

THESE MINUTES ARE SUBJECT TO APPROVAL BY BOARD OF SELECTMEN

The Board of Selectmen held a regular meeting Monday, September 15, 2014 in the Council Chamber of the Municipal Center, Newtown. First Selectman Llodra called the meeting to order at 7:35 pm.

PRESENT: First Selectman Llodra, Selectman William F.L. Rodgers and Selectman James O. Gaston

ALSO PRESENT: Finance Director Robert Tait, members of the Pension Committee, members of Westport Resources, Chief Michael Kehoe, Capt. Joe Rios, Police Commissioner Brian Budd, Board of Education Chairman Keith Alexander, one member of the public and two members of the press.

VOTER PARTICIPATION: none.

ACCEPTANCE OF THE MINUTES: Selectman Gaston moved to accept the minutes of 9/2/14.
Selectman Rodgers seconded. All in favor.

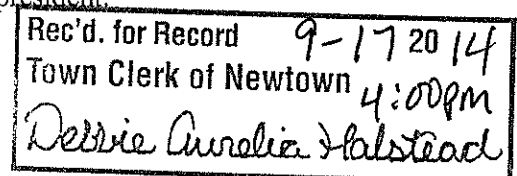
COMMUNICATIONS: First Selectman Llodra shared a resident letter complimenting the Town Clerk staff for the kind treatment received at the counter.

FINANCE DIRECTOR REPORT: Mr. Tait went over the Public Safety – Hardware/Software costs (Att. A) which compares New World Systems, the system the PD is currently using, to NEXGEN, the system the department is currently looking into. Chief Kehoe, Capt. Rios and Commissioner Budd were present to discuss. NEXGEN is one of the leaders in CT for computerized dispatch, records management system and is also located in CT. Commissioner Budd said the goal is to take away the physical paperwork and gear toward electronically formatting the paperwork. It was beneficial having the company within the state during the transition. The state legislature mandates information on every stop in the state of CT. This is currently done by hand; NEXGEN will do this electronically, the officer will not be cleared from the stop without having the officer enter the profiling information. The transition will require a lot of effort and two to three months to complete. Selectman Rodgers noted it was suggested that no hardware/software decisions that foreclose regionalization options be made. Chief Kehoe said that companies that handle regionalization may use their own CAD system; as long as we can get the information that would be put into CAD we can interface with our system which would deliver the services that we want and need in CT. Chief Kehoe would recommend NEXGEN to any company looking at the regionalization function. State police use NEXGEN. Chief Kehoe explained a ‘rip & run’ is a call for service that dictates fire department apparatus being deployed. Capt. Rios said that Wilton has worked with NEXGEN and fire departments without problem. The call is captured and reported. Commissioner Budd’s community used NEXGEN for ambulance, police and fire. There will be training involved but the fire departments will have everything they need for their national reporting. Chief Kehoe has briefed the Commission on NEXGEN.

UNFINISHED BUSINESS:

Discussion and possible action:

- Hiring Policy:** First Selectman Llodra will edit so the language flows more smoothly and return it to the board.
- Strategic Planning for Municipal Facilities:** Selectman Rodgers moved to appoint Michelle Ku, Kathy Hamilton and Rebekah Harriman to the Advisory Committee for Strategic Planning for Municipal Facilities. Selectman Gaston seconded. All in favor. Mr. Alexander said the Board of Education is very interested in the process; the results are very important. Having Board of Education members on the committee helps bring the school community into the process. Ms. Ku and Ms. Hamilton are Board of Education members; Ms. Harriman is the Middle Gate School PTA president.



