

**BOARD OF FINANCE
REGULAR MEETING
JUNE 10, 2008
8:00 pm – Board Room of Town Hall**

MEMBERS PRESENT:

Mary Davis Cody (arrived 9:03 p.m.)
John Emert
Paul Giusti

Susan LaPerla
Roger Smith
C. Daniel Ward

Jeb Walker, Chairman

ALSO PRESENT: George Maranis, Administrative Officer; Gary Conrad, Chief Financial Officer; Mark DeWaele, Chairman, and Paul Foley, Tom O’Dea, Penny Young, members, Town Council; Mike Pastore, Town Engineer; Tiger Mann, Senior Engineer; Wendy Simenson, Senior Investment Consultant, and Paul Connors, Relationship Manager, Vanguard Institutional Advisory Services; Judy Neville; Eric Bruhn and one or two other residents; Colleen Flaherty, New Canaan Advertiser.

Mr. Walker convened the meeting at 8:04 p.m. and called the roll, and noted the absence of Mr. Budnick, Ms. Corbet, Mr. DiPanni, Mr. Laird, and Mr. Spangler. Ms. Cody arrived at 9:03 p.m. Mr. Emert and Mr. Giusti were seated for Mr. DiPanni and Mr. Spangler.

The Board addressed Item 2., Approval of the Minutes of the Regular Meeting of May 13, 2008. Upon motion of Mr. Ward and second of Ms. LaPerla, the Board unanimously approved the minutes as submitted.

The Board addressed Item 3., Presentation by representatives of Vanguard Institutional Advisory Services of the investment performance of the Town of New Canaan Pension Plan and the Myledred Marcey Memorial Scholarship Fund for periods ended April 30, 2008.

Mr. Conrad introduced Wendy Simenson and Paul Connors of Vanguard, and explained that Bill Brock, the Town’s investment consultant, could not be present. Mr. Brock, however, had advised Mr. Conrad that he was comfortable with the way the Pension and Scholarship funds are structured at present. Mr. Conrad also disclosed that, as a cost savings measure, \$9 million of “Strips” will be moved from Wachovia into a Vanguard short-term Treasury fund when they mature August 15, 2008.

Ms. Simenson gave a brief presentation of the recent performance of the Pension Fund investments. She said that there had been some “rough sledding” in the markets, and that the valuations were pretty much where they started when Vanguard took over. She disclosed that the Pension Fund performance had fallen a little short of the indexes and she discussed the adverse impact of oil prices, foreclosures and inflation. Ms. Simenson predicted that the next two quarters will be “difficult,” but with some improvement to follow. Mr. Giusti questioned why the investments are not all totally indexed, pointing to the better performance of the Marcey Fund, which is. This could be done at a lower cost than with actively managed funds, and matching of market would be ensured. Ms. Simenson replied that the under-performance of the actively managed funds is not necessarily indicative of poor decisions, and that such funds should be assessed on a longer term basis. She did say that Vanguard takes its direction from the Town and will await further instructions. Mr. Giusti asked that the matter be revisited at the next meeting of the Board.

The Board addressed Item 4., Approval of a request from the Finance Department to designate an amount of \$600,000, previously appropriated, from the Capital and Non-Recurring Fund for capital repairs and improvements to the New Canaan Playhouse at 93 Elm Street in New Canaan, CT.

Mr. Conrad explained that the capital repairs to the Playhouse building were included in the bonding schedule in the 2008-2009 budget, as was the cost of the related debt service. Mr. Maranis explained that investigation was made into Historic Building designation of the Playhouse with accompanying tax credits, but it was concluded that such designation would not benefit a tax exempt entity such as the Town. Similarly, the only way tax exempt bonds could be issued to fund the repairs would be by forming a 501(c)3 subsidiary, and the costs of doing so would not justify the effort. It was concluded that the best course of action was to take the funds

from the Capital and Non-Recurring Fund and, upon motion of Mr. Smith and second by Mr. Ward, the Board unanimously approved a request from the Finance Department to designate an amount of \$600,000, previously appropriated, from the Capital and Non-recurring Fund for capital repairs and improvements to the New Canaan Playhouse at 93 Elm Street in New Canaan, CT.

