

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
LAW COMMITTEE
MINUTES

Wednesday, September 9, 2015
Law Department Conference Room

Committee: Jeffrey Ramer, Chairman; Leslie L. Tarkington

Other: John Wayne Fox, Town Attorney; Eugene McLaughlin, Assistant Town Attorney; Gary S. Hammersmith, McElroy, Deutsch, Mulvaney and Carpenter, LLP, Attorneys at Law, Larry Simon, Retirement Board; Jill Oberlander

The meeting was called to order at 10:06 A.M.

The Committee voted 2-0 to move the discussion of the GAM Unconstrained Bond Fund as the first item.

1. **Approval of the GAM Unconstrained Bond Fund for a maximum investment amount to 10% of the entire value of the Retirement Fund Portfolio**

The Town Attorney hired Attorney Gary Hammersmith for his legal opinion on the proposed investment for his knowledge of this and similar types of alternative investments. Mr. Hammersmith provided an overview including comments about the tension between the taxpayers versus the retirement investment managers to achieve portfolio yield. Further he discussed taking more risk in alternative investments than should be taken in retirement portfolios. The Committee was told by Attorney Gary Hammersmith that the GAM Unconstrained Bond Fund works like a publicly traded security, but with no secondary market. Its performance is compared with sample LIBOR rates. The fees on the investment would be computed with most favored nation treatment. Mr. Hammersmith reviewed his opinion memorandum with the Committee. Ms. Tarkington requested Mr. Hammersmith to expand on the risks section of his memorandum, similar to those previously prepared by the Law Department.

With Attorney McLaughlin's input, the Law Committee was advised that the investment was to be placed in the Town Charter restricted, fixed income component of the Retirement Board portfolio. Mr. Hammersmith further advised that the fund is not a plain vanilla investment, and uses derivative strategies and derivative trading to achieve its returns. There was discussion on whether the funds met the constraint of the 25% fixed income portfolio guidelines of the Charter. Mr. McLaughlin was requested to advise the Law Committee on whether the proposed investment would be considered within the 25% fixed income portfolio guidelines, and restricted portion of the Retirement Fund.

The discussion addressed the variability of the use of a 10% ratio of the total portfolio to compute the investment amount. The Committee expressed its preference for a specific dollar investment. Mr. Simon proposed \$40 million, and agreed that the Retirement Board would vote and approve this arrangement (dollar versus percentage) in writing. Further he commented that the Retirement

Board proposed to put all of the fixed income currently totaling approximately \$103 million into 3 funds, including the GAM fund.

Upon a motion duly made and seconded, the Law Committee of the Board of Estimate and Taxation, members Tarkington and Ramer present, voted 2-0 to find that the Law Department, through outside counsel Gary Hammersmith of McElroy, Deusch, Mulvaney & Carpenter, LLP, has reviewed the relevant legal documents for the GAM Unconstrained Bond Fund. The Law Committee finds that the documents are in legal order for the Retirement Board to invest up to and including \$40 million in the GAM Unconstrained Bond Fund, subject to any conditions or qualifications that may be contained in the opinion letter of the Law Department and receipt and acceptance of an updated opinion from outside counsel.

2. Approval of proposed side letter to Retirement Board investment in Landmark Real Estate Fund VII

The Landmark Real Estate Fund VII is a previously approved Retirement Board investment. The Town's legal provisions had a most favored nation status with regards to the side letter. The proposed side letter obtained relating to this investment improves the Town's knowledge of the investment and other investors requirements, and strengthens the rights of the Retirement Board.

Upon a motion duly made and seconded, the Law Committee of the Board of Estimate and Taxation, members Tarkington and Ramer present, voted 2-0 to find that the Law Department has reviewed the relevant legal documents for additional side letter provisions for the previously approved \$13.5 million investment in the Landmark Real Estate Partners VII, L.P. The Law Committee finds that the documents are in legal order for the Retirement Board to elect the additional side letter provisions in the Landmark Real Estate Partners VII, L.P.

3. Review and Approval of Minutes


The Committed deferred approval of the Minutes of the BET Law Committee Meeting of July 8, 2015.

4. Adjournment

The meeting was adjourned at 11:57 A.M.



Jeffrey S. Ramer, BET Law Committee Chairman



Leslie L. Tarkington, BET Law Committee