- 3. Regionalizing Dispatch report:** Selectman Gaston struggles with the concept of how we would implement regionalization. There needs to be elected official accountability in respect to the two non-profits; he is not sure of the financial capabilities of a non-profit entity in this situation. He questioned the legal responsibilities of a Board of Directors. Another option is regionalizing through a host municipality. Newtown should be explored as being the host. If we revisit the idea of Danbury we should talk to them. Selectman Gaston said that many regionalized areas are done through county government, which we do not have. He suggested talking to the Legislators about creating an authority in which to participate. Selectman Gaston has many questions he could get to Mr. Capeci and Dr. Chaudhary should we move forward with regionalization. Selectman Rodgers noted the non-profits spoken about are hosting service providers, such as Torrington. Selectman Rodgers agrees with the idea of investigating the option of having authorities. He is also supportive of investigating Newtown as the host town. This interfaces with the space needs study. It is premature to be doing this; as long as we go slow and communicate this is not being tabled but pursued deliberately and slowly. People are staking out positions even though we are not rationally near a decision. First Selectman Llodra agreed that Newtown should be examined as a possible host and also to keep the conversation about Danbury alive. She would like to take Torrington and Prospect off the table; Selectman Gaston agreed. Prospect is not in our best interest; Torrington offers a savings but the distance is substantial. Selectman Rodgers would support that if the decision needed to be made now but no decision needs to be made now. This item will not be moved forward; Newtown will be considered as its own regional center and a relationship will continued to be explored with Danbury. Selectman Rodgers asked Selectman Gaston to pursue with our state representatives the idea of an authority.

NEW BUSINESS:

Discussion and possible action:

- 1. Pension Committee & Westport Resources:** Pension Committee Chairman Tom Murtha introduced board members Barbara Bloom, Mark Korotash and Charlie Farfaglia. John Vaccaro of Westport Resources (Att. B) was present to address the board on changes that have been made on the pension this year. The second half of this year was substantially better than the first half. We are not completely up to the bench mark on the equity side but are quickly heading there. Westport Resources will recommend that the Pension Committee increase the allocation on the equity side to the exchange rated fund strategy. There are three, sometimes conflicting goals, a mission of acting with a moderate risk capacity, have a targeted rate of return, which has been reduced from 8% to 7 ¾ last year and on July 1 down to 7 ½% and finally trying to exceed the bench marks. First Selectman Llodra said the improved performance has helped the board learn that the contribution to the pension fund is manageable. Then bench mark hasn't been met in approximately five years. Mr. Vaccaro said that the actuary has been reducing the expected rate of return. More conservative towns, which include Newtown, have a lower expected rate of return. The wage increment is at 4% and can be adjusted. First Selectman Llodra suggested looking at the balance between rate of return and the wage increase to see if we can't mitigate the impact of terms of the annual contribution. Mr. Murtha said the committee will explore this.
- 2. Appointment/Reappointments:** none.
- 3. Driveway Bond Releases/Extensions:** Selectman Rodgers moved the driveway bond release in the amount of \$2,000 to John Boccuzzi, 57 Queen Street, M28, B8, L10. Selectman Gaston seconded. All in favor.
- 4. Tax Refunds:** Selectman Gaston moved to the September 2014 Refunds No. 4, 2014-2015 in the amount of \$12,652.21. Selectman Rodgers seconded. All in favor.

VOTER COMMENTS: none.

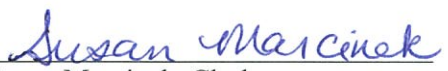
ANNOUNCEMENTS: none.

ADJOURNMENT: Having no further business the Board of Selectmen adjourned their regular meeting at

Board of Selectman
September 15, 2014

8:40pm.

