

**TOWN OF GREENWICH, CONNECTICUT  
RETIREMENT BOARD**

**December 18, 2008 Minutes – Gisborne Conference Room**

The regular meeting of the Retirement Board was called to order at 7:30 a.m.

In attendance were:

Members Present: Michael, Pagliaro, Chairman  
John Chadwick  
David D'Andrea  
Mark Kordick (arrived 7:40 a.m.)  
Peter Mynarski

Staff: James Lavin, Retirement Plans Administrator

Other: Larry Simon and Arthur Norton, BET Liaisons  
Robert Stone and Jeffrey Ramer, BET Members  
Douglas Moseley, NEPC  
Evan Dowd, Guest  
Elaine Paggachio, Guest  
Neil Vigdor, Greenwich Time  
Gregory Stump, EFI Actuaries

Chairman Pagliaro noted that a quorum was present.

**APPROVAL OF MINUTES**

The Board reviewed the November 20, 2008, minutes of the Regular Meeting of the Retirement Board.

Upon a motion by Mr. D'Andrea, seconded by Mr. Chadwick, the Board voted 4-0-0 to approve the Minutes for the November 20, 2008, Regular Meeting of the Retirement Board. Mr. Kordick was absent from this vote.

**NEW BUSINESS**

The Board voted unanimously to address the actuarial report first due to Mr. Stump's requirement to be at another meeting later that morning.

Mr. Stump presented to the Board the 2008 Actuarial Valuation Report. The executive summary of the forty-six page report notes an increase in town contributions from \$6,619,188 in 2007, 8.4% of payroll, to \$7,161,824 in 2008, 9.89% of payroll. Mr. Stump explained the main reasons for this

change in contributions were: demographic experience, pay experience, new entrants, contribution rate delay, investment experience, and plan changes.

The Board questioned Mr. Stump on various actuarial methods to mitigate future town contributions. Mr. Stump described generally accepted actuarial methods and assumptions to address investment gains and losses. He provided a computer model projecting various scenarios to reflect town contributions given any number of investment returns.

The Board will review the actuarial report and thanked Mr. Stump for his presentation.

### **ADMINISTRATORS REPORT**

Mr. Lavin noted that the Welsh Carson Anderson & Stowe agreement for investment in its Growth Equity Fund XI, L.P. was approved for \$5 million at the December 15, 2008 meeting of the Board of Estimate and Taxation. The contract will be executed by the end of this month to meet the December 2008 closing of this fund.

Enclosed for the Board's review and approval was the FY 09-10 Budget for the Retirement Board. Several questions were asked by the Board including how expenses for the Retirement Reserve Fund were expensed into the General Fund. Mr. Mynarski assisted in explaining the accounting process.

Communications on capital calls for AIG Investments and Welsh Carson Anderson & Stowe were provided to the Board with the recommendation that they be funded from the State Street Bank and Trust Short Term Investment Fund.

The alleged securities fraud by Mr. Bernard Madoff generated considerable discussion. Mr. Lavin provided a copy of a news release he issued after consultation with Chairman Pagliaro, First Selectman Tesei, and Comptroller Mynarski. Telephone calls were received from worried town employees and residents, as well as retirees. The media called confusing the Town of Fairfield's losses, and the losses of a fund named Fairfield Greenwich, from the alleged fraud, with the Greenwich Retirement Fund.

Upon a motion by Mr. D'Andrea, seconded by Mr. Mynarski, the Board voted 5-0-0 to accept the administrator's report.

### **Retirees**

There were no retirees for December.

### **Approval of Payments**

**Reserve Fund**

V	Pensioners -- December payroll	\$ 1,686,848.67
	Jonathan Weber terminated employment Oct. 8, 2008	<u>17,736.12</u>
		1,704,584.79

**Expense Fund**

SV	Corporate Express	Office Supplies	41.25
	Crystal Rock	Office Supplies	68.01
	Dupli	Office Supplies	102.90
	Gail Sasso	Prof. Svcs. Nov. 2008	1,500.00
	State Street Corp.	Oct. 2008 Custody Svcs	7,647.12
	USI Consulting Group	Nov. 2008 Svcs.	650.00
	Wachovia Bank	Nov. 2008 Payroll Services	3,049.25
	Westy	Archive Storage	292.00
	Yale University	Medical Exam	<u>8,075.00</u>
		<b>Expense Fund Total</b>	21,425.53

**Payroll**

PV	Vanesa Francis	11/1 -- 11/30/08	5,369.14
	James Lavin	11/1 -- 11/30/08	<u>8,885.51</u>
		<b>Payroll Fund Total</b>	14,254.65

**Grand Total** \$ 1,740,264.97

Upon a motion by Mr. Mynarski, seconded by Mr. Chadwick, the Board voted 5-0-0 to approve the payments and refunds as submitted.

