

BOARD OF FINANCE
MINUTES
REGULAR MEETING
3 Primrose Street – Council Chambers
Thursday, October 27, 2022 at 7:30 p.m.

These minutes are subject to approval by the Board of Finance

Present: John Madzula, Steven Goodridge, Sandy Roussas, Laura Miller and Chandravir Ahuja

Absent: Erica Sullivan

Also Present: First Selectman Dan Rosenthal, Finance Director, Bob Tait and BOE Chair, Deb Zukowski

Chair Madzula called the meeting to order at 7:31p.m. Attendees saluted the American Flag.

Voter Comments

None

Communications

Chair Madzula noted a communication **from Judit Stefano regarding** a possible HVAC grant from the State

Minutes

Sandy Roussas moved to approve the minutes from October 11, 2022. Laura Miller seconded. (John Madzula abstained). All in favor and motion passes.

First Selectman's Report

The First Selectman noted he has been diligently working on the budget with departments and Mr. Tait has sent out the budget books. The Town has handled some capital projects with the ARP funds. He commented he is still negotiating the DPW contract, which once settled will be retroactive from July. Hawley hasn't had any significant change orders and so far the only delayed equipment is the switch gear which is expected to arrive during the Summer of 2023.

Finance Director's Report

(Please see below in New Business)

New Business

1. Capital Improvement Plan - 2023-2024 to 2027-2028

To find document online please follow:

*Newtown-ct.gov → Government → Finance Department → Capital Improvement Plan (CIP) → BOS
BOE Combined CIP 2023-24 to 2027-28*

Finance Director, Bob Tait, reported the CIP is a "same services" budget with a request of no major capital items. He also commented that a number of capital items were approved and funded by ARP funds and Capital and Non-recurring over the past few years. Mr. Tait noted this may be a challenging year budget-wise. Investment values are down regarding Pension. That being said, Pension is 1.9% of the budget. Municipal Labor Report notes ~8% inflation. Municipal statewide wage increases are 2.3%. DPW, Park & Rec, Town Hall Unions have contract negotiations. Ms. Roussas inquired about teacher negotiations. BOE Chair, Deb Zukowski, was in attendance. Chair Madzula asked Ms. Zukowski to come up to respond to Ms.

Roussas' question. Ms. Zukowski responded by saying the teacher negotiations were approved and the contract ratified-- the next step is for the BOE to approve, and the remaining process will continue. Mr. Madzula thanked Ms. Zukowski for her answer. Mr. Ahuja asked various clarifying questions regarding the Pension plan. CIP bonding plan has remained relatively the same over the next 5 years. Ms. Roussas inquired about the assumed bond interest rate. She asked how confident Mr. Tait is regarding the bond interest rate used in the bond forecast schedule. Mr. Tait responded by saying the Financial Advisor said it can really change at any time. She asked if Mr. Tait could do a "what if" using various bond interest rates for informational purposes. Ms. Miller inquired about the operational costs of the fire washing station after its implemented. The First Selectman said they do not know yet—right now it's an informal suggestion.

Mr. Ahuja commented that the Board should take up the non profit fund balance policy after budget season has passed. Ms. Roussas agreed to policy review and shared Fund Balance and Debt policies are due to be reviewed as well in 2023.

2. *ARP & Recycling Committee Reports*

Recycling Committee Report

Mr. Goodridge shared things are moving along. The Committee was shown where bins will be located. The new compactor will arrive in January and hopeful use in February or March. Paving will likely happen in early Spring. The tip fee for recycling has drastically increased as noted in various places in print throughout the Town.

ARP

No Report

Unfinished Business

None

Voter Comments

None

Announcements

Chair Madzula thanked the Board for their Letter to the Editor regarding "Voting No" in November. There is a vote for Charter Referendum on November 8th.

Adjournment

Sandy Roussas made a motion to adjourn. Steve Goodridge seconded. All members were in favor and the meeting was adjourned at 8:18pm.