Respectfully submitted,



Susan Marcinek, Clerk

Att. A: Public Safety – Hardware/Software costs

Att. B: Westport Resources Report, Sept. 15, 2014

**TOWN OF NEWTOWN
PUBLIC SAFETY - HARDWARE / SOFTWARE**

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Four Year Total</u>
<u>New World Systems</u>					
Hardware / Software	-	-	-	-	-
Upgrade	25,000	-	-	-	25,000
Maintenance	86,766	93,707	101,204	109,300	390,977
	<u>111,766</u>	<u>93,707</u>	<u>101,204</u>	<u>109,300</u>	<u>415,977</u>
<u>NEXGEN</u>					
Software - NEXGEN	90,000	45,000	45,000	-	180,000
Software - NetMotion	7,375	-	-	-	7,375
Hardware / Software - Photo Booki	4,000	-	-	-	4,000
Hardware - Evidence	1,500	-	-	-	1,500
Upgrade	-	-	-	-	-
Maintenance - NetMotion	-	23,100	23,100	23,100	69,300
Maintenance - NEXGEN	1,991	1,991	1,991	1,991	7,964
	<u>104,866</u>	<u>70,091</u>	<u>70,091</u>	<u>25,091</u>	<u>270,139</u>
DIFFERENCE >>>>	6,900	23,616	31,113	84,209	145,838

Additional equipment costs.....grants??

Cross over/bridge costs.....same for both systems??

Town of Newtown Board of Selectmen Meeting

September 15, 2014

Presented by

John Vaccaro, CFP®, CLU
Joseph Tatusko, CFP®, CFA
Christopher DeLaura, CFP®
Emily Boothroyd, J.D., CFP®

WESTPORT
RESOURCES





Newtown Board of Selectmen Attendees

- First Selectman Patricia Llodra
- Selectman William F.L. Rodgers
- Selectman James O. Gaston



Newtown Pension Committee Attendees

- Thomas Murtha, Chair
- Dunham Smith, Vice-Chair (in absentia)
- Barbara Bloom
- Joseph DiCandido
- Charles Farfaglia
- Mark Korotash
- Richard Monckton
- Carole Ross, Human Resources Administrator



Newtown Board of Selectmen Meeting

Agenda for September 15, 2014

- IPS overview
- Pension plan performance and allocation
 - FY 2014 recap
- Equity performance recap
 - GTAA
 - ETF
- Fixed income performance recap

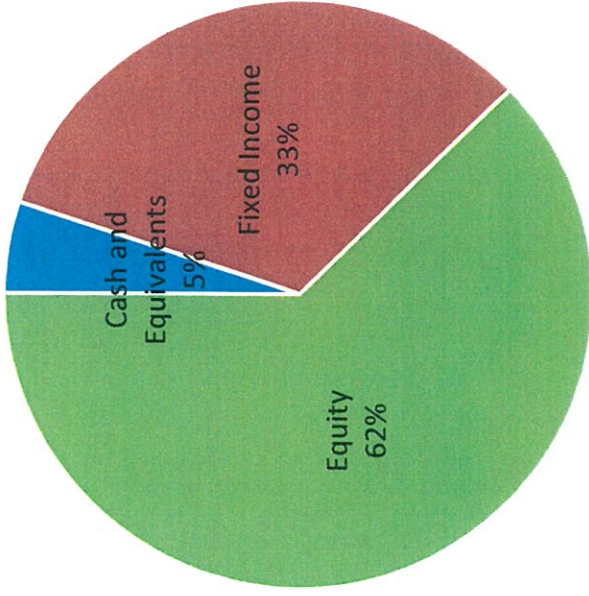


Investment Policy Statement Overview

- Investment Time Horizon: Greater than 10 years
- Target Rate of Return: 7.50% (reduced as of July of 2014)
- Risk Tolerance: Moderate
- Target Asset Allocation: 60% Equities, 40% Fixed Income
 - Variance limit: 10%
- Evaluation Benchmark:
 - Total portfolio return to perform above the weighted average return of the indexes

Pension Plan Performance Information

Asset Allocation – 6/30/14



■ Cash and Equivalents ■ Fixed Income ■ Equity

Description	Weight	Current Value
Cash and Equivalents	5%	\$ 1,790,760.15
Fixed Income	33%	\$11,642,571.17
Equity (incl. High Yield Bonds)	62%	\$22,182,124.33
Total	100%	\$34,623,944.98

