

**TOWN OF GREENWICH, CONNECTICUT  
RETIREMENT BOARD**

**June 25, 2009 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  
Kevin Coyner (arrive 7:35 a.m.)  
Mark Kordick  
Peter Mynarski

Staff: James Lavin, Retirement Plans Administrator

Other: Larry Simon and Arthur Norton, BET Liaisons  
Douglas Moseley, NEPC  
Don Bowers, Guest  
Peter Dott, Guest  
Joseph Fahrs, Guest  
Robert Kavee, Guest

Chairman Pagliaro noted that a quorum was present.

**APPROVAL OF MINUTES**

The Board reviewed the May 28, 2009, minutes of the Regular Meeting of the Retirement Board.

It was noted that Mr. Coyner's name was misspelled in four resolutions that will be corrected.

On page 3, 4<sup>th</sup> paragraph, correct "write downs" to "write-downs."

On page 3, 5<sup>th</sup> paragraph, Change sentence to read: "Mr. Moseley reported that AIG is closer to selling off its private equity group possibly in June."

Upon a motion by Mr. Mynarski, seconded by Mr. Kordick, the Board voted 4-0-0 to approve the Minutes for the May 28, 2009, Regular Meeting of the Retirement Board as amended above. (Mr. Coyner absent)

**ADMINISTRATORS REPORT**

Mr. Lavin reported that as many as 60 employees may be retiring by September 1, 2009.

A revised draft copy of the Request for Proposals for Investment Management Services was provided to the Board via email for their review and input.

Mr. Greg Stump of EFI Actuaries provided a certification letter that the Cost of Living Adjustment for retirees for July 1, 2009 is 0 % per the Consumer Price Index used in the respective collective bargaining agreements. At the appropriate time Mr. Lavin requested resolutions confirming the 0% increase as well as updating the Cost of Living Adjustment Policy.

**RETIREES**

The Board reviewed the retirement profile for the below individuals:

Dulcie Atkinson	Joyce Battiste	Viola Coke	James DeMarkey
Monica Ellis	Edward Fox	Carine Gilles	Deloris Jackson
Marjorie Joseph	Hyacinth McKenzie	Appolinair Michel	Stephanie Paulmeno
Lisa Pride	Hyacinth Rankine	Clara Scott	Angelika Streidt
Florence Thomas	Walter Urriola	Erma Wellington	Lurline Wray
Giovanni Zincola			

Upon a motion from Mr. Coyner, seconded by Mr. Mynarski, the Board voted 5-0-0 to approve service retirements for the individuals listed above.

The Board reviewed a report from Attorney Natalie Welsh and Actuary Greg Stump on the benefits Mr. Holland and Mr. Krasniewicz and their children are entitled to receive from the Retirement System resulting from the death of their respective spouses who were active town employees. The Board directed Mr. Lavin to communicate with both parties on the two methods of calculating said benefits and inform the Board of their selections.

**APPROVAL OF PAYMENTS**

**Reserve Fund**

V Pensioners -- June payroll	\$ 1,722,227.03
Meghan Ward-Deplanfilis -- refund of contributions, resignation 06/30/03	<u>1,945.44</u>
	1,724,172.47

**Expense Fund**

SV BlackRock	Prof. Svcs. Jan. to March 2009	52,988.00
Greenwich Hospital	Medical exam	143.00
Dupli	Office Supplies	86.63
NEPC	Prof. Svcs. Jan. to March 2009	22,500.00
Shipman & Goodwin, LLP	Prof. Svcs. May 2009	292.50
USI Consulting Group	May 2009 Svcs.	650.00
Wachovia Bank	May 2009 Payroll Services	2,976.13
Xerox	June Duplicating	<u>18.04</u>
	<b>Expense Fund Total</b>	79,654.30

**Payroll**

PV Retirement Plans Coordinator	5/1 -- 5/31/09	5,229.08
Retirement Plans Administrator	5/1 -- 5/31/09	<u>8,913.80</u>
	<b>Payroll Fund Total</b>	14,142.88

**Grand Total**     \$ 1,817,969.65

Upon a motion from Mr. Kordick, seconded by Mr. Mynarski, the Board voted 5-0-0 to approve bill payments listed above.

### **MILITARY SERVICE**

One. Mr. Michael A. Pacewicz has applied to purchase zero years and three months of his active military service. Attached is his application form dated May 11, 2009. Mr. Pacewicz's military form DD 214 has been submitted and is on file in the Retirement Office. The cost of \$1,695.87 has been received and duly received.

Upon a motion from Mr. Mynarski, seconded by Mr. Coyner, the Board voted 5-0-0 to approve the military application as noted above.

### **INVESTMENT PERFORMANCE AND LIQUIDITY REPORT**

Mr. Moseley of NEPC presented the May 31 2009, Flash Report. May was a strong month as the composite index showed an increase of 4.2%, with the year to date increase at 3.3%. This compares with other funds that show a range of 2.5% to 4.0%. The Standard and Poor's 500 index was up 5.6% and the Russell 1000 up 5.5%. The small cap Russell 2000 index was up 3.0% and the international MSCI index increased by 11.8%. The Allocation Index shows an increase of 4.0% and the Policy Index increased by 4.6%. All indexes showed increases for the month.

In actively managed equities, Buckhead Capital significantly outperformed its benchmark while Artio Global slightly outperformed its benchmark.

The fixed income area continues to show recovery. BlackRock slightly outperformed its benchmark while Loomis Sayles significantly outperformed its benchmark. Loomis Sayles's strong performance is benefiting in part from the dollar's weakness.