Respectfully submitted,
Kiley Morrison Gottschalk, Clerk

Attachments

Finance Director Documents

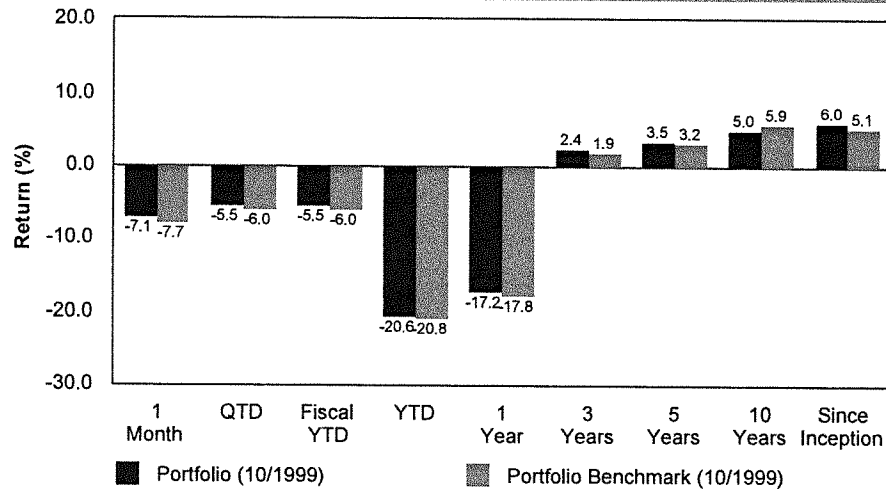


Portfolio Dashboard

Pension Plan

As of September 30, 2022

Historical Performance



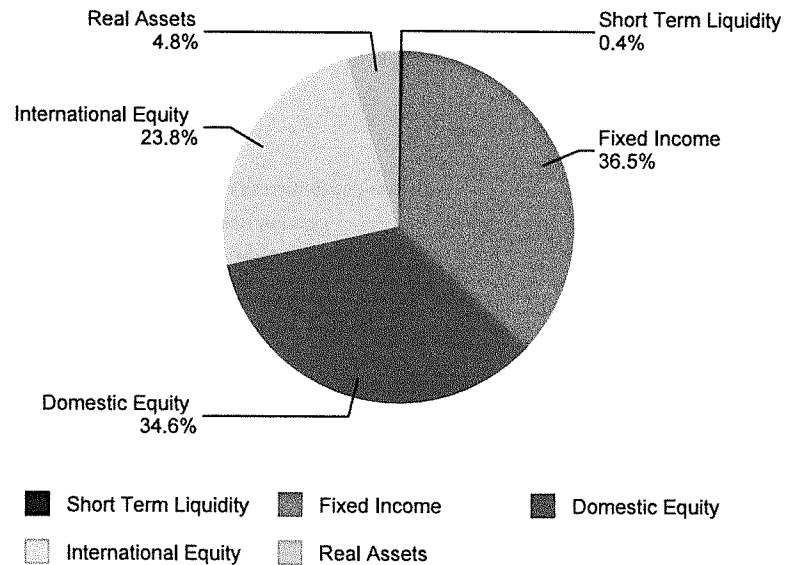
Summary of Cash Flows

	1 Month	QTD	Fiscal YTD	YTD	Since Inception
Beginning Market Value	55,244,586	52,486,223	52,486,223	63,938,726	36,976,103
Net Contributions	-221,982	1,574,572	1,574,572	245,042	1,532,438
Gain/Loss	-3,917,768	-2,955,960	-2,955,960	-13,078,933	12,596,294
Ending Market Value	51,104,835	51,104,835	51,104,835	51,104,835	51,104,835

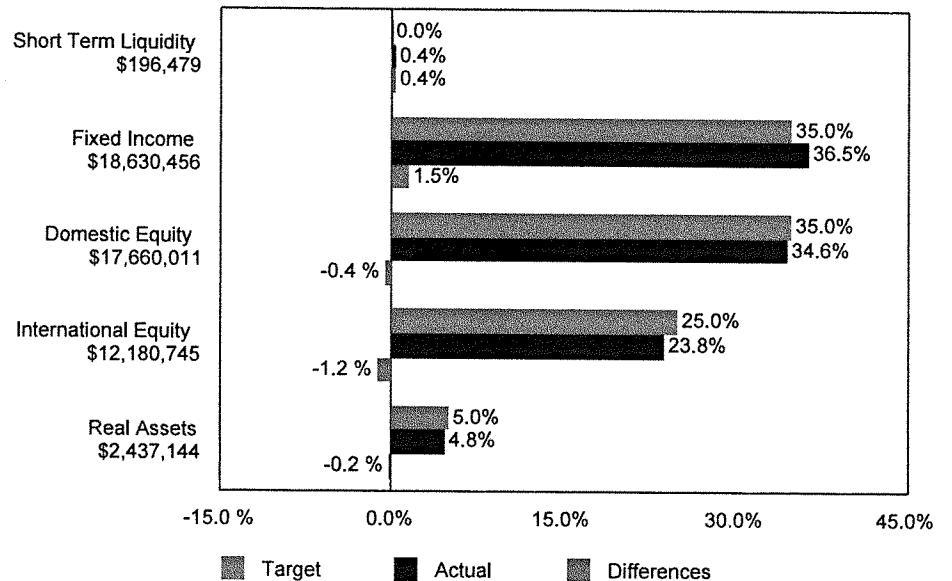
Current Benchmark Composition

From Date	To Date	
06/2021	Present	35.00% Blmbg. U.S. Aggregate, 35.00% Russell 3000 Index, 25.00% MSCI AC World ex USA (Net), 5.00% Diversified Real Asset Blended Index