FY 2014 Portfolio Performance Review

Consolidated Accounts 6/30/13 – 6/30/14*	
Beginning Value	\$ 30,864,897.92
Net Contributions/Withdrawals	\$ 269,858.70
Unrealized Gain (Loss)	\$ 927,889.95
Realized Gain (Loss)	\$ 2,905,056.62
Dividend Income	\$ 151,373.31
Interest Income	\$ 672,006.96
Net Management Fees	\$ (112,268.75)
Other Expenses	\$ (560.00)
Change in Accrued	\$ (62,799.06)
Ending Value	\$ 35,615,455.65
Investment Gain	\$ 4,418,387.40

* Includes OPEB accounts

FY 2014 Portfolio Review

Since inception*, the portfolio has a net investment gain of \$20,724,254.65

	Q1 FY 2014	Q2 FY 2014	Q3 FY 2014	Q4 2014	FY 2014	Since Inception**
Internal Rate of Return (net)	3.86%	4.16%	1.44%	3.84%	13.94%	6.52%
Time Weighted Return (net)	3.87%	4.16%	1.44%	3.85%	13.97%	6.54%
Benchmark***	4.33%	5.54%	1.66%	3.83%	16.43%	5.68%
Difference	(0.46)%	(1.38)%	(0.22)%	0.02%	(2.47)%	0.86%

* Return through 6/30/14

** Annualized returns 9/30/1999 through 6/30/14 - includes OPEB accounts

*** Benchmark: 40% Barclay's Capital Aggregate Bond Index/ 45% S&P 500/ 15% MSCI EAFE



PRESENTATION BY CHRISTOPHER DELAURA, CFP®

EQUITY ALLOCATION

The information herein has been obtained from sources believed to be reliable, but we cannot guarantee its accuracy or completeness. Past performance is no guarantee of future results. Neither the information nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. Westport Resources Management, Inc. is an Investment Advisor registered with the SEC.