ING Clarion will update the Retirement Board on its performance and outlook at today's meeting.

The retiree payroll needs for June were discuss as well as liquidity needs to fund TIPS & Commodities investments. There is adequate cash in the Short Term Investment Fund with State Street Bank for the June payroll. Investments can be funded by reducing the allocation to BlackRock which is overweighed at this time. The Town pension contribution of approximately \$5.7 million will also be available in July.

Upon a motion from Mr. Coyner, seconded by Mr. Chadwick, the Board voted 5-0-0 to take \$1.6 million from the STIF with State Street Bank, to meet the June retiree payroll.

Mr. Moseley provided the Board with a presentation on Treasury Inflation-Protection Securities (TIPS) and Commodities. It is anticipated that ongoing federal stimulus programs will fuel inflation. TIPS and Commodities' investments will provide diversification to the portfolio and protection from inflation.

Charts reflecting the recent history of inflation, TIPS inflation strategies, and TIPS yields and performance were reviewed. Firms with products to implement an investment strategy were discussed.

Upon a motion from Mr. Chadwick, seconded by Mr. Mynarski, the Board voted 5-0-0 to invest \$7.5 million in the State Street Global Advisors U.S. TIPS Index Strategy Fund.

Additional discussion ensued on commodity investments. The index sector breakout of energy, agriculture, industrial metals, livestock and precious metals was reviewed. Despite the volatility in commodities, it was felt that the asset class would provide diversification and should enhance overall returns.

Upon a motion from Mr. Coyner, seconded by Mr. Chadwick, the Board voted 5-0-0 to invest \$7.5 million in the State Street Global Advisors Dow-AIG Commodities Market Fund.

Mr. Moseley advised the Board that there are no firms currently on NEPC's watch list with whom Greenwich has any investment.

### **OLD BUSINESS**

The Board reviewed Mr. Gregory Stump's certification of the Cost of Living Adjustment (COLA) for July 1, 2009 and the COLA Policy Update.

Upon a motion from Mr. Kordick, seconded by Mr. Mynarski, the Board voted 5-0-0 to approve the recommendation of a 0% COLA for July 1, 2009.

Upon a motion from Mr. Kordick, seconded by Mr. Mynarski, the Board voted 5-0-0 to approve the COLA Policy Update.

Interest rates credited to employee's accounts were discussed. The Board directed Mr. Lavin to obtain from the plan's actuary interest costs to the plan. Moreover, it requires research on how other plans adjust their interest rates on a systematic basis.

### **NEW BUSINESS**

Mr. Steven Hansen, Managing Director, and Mr. Larry Teitelbaum, Senior Vice President, Account Executive, of ING Lion Properties Fund presented the Board with a First Quarter 2009 Report.

Mr. Chadwick requested the presentation focus on the expected return goal in which the investment was made – Consumer Price Index plus 3%. The fund is currently down 30% and perhaps more given the problems in the real estate market.

Mr. Hansen noted that the investment rate of return since inception for Greenwich is (3.78%). Dividends of \$885,490 have been distributed. Real estate tends to lag improvements in the economy by 12-18 months therefore improvements in returns will take some time. He expects the second quarter may slightly improve. Going forward he expects returns of 6 to 7% annually but in the short term real estate values could go down.

The portfolio of properties averages 13 years of age which is relatively young and therefore requires few capital improvements. Properties are diversified nationwide and located in the most desirable markets. Fitch rates the portfolio as BBB+. Cash flow has been strong but is starting to trail off as non-occupancy rates increase. However, financing for the properties is solid with expiring debt of only 6.8% for each of 2009 and 2010 that needs refinancing. It is not until 2012 when refinancing requirements of 15.4% occur, and it is anticipated that liquidity in the markets will have improved by then.

The Board asked several questions such as what is the existing leverage on the long term borrowing and prospects for improved occupancy rates and rents. Mr. Hansen noted that leverage is low and the portfolio generates \$200 million annually in free cash flow. It will be a long work out to improve occupancy and rental rates, however.

Chairman Pagliaro thanked Mr. Hansen and Mr. Teitelbaum for their report. He also asked the Board to consider whether or not they wished to continue to reinvest dividends in the Lion Fund or have the dividends distributed. The matter can be brought up at the July meeting.

The Board voted unanimously to take up the draft Request for Proposals for Investment Services. There continues to be dissatisfaction with the draft. Therefore, it was determined to hire a consultant to prepare the draft RFP and provide the Board with an evaluation. Mr. Lavin was directed to contact USI Consulting and prepare a contract for their services.

### **EXECUTIVE SESSION**

The Board voted unanimously to go into executive session to discuss two applications for a disability retirement at 10:00 a.m.

The Board voted unanimously to come out of executive session at 10:14 a.m.

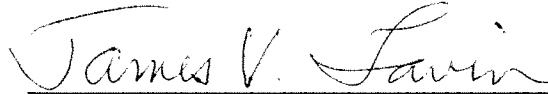
Upon a motion from Mr. Kordick, seconded by Mr. Coyner the board voted 5-0-0 to deny an accidental disability retirement for Ms. Nadia Gabrieli

Upon a motion from Mr. Kordick, seconded by Mr. Coyner, the board voted 5-0-0 to postpone an accidental disability retirement for Ms. Antonia Karantonis subject to clarification of medical information.

**ADJOURNMENT**

The motion to adjourn was made, seconded and carried unanimously at 10:15 a.m.

Respectfully Submitted,



James V. Lavin, Acting Secretary to the Board



Michael Pagliaro, Chairman