Portfolio Allocation



Actual vs. Target Allocations





Asset Allocation

Pension Plan

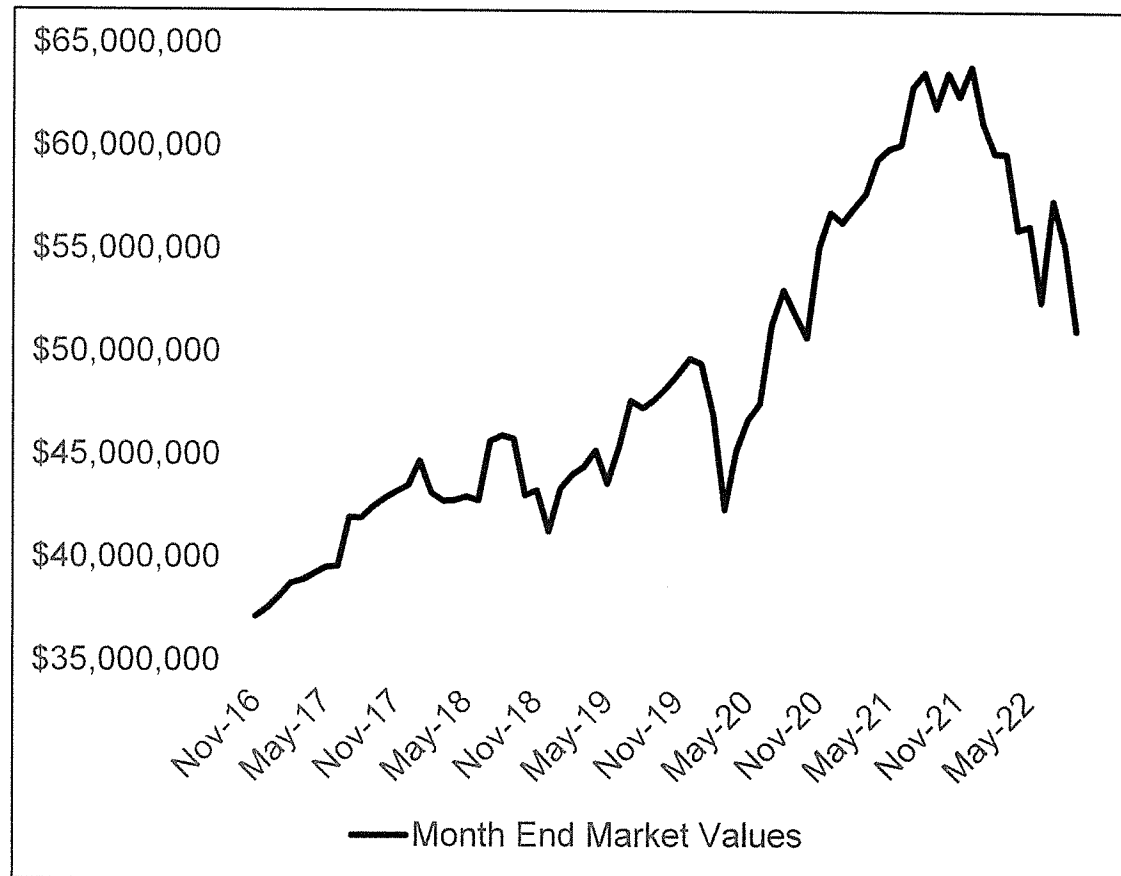
As of September 30, 2022

	Asset Allocation (\$)	Asset Allocation (%)	Target Allocation (%)	Differences (%)
Pension Plan	51,104,835	100.0	100.0	0.0
Short Term Liquidity	196,479	0.4	0.0	0.4
Comerica Short Term Fund	196,479	0.4	0.0	0.4
Fixed Income	18,630,456	36.5	35.0	1.5
Baird Aggregate Bond Fund Class Institutional	5,378,636	10.5	10.3	0.3
Metropolitan West Total Return Bond PI	5,307,023	10.4	10.3	0.1
BlackRock Strategic Income Opportunities Fund K	6,082,849	11.9	11.0	0.9
PIMCO High Yield Instl	1,861,948	3.6	3.5	0.1
Domestic Equity	17,660,011	34.6	35.0	-0.4
Fidelity 500 Index Fund	12,629,696	24.7	25.0	-0.3
Boston Partners Small Cap Value Fund II Instl	2,494,762	4.9	5.0	-0.1
Conestoga Small Cap Instl	2,535,553	5.0	5.0	0.0
International Equity	12,180,745	23.8	25.0	-1.2
Fidelity International Index Fund	3,114,396	6.1	6.5	-0.4
Aristotle International Equity Instl	2,912,683	5.7	6.0	-0.3
MFS Instl International Equity Fund	2,923,404	5.7	6.0	-0.3
GQG Partners Emerging Markets Equity Inst	3,230,262	6.3	6.5	-0.2
Real Assets	2,437,144	4.8	5.0	-0.2
Principal Diversified Real Asset R6	2,437,144	4.8	5.0	-0.2

