

THESE MINUTES ARE SUBJECT TO APPROVAL BY BOARD OF SELECTMEN

The Board of Selectmen held a regular meeting Monday, May 18, 2015 in the Council Chamber of the Municipal Center, Newtown. First Selectman Llodra called the meeting to order at 7:30pm.

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

ALSO PRESENT: Finance Director Robert Tait, members of the Pension Committee, Fairfield Hills Authority Chairman Tom Connors, ten members of the public and two members of the press.

VOTER PARTICIPATION: none.

ACCEPTANCE OF THE MINUTES: Selectman Gaston moved to accept the minutes of 5/4/15. Selectman Rodgers seconded. First Selectman Llodra made the following corrections: Page 1, under Finance Director Report, the number should be approximately \$6 million more; page 3, under Announcements, the follow up date for the FOIA hearing is June 3rd. The minutes of 5/4/15 were unanimously approved as amended.

COMMUNICATIONS: none.

FINANCE DIRECTOR REPORT: none