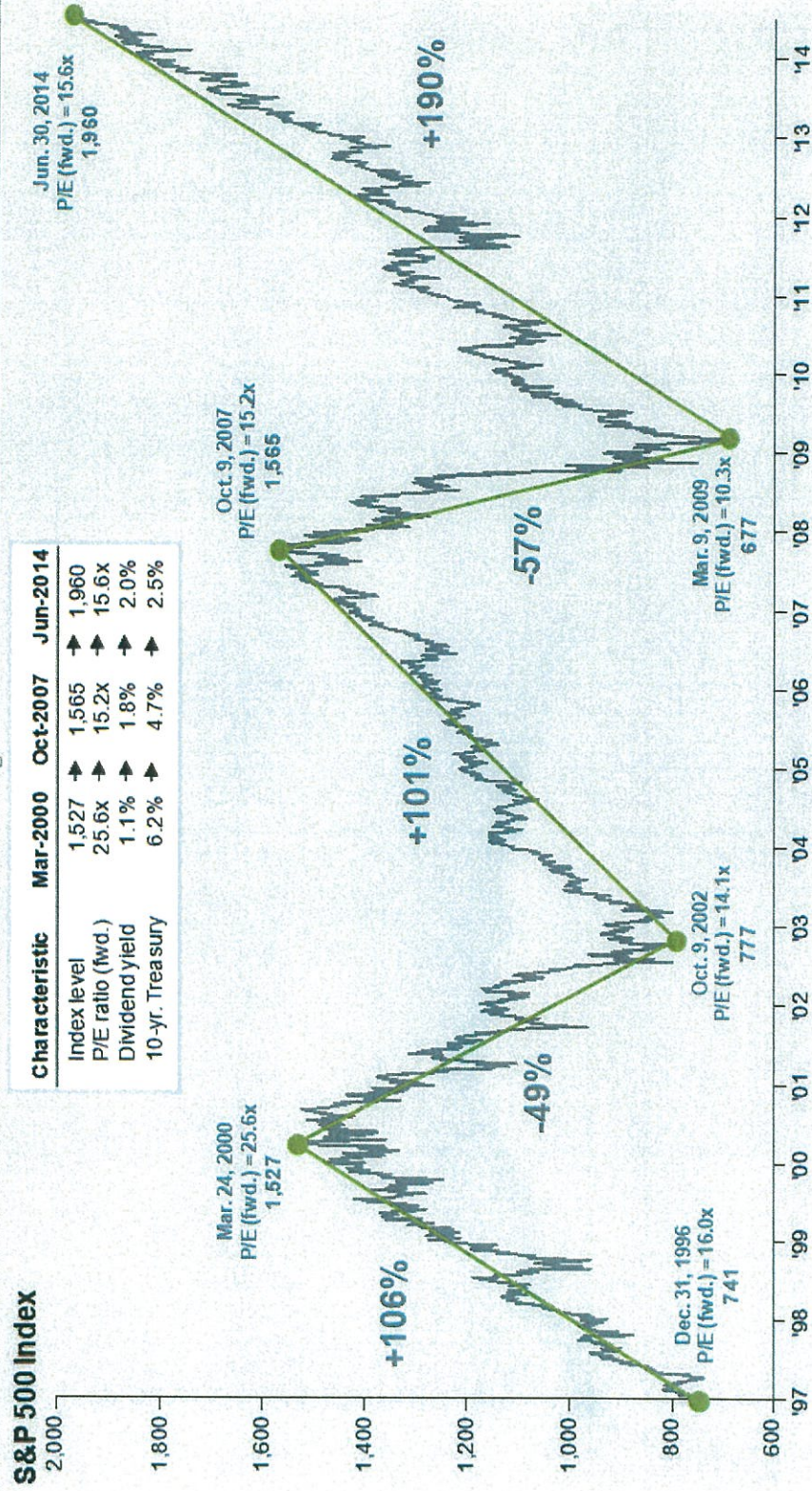


Portfolio Performance Review: GTAA Equity

- Newtown GTAA Equity FY 2014:
 - FY 2014 Performance: 19.11%
 - 75% S&P 500/25% EAFE: 24.47%
- 1st half of FY 2014 underperformed the benchmark by 4.27%.
- In the 2nd half of FY 2014, underperformed the benchmark by 0.75%.
 - The second half saw a drawdown of the S&P 500 of 5.5%, which was not experienced by the equity portfolio during the same time period.



Focus on managing volatility



Source: Standard & Poor's, First Call, Compustat, FactSet, J.P. Morgan Asset Management.

Dividend yield is calculated as the annualized dividend rate divided by price, as provided by Compustat. Forward Price to Earnings Ratio is a bottom-up calculation based on the most recent S&P 500 Index price, divided by consensus estimates for earnings in the next 12 months (NTM), and is provided by FactSet Market Aggregates. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns.



FY 2015 Portfolio Performance Review: ETF

- Newtown ETF FY 2014*:
 - FY 2014* Performance: 3.09%
 - 75% S&P 500/25% EAFE: 2.59%