Town of Newtown, CT Pension Portfolio



Market Value History



Month	Month End Market Value
October 2021	\$63,645,417
November 2021	\$62,484,778
December 2021	\$63,938,726
January 2022	\$61,178,688
February 2022	\$59,723,947
March 2022	\$59,688,763
April 2022	\$55,992,927
May 2022	\$56,184,193
June 2022	\$52,486,223
July 2022	\$57,423,145
August 2022	\$55,244,586
September 2022	\$51,104,835

DISCLOSURE: The balance information has been compiled solely by Fiducient Advisors and has not been independently verified. In preparing this report, Fiducient Advisors has relied upon information provided by the investment managers and by the custodian.

September 2022 Consumer Price Index

CPI-U [ALL URBAN CONSUMERS (1982-84 = 100)]				
	September 2022	Percent change to September 2022 from		
		One Year Ago	3 Months Ago	1 Month Ago
US CITY AVERAGE (1982-84=100)	296.808	8.2%	0.2%	0.2%
NORTHEAST (1982-84=100)	307.152	7.2%	0.2%	0.1%
NEW ENGLAND (2017=100)	117.169	7.4%	0.0%	0.1%
NORTHEAST URBAN (1996=100) Size B/C (pop. under 1,500,000)	182.232	7.7%	0.2%	-0.1%
SIZE CLASS B/C (pop. Under 1,500,000)* (1996=100)	181.348	8.2%	0.1%	0.2%

CPI-U [ALL URBAN CONSUMERS-ALL ITEMS LESS FOOD AND ENERGY (1982-84 = 100)]				
	September 2022	Percent change to September 2022 from		
		One Year Ago	3 Months Ago	1 Month Ago
US CITY AVERAGE (1982-84=100)	298.442	6.6%	1.3%	0.4%
NORTHEAST (1982-84=100)	313.702	5.4%	1.1%	0.5%
NEW ENGLAND (2017=100)	113.908	5.0%	1.0%	0.5%
NORTHEAST URBAN (1997=100) Size B/C (pop. under 1,500,000)	167.822	5.4%	1.3%	0.2%
SIZE CLASS B/C (pop. Under 1,500,000)* (1997=100)	168.484	6.6%	1.3%	0.4%

Average General Wage Increases

General Wage Increase by Fiscal Year: Arbitration Awards

The following are select summary statistics related to all arbitration awards reported to CCM from July 1, 2012. Each month the data below is updated to reflect new settlements received by CCM.

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Average	2.46%	2.33%	1.96%	1.79%	1.63%	1.72%	2.30%
Minimum	2.00%	2.25%	1.75%	0.00%	0.00%	1.00%	2.30%
Maximum	2.90%	2.50%	2.25%	2.25%	2.00%	2.30%	2.30%
Sample Size	9	6	6	8	7	3	1

General Wage Increase by Fiscal Year: Negotiated Settlements

The following are select summary statistics related to all negotiated settlements reported in the Data Reporter from July 1, 2016. Each month the data below will be updated to reflect new settlements received by CCM. For information regarding a particular municipal settlement, please contact CCM.

	FY17-18	FY18-19	FY19-20	FY20-21	FY 21-22	FY22-23	FY 23-24	FY 24-25	FY 25-26
Average	2.19%	2.14%	2.17%	2.15%	2.21%	2.32%	2.34%	2.36%	2.31%
Minimum	0.00%	0.00%	0.00%	0.00%	0.00%	1.25%	0.00%	1.36%	2.00%
Maximum	3.50%	6.00%	8.00%	5.00%	4.00%	4.00%	3.25%	3.25%	2.50%
Mode	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.50%	2.25%	2.50%
Sample Size	369	413	425	409	360	245	130	50	4

Number of Wage Freezes Achieved: Negotiation Versus Arbitration

The following are the number of wage freezes reported in the Data Reporter from July 1, 2015. It is important to note that for negotiated settlements, the number reflects only those contracts received by CCM and reported in the Data Reporter and corresponds to the sample sizes in the preceding tables. Each month the data below will be updated to reflect new settlements received by CCM. For information regarding a particular municipal settlement, please contact CCM.

	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Negotiated	15	20	22	17	1	0	1	0	0
Arbitration	0	0	1	1	0	0	0	0	0