noting that the matter had been approved by the Investment Advisory Committee, NEPC, the Town Attorney and the Retirement Board. The Law Committee voted (2-0) that the documents for this application were in legal order.

Mr. Goldrick shared concerns regarding the Retirement System’s structure, the need for reform, the pension fund’s poor returns, private equity investments’ underperformance, and the inability of the Retirement Board to answer his questions.

Mr. Ramer discussed the role of the BET in reviewing Retirement Board decisions and suggested a process whereby the BET could better understand the risk profile of the funds invested by the Retirement Board.

A discussion followed regarding the application's review and approval process.

Upon a motion by Mr. Bedrosian, seconded by Mr. Finger, the Board voted 9-3-0 (Mr. Goldrick, Mr. Ramer and Mr. Huffman opposed) to approve the investment by the Retirement Board of $10 Million in the EIG Fund XVI.

Approval of Proposed Investment in Core Commodity Fund

Mr. Bedrosian presented the Retirement Board's request, highlighting the history and performance of this manager. Mr. Bedrosian distinguished this investment as highly liquid, investing in a wide range of commodities and outperforming the indexed commodities fund that this investment will replace. The Investment Advisory Committee voted 3-1 in favor of this investment (Mr. Goldrick opposed).

Mr. Ramer provided the Law Committee’s report on this application, noting that the matter had been approved by the Investment Advisory Committee, NEPC, the Town Attorney and the Retirement Board. The Law Committee voted (2-0) that the documents for this application were in legal order.
Mr. Huffman questioned an investment in commodities. Mr. Bedrosian explained that it is common for a portfolio to contain a commodities allocation because they are counter-cyclical, citing a Common Fund Institute study.

A discussion followed regarding the performance of commodities and the role of the BET in approving Retirement Board decisions.

Upon a motion by Mr. Bedrosian, seconded by Mr. Finger, the Board voted 10-2-0 (Mr. Goldrick and Mr. Huffman opposed) to approve the investment by the Retirement Board in the Core Commodity Fund.

Amendment of Charter Section 208(a) Proposed by the Retirement Board

Mr. Ramer explained the Retirement Board’s request to amend the Charter section governing Retirement Board investments by reducing from 40% to 25% of the Retirement System funds that are subject to bank or insurance company statutory limitations. Mr. Ramer reviewed the Law Department’s opinion that this amendment did not need RTM approval. Mr. Ramer reported that the Law Committee reviewed the proposed amendment and voted 2-0 finding the application in legal order.

Mr. Bedrosian noted that this was an important first step in reform for the Retirement System and that the Investment Advisory Committee voted 4-0 in favor of the application.

Mr. Goldrick stated that a further suggested reform would be to reduce the new 25% limitation to zero. A discussion followed regarding the Charter amendment process.

Upon a motion by Mr. Ramer, seconded by Ms. Tarkington, the Board voted 12-0-0 to amend the Town Charter Section 208(a), subject of the Retirement Board’s investment portfolio, to read “75% unconstrained”.

Debt Policy/Fund Balance Policy Approval

Upon a motion by Mr. Goldrick, seconded by Mr. Finger, the Board voted 6-6-0 (Mr. Mason, Mr. Pellegrino, Mr. Norton, Ms. Tarkington, Mr. Johnson and Mr. Bedrosian opposed) to postpone the Debt Policy review and vote until the next BET meeting. The motion failed.

Mr. Pellegrino presented a report from the Debt Policy Working Group that reviewed the Town’s current Debt Policy (attached as Exhibit A), noting that the group had met three times and invited several guests. Mr. Pellegrino stated that he had received a revised debt policy (“Revised Debt Policy,” attached as Exhibit B) from Mr. Huffman and Mr. Brady, members of the Working Group, and certain of the proposed changes were acceptable.

Mr. Huffman recommended that the Board accept all of the changes in the Revised Debt Policy, highlighting the proposal that enables the BET to evaluate and identify appropriate debt maturities for the financing of capital assets. Mr. Huffman explained that this approach reduces risk, by enabling the Town to take advantage of historic low interest rates, and this approach relieves current taxpayers from the burden of paying for assets that last for decades.
Mr. Finger noted that the Revised Debt Policy does not require the Town to incur additional debt.

Mr. Ramer noted that the proposal enabling the BET to choose longer maturities is flexible and not restrictive, like the current Debt Policy, and he noted that the Revised Debt Policy contained a debt service coverage ratio limitation that was conservative.

Mr. Brady illustrated how financing appropriate capital assets with longer maturities would save taxpayers money. He explained the appropriate discount rate to use when comparing the financing of capital assets at different maturities, concluding that taxpayers will save money because taxpayers have a longer period of time to earn a higher return than the Town’s interest rate on the debt.

Ms. Kiernan noted that rating agencies prefer debt policies that are flexible and responsive to interest rate movements and economic factors. She further noted that the current debt policy removes the BET from its job of evaluating appropriate debt maturities for the financing of capital assets. Quoting the Goldman Sachs municipal finance expert that appeared before the Debt Policy Working Group, Ms. Kiernan explained that the concentration of the Town’s debt in one market along the yield curve was risky, and this expert recommended more flexibility in debt maturities as an important first step that was unrelated to any additional reforms.