*strategy began 5/20/2014



PRESENTATION BY JOSEPH TATUSKO, CFA, CFP®

FIXED INCOME ALLOCATION

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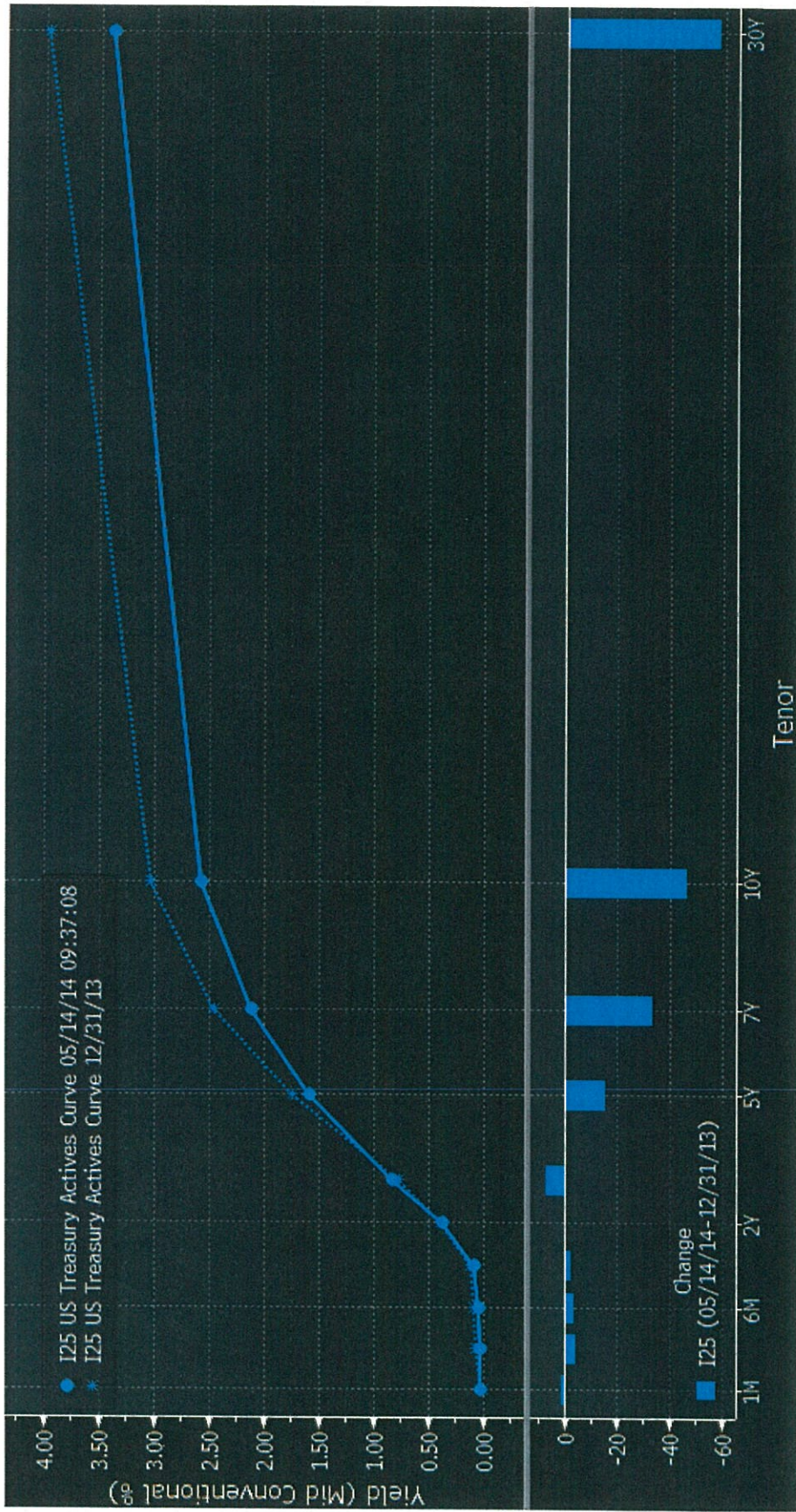


Portfolio Performance Review: Fixed Income

- Newtown Fixed Income FY 2014:
 - FY 2014 Performance: 5.18%
 - Barclay’s Aggregate Bond Index:
4.37%