The Board addressed Item 5., Approval of a request from the Selectmen's Office for a special appropriation from General Funds of \$4,000 as a supplemental contribution to the Alliance for Sensible Airspace Planning for additional legal services in connection with the FAA's airspace redesign plan.

Mr. Walker explained that the request from AfSAP for New Canaan's share of the supplemental appropriation was for \$12,000, of which \$8,000 would be paid out of the contingency remaining from the original appropriation. The present request is therefore only for the remaining \$4,000. Upon motion of Mr. Smith and second of Ms. LaPerla, the Board unanimously approved a request from the Selectmen's Office for a special appropriation from contingency of \$4,000 as a supplemental contribution to the Alliance for Sensible Airspace Planning for additional legal services in connection with the FAA's airspace redesign plan. There followed discussion.

Ms. Neville explained that the funds are for the remainder of legal fees for the filing of a brief by July 31, 2008. The suit will be enjoined, which means that all 12 towns will join to file a single suit. She described the activities being carried out by AfSAP and the threat to New Canaan and surrounding communities from the FAA's proposed airspace redesign.

The Board addressed Item 6, Approval of a request from the Public Works Department of (1) a special appropriation from General Funds of \$90,000 and (2) a line item transfer of the unspent balance of \$84,000 from the Irwin Park Start-up Costs Account towards the cost of the Multi -Use Trail and the installation of two baseball fields (and related equipment) at Irwin Park.

Mr. Mann explained the circumstances resulting in costs in excess of amounts appropriated for the Irwin Trail. He said there were six thousand yards of fill material generated by the Trail installation, and that the master plan for the Park called for a "balancing" by spreading of the soil. He explained that it was more cost effective to leave the materials on site rather than pay to have them removed to another location and pay to have them brought back. Mr. Mann estimated a savings of approximately \$200,000 by having the contractor do the work while he was already on site.

Mr. Emert said that he did not recall any discussion as to site balancing at the January 2007 or March 2007 Town Council meetings where these issues were discussed. He said the fields were only a conceptual plan presented to the Town, but there was never a vote on installing them, and the plan was never approved. He maintained that the excess soil was generated more by the removing of 6 inches from the crown of the meadows, rather than from the Trail installation. Mr. Emert also asked how costs of \$925,000 were incurred when only \$695,000 had been appropriated by the Town bodies. Mr. Mann responded that there had been many delays in completing the Trail and, given that the contractor's proposed pricing was "very good," there was no purpose in re-bidding the job.

Members of both the Board of Finance and the Town Council presented their recollections, often conflicting, of past meetings where Irwin park development was discussed.

Ms. Neville, who was First Selectman at the time of these happenings, said that there was a continuing pattern of unauthorized spending of taxpayers' money, and she questioned the integrity of the process, including the absence of Public Hearings on the Park development. Mr. Bruhn disagreed, saying that there had been a number of focus groups and hearings on development of the Park, and that "promises were made" to install athletic fields.

Ms. LaPerla suggested that expenditures for Park development should be included in the capital budget and Mr. Ward, noting that there is now a liability to the contractor for work done, stressed that, in the future, any unanticipated work beyond amounts appropriated needs Town approval in advance. Mr. Giusti, Dr. DeWaele and Mr. O'Dea agreed that the process needed to be reviewed, and that this matter would be addressed at a Joint Meeting of the Town bodies on Saturday, June 14 where financial processes and budgets are to be assessed.

Upon motion of Mr. Giusti and second of Mr. Ward, the Board voted 5-1, Mr. Smith opposed, to approve a request from the Public Works Department for (1) a special appropriation from General Funds of \$90,000 and (2) a line item transfer of the unspent balance of \$84,000 from the Irwin Park Start-up Costs Account towards the cost of the Multi -Use Trail and the installation of two baseball fields (and related equipment) at Irwin Park. Mr. Smith opposed on the basis of his view

that Irwin Park had been purchased for open space, picnics, hiking, cycling and other family activities as well as cultural events, and not for baseball fields and related athletic activities.

There being no further business, the meeting adjourned at 9:49 p.m.

Respectfully Submitted,

Robert DiPanni, Secretary