Mr. Goldrick also cited the Goldman Sachs expert who stated that the Town’s approach to financing capital assets was unfair to current taxpayers. He noted that the current debt ceiling had no basis in fact, and that currently the Town’s debt service coverage ratio was only 6.6%. He stated that locking in current low rates was common sense.

Mr. Pellegrino stated that the Greenwich BET was the envy of all the finance boards in the state because of the Town’s combination of low taxes and outstanding facilities. He stated that local real estate was valuable because our taxes were low. He noted that the Goldman Sachs expert also recommended a larger fund balance. Mr. Pellegrino noted that the Revised Debt Policy suggests we incur debt of $445 million.

Mr. Mason stated that the current Debt Policy is based on budgets, not cash, and that we have already broken through the budgeted debt ceiling in our capital model. He stated that the policy is not carved in stone. In addition, he noted that the Town had financed $400 million worth of capital improvements in the last eight years and that our CIP process and current Debt Policy had served the Town well. He noted that rating agencies actually wanted a Fund Balance policy several years ago, and that the Debt Policy was added in at that time.

Mr. Norton noted that the Town had a Debt Policy in order to impose fiscal discipline. He explained that the Revised Debt policy seeks to double the Town’s debt. He asked why the Town should add to the cost of capital projects with more interest cost.

Mr. Ramer clarified that no one was suggesting that the Town incur $445 million in debt. He also explained that constituents complain about the condition of public facilities and real estate agents forward clients to other communities. He suggested that the language in the Revised Debt policy was neutral and reasonable, and that politics had entered the discussion inappropriately.

Mr. Goldrick noted that most Republican-led towns use long-term financing, and that even if we raise the debt limit, we will maintain our AAA credit with rating agencies.
Upon a motion by Mr. Huffman, seconded by Mr. Brady, the Board voted 6-6-0 (Mr. Mason, Mr. Pellegrino, Ms. Tarkington, Mr. Johnson, Mr. Bedrosian and Mr. Norton opposed) against the adoption of the Revised Debt Policy. The motion failed.

Mr. Finger proposed a revision to the Debt Policy, Section D, paragraph 2, sentence one: “The Town may finance capital projects through the use of BANS in years one and two and permanent financing in year three” and proposed replacing sentence two with: “For the General Fund, the period of principal repayments will be established by the Board of Estimate and Taxation, taking into account the total debt service requirements of the Town and the nature of the projects being funded, but debt incurred for a project shall not exceed the useful life of the asset financed or the applicable legal limit.” (Italics indicating changes)

Mr. Finger asked that the BET members elevate themselves and their conversation in order to do forward thinking for the Town. He explained that the paragraph in the current Debt Policy restricting financing to seven years was a statement of history, not a policy, and required an abdication of our job as a finance board. He noted that the suggested paragraph does not load up on the Town’s debt, and he questioned why we have a Debt Policy when we deviate from it. Mr. Finger explained the BET’s obligation to improve how we operate the Town.

Upon a motion by Mr. Finger, seconded by Mr. Ramer, the Board voted 6-6-0 (Mr. Mason, Mr. Pellegrino, Ms. Tarkington, Mr. Johnson, Mr. Bedrosian and Mr. Norton opposed) against the proposed amendments to Section D, paragraph 2 of the Debt Policy. The motion failed.

Mr. Pellegrino presented the Debt Policy/Fund Balance Policy, highlighting the language changes and revisions proposed to the Debt Policy that were acceptable (attached as Exhibit C). No revisions were proposed for the Fund Balance Policy. Mr. Pellegrino explained the Town’s debt service and its connection to the capital annual tax levy.

In response to Ms. Kiernan’s request, Mr. Mynarski reviewed his recommendations regarding the Debt Policy, stating that the rating agencies really wanted a Fund Balance Policy; that the current debt limit of $210 million was arbitrary; that on a cash basis we have only $149 million in debt outstanding as of June 30, 2013 and projections indicate we will never pierce the debt limit on a cash basis; that certain revenue bonds should not be included in the calculation of total debt for the debt limit; that the commitment to low mill rates would never mathematically allow the Town to go near the debt limit; and that the BET review the Debt Policy every two years.

Upon a motion by Mr. Pellegrino, seconded by Mr. Johnson, the Board voted 7-6-0 (Ms. Kiernan, Mr. Finger, Mr. Brady, Mr. Goldrick, Mr. Huffman and Mr. Ramer opposed) to approve the revisions to the Debt Policy proposed by Mr. Pellegrino. (Mr. Mason cast the tie-breaking vote to approve.)

OLD BUSINESS

Town Email Procedures – FOI Requirements/Compliance
Mr. Mason reviewed a handout on how to utilize Town emails and the importance of using Town emails for transparency and FOI requests.

**APPROVAL OF MINUTES**

BET Regular Meeting, July 15, 2013

Upon a motion by Ms. Kiernan, seconded by Mr. Norton, the Board voted 11-0-1 (Mr. Finger abstained) to approve the Regular Meeting Minutes of the BET from July 15, 2013.

**CHAIRMAN’S REPORT**

Mr. Mason thanked the members for their hard work in various committees.

**ADJOURNMENT**

Upon a motion by Mr. Goldrick, seconded by Mr. Brady, the Board voted unanimously to adjourn at 12:15 A.M.

Respectfully submitted,

Maria Bocchino, Recording Secretary

Mary Lee A. Kiernan, Clerk of the Board

Michael S. Mason, Chairman