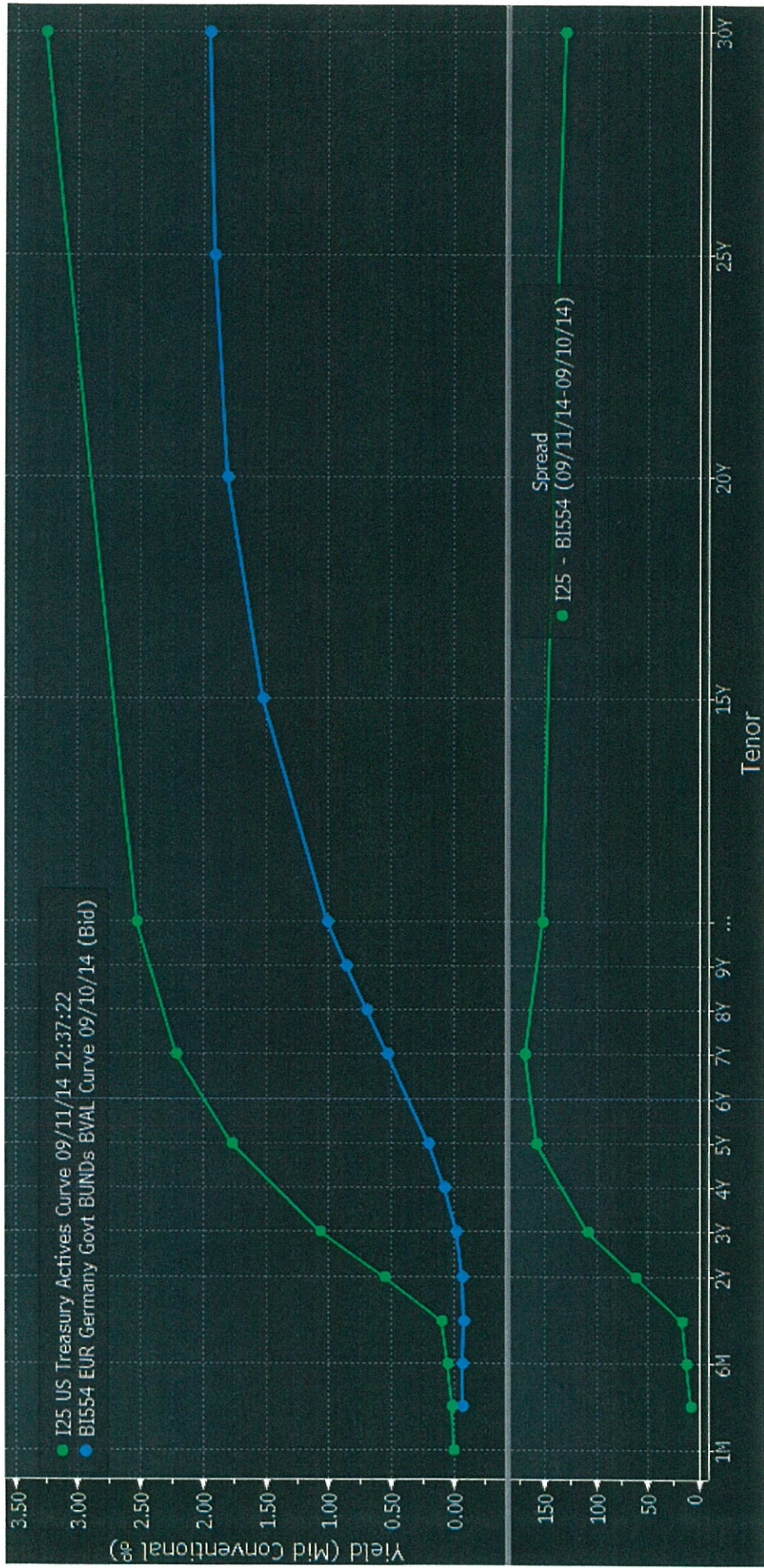
Treasury yield curve change since year end



