

**BOARD OF FINANCE
REGULAR MEETING
January 9, 2007**

MEMBERS PRESENT:

Mary Davis Cody	Virginia Lastner
Kathleen Corbet	Roger Smith
Robert DiPanni	Daniel Ward
Susan LaPerla	

Judy Neville, Chairman

MEMBERS ABSENT:

John Laird
Robert Spangler

ALSO PRESENT: George Maranis, Administrative Officer; Gary Conrad, Chief Financial Officer; William Brock, consultant to Board of Finance; Jim Cole, Police Commissioner; Jim Beall, Chairman, Police/EMS Building Committee; Captain Leon Krolikowsky, New Canaan Police Department; Wendy Simenson, Senior Investment Consultant, Vanguard Fiduciary Services; Michael Berish, Relationship Manager, Vanguard Fiduciary Services; Jeremy Krinsley, New Canaan Advertiser. Victoria Goss, Recording Secretary;

Judy Neville called the meeting to order at 8:00 p.m., took the roll, noting the absence of Mr. Laird and Mr. Spangler, and seated Ms. Lastner. Upon motion of Mr. Ward and second of Ms. LaPerla, the minutes of the Regular Meeting of December 19, 2006 were approved unanimously, Mr. DiPanni and Ms. Corbet abstaining due to absence.

Ms. Simenson presented the third agenda item, **Presentation by Vanguard Fiduciary Services for consulting, asset allocation, manager selection, portfolio construction and monitoring, and other related services in connection with the Funded Retirement Plan of the Town of New Canaan and the Myledred F Marceley Scholarship Fund.** She reviewed the proposed portfolio construction of the Retirement Plan, describing the funds selected, and indicating that Vanguard proposed to keep the current allocation of 65% equity, 35% fixed income. She explained that the assets will be rebalanced annually to maintain this allocation. Further, 50% of the equities will be in indexed funds (“large caps” – S&P 500) and 50% will be actively managed (“mid and small caps” and international). As to the fixed income portfolio, she indicated that the present individual securities would be retained until they mature, at which time they will be invested in investment grade intermediate duration fixed income Vanguard mutual funds. She reviewed the benchmarks and fees (approximately .14% for investment management and .08% for advisory services) and explained that Vanguard’s objective is to provide the potential to add return while keeping costs low..

With regard to the Marceley Scholarship Fund, which the Board of Finance is charged to oversee, Mr. Conrad advised that it has not met its growth goals under present management, with the fund balance remaining stagnant at about \$750,000. He recommended that Vanguard manage this Fund, along with the funded Retirement Plan. The objective is to realize both income and principal growth objectives each year - the income for

scholarship awards and the growth to allow the Town possibly to fund two scholarships in the future (with court approval). Upon questioning, Mr. Maranis advised that the scholarships are awarded on the basis of academic performance and financial need, and that a Scholarship Committee chooses the recipient. Indexed funds will be used in order to minimize fees. Ms. Simonsen presented three alternative investment choices and, upon motion of Mr. Ward and second of Mr. Smith, the Board endorsed the recommended "Mix 3" – Total Stock Market Index, 53.36%; Total International Stock Index, 13.34%; and Total Bond Market Index, 33.30%.

At this point, the Board voted as follows:

1.) Upon motion of Mr. Smith and second of Mr. DiPanni, the Board voted unanimously to approve retention, effective February 1, 2007, of Vanguard Fiduciary Services as the advisor to the Funded Retirement Plan of the Town of New Canaan and to approve the schedule of fees as presented.

2.) Upon motion of Mr. Smith and second of Mr. Ward, the Board voted unanimously to replace the present advisor to the Myldered F. Marceley Scholarship Fund with the retention, effective February 1, 2007, of Vanguard Fiduciary Services, and to approve Vanguard's schedule of fees as presented.

3) With regard to the Retirement Plan, upon motion of Mr. Smith and second of Mr. DiPanni, the Board voted unanimously to (a) liquidate the Plan's investment in Vanguard's Total Stock Index Fund and invest the proceeds in the mix recommended by Vanguard (50% in an indexed large cap fund, and 50% in actively managed mid and small cap equities and in international equities) and, (b) invest \$13 million of bonds maturing in January 2007 in Vanguard's Intermediate Term Investment Grade Fund. Future fixed income maturities would similarly be invested in this Fund.

4) With regard to the Marceley Scholarship Fund, upon motion of Mr. Smith and second of Mr. DiPanni, the Board voted unanimously to approve the investment of the Fund's assets in Vanguard's recommended "Mix 3," as described more fully above.

Mr. Beall then presented the fourth item, **Request from the Police Department Building Committee for an appropriation of \$110,000 from Capital Projects Fund for (a) the remediation of lead dust and other contaminants from the attic of the Police Station and (b) the remediation of lead paint from the exterior of the Police Station, including gutters, cupola, and all exterior trim.** He explained that the Committee is undertaking the complete renovation of the Police Station, but currently the focus is on the renovation of the third floor in order to prepare the floor for use by employees who will be temporarily be moving from Town Hall. Before work can begin, however, contaminants must be remediated, as described more fully above, at a cost of \$47,040 for the attic and \$54,449 for the exterior. The total request of \$110,000 includes approximately \$8,000 of contingency. Upon motion of Mr. DiPanni and second of Mr. Smith, the Board voted unanimously to approve an appropriation of \$110,000 from Capital Projects Fund.

Mr. Conrad then presented the fifth item, **Request from the Finance Department for a line-item transfer of \$14,700 from the Planning & Zoning Department budget to the Health Department budget to accommodate the staffing changes made effective December 1, 2006.** On

the motion of Mr. DiPanni and the second of Mr. Ward, the Board voted unanimously to approve the transfer.

This concluded the regularly scheduled agenda items. Ms. Neville then opened an informal discussion on the topic of the multi-purpose trail scheduled for installation at Irwin Park. She noted that the Board of Finance has already approved an 8 foot wide paved trail with one foot of grass on either side. She requested input from the Board as to whether the width of the paved area should be reconsidered. Mr. Smith commented on the scope, composition, and cost of the project, and stated that the Board of Finance must constantly be aware of priorities in Town expenditures. Several Board members spoke in favor of the eight foot paved path, saying it should not be altered.

There being no further business, upon motion of Mr. Ward and second of Mr. DiPanni, the Board adjourned at 9:45 p.m.

Respectfully Submitted,

Robert DiPanni, Secretary