**Military Service**

None.

**INVESTMENT PERFORMANCE AND LIQUIDITY REPORT**

Chairman Pagliaro noted that Mr. Moseley of NEPC is also the investment consultant for the Town of Fairfield and he asked that Mr. Moseley give a report of the status of Fairfield's reported investment losses caused by the alleged Mr. Bernard Madoff security fraud.

Mr. Moseley was happy to provide an explanation but advised that it would be basic and not contain any privileged information because of his client relationship with Fairfield. He described in general terms the fraud Mr. Madoff is accused of and how the reported gains were fiction. With regards to the Town of Fairfield, they had approximately 14% of their assets in a feeder fund that made investments in the Bernard L. Madoff Investment Securities LLC. When NEPC was hired by Fairfield, the feeder funds were already in place, and NEPC had recommended the 14% allocation be reduced. He described the process that NEPC uses to take ownership of a portfolio whenever they are hired by a

new client. That reduction had not yet taken place. The Board questioned what exposure to losses NEPC has to clients it advises: Mr. Moseley replied none.

Chairman Pagliaro thanked Mr. Moseley for that explanation and he expressed confidence in Mr. Moseley and NEPC. Mr. Mynarski disclosed that as part of the Board's due diligence it was planning to issue a request for proposals for investment services. NEPC's contract with Greenwich has been in place for approximately five years and the town has a practice of issuing RFP's for services on a regular basis as it did earlier in 2008 for actuarial services. He made it clear that the Madoff affair had nothing to do with the timing of this matter.

Chairman Pagliaro moved the meeting to the next order of business which was the Investment Report. Mr. Moseley presented the November 30, 2008, Flash Report. Year to date the fund is down 25% which compares with other public funds reviewed that are down anywhere from 22% to 28%. The last three months have been difficult.

Buckhead Capital has protected well in this difficult market as has Artio Global Management. The strengthening dollars presents additional challenges for Artio.

In the fixed income area, BlackRock and Loomis Sayles trailed their benchmarks. Mr. Moseley noted that the Lehman Brothers Aggregate has now been renamed to the Barclays Capital Aggregate, and the Lehman Brothers Global Aggregate has now been renamed to the Barclays Global Aggregate. This obviously reflects the takeover of Lehman Brothers by Barclay Bank.

Mr. Moseley noted that real estate has been more stable in 2008 but will have a negative impact for 2009. It is likely that job losses will create vacancies for real estate rentals. He recommends scheduling a meeting with ING Clarion for early 2009 to discuss their plans to address the economic recession.

Numerous questions were asked by the Board on investment performance. Mr. Moseley recommends future meetings with the investment managers and he will also update the work plan for 2009 and present it to the Board at its January meeting.

Upon a motion from Mr. Chadwick, seconded by Mr. Mynarski, the Board voted 5-0-0 to pay the December Retiree Payroll and capital calls from the STIF with State Street Bank.

### **OLD BUSINESS**

Mr. Lavin noted that he had received the draft updated plan document via email but had technical difficulties in preparing it in a suitable manner for the Board's final review. He would resolve the technical issue and email the draft to the Board for final review before approval.

After discussion with Tyler Technologies it was determined that their proposal was too expensive and alternate companies are being sought with the help of the Information Technologies Department.

Mr. Lavin requested the Board approved the 2009 calendar of regular meetings of the Retirement Board with one change in March 2009 to accommodate Mr. Moseley's schedule. The Board voted unanimously to approve the calendar.

**EXECUTIVE SESSION**

The Board voted unanimously to go into executive session to discuss one application for an accidental disability retirement at 9:30 a.m.


The Board voted unanimously to come out of executive session at 9:40 a.m.

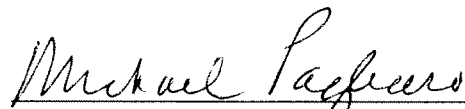
No action was taken.

**ADJOURNMENT**

The motion to adjourn was made, seconded and carried unanimously at 9:42 a.m.

Respectfully Submitted,

  
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James V. Lavin, Acting Secretary to the Board

  
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Michael Pagliaro, Chairman