Source: Bloomberg

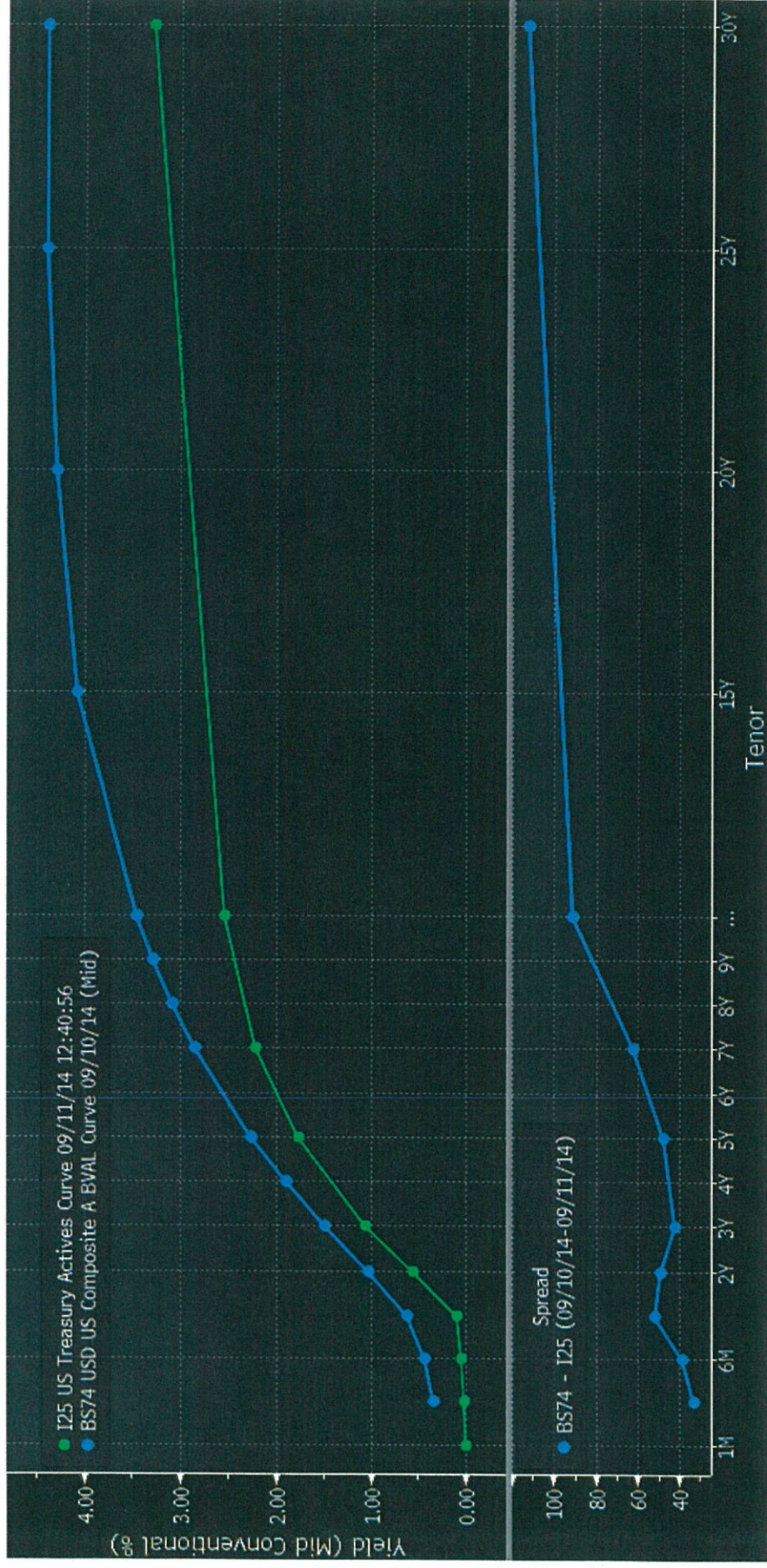


Treasuries vs. German Bund yields





Treasuries vs. composite A-rated corporate bonds





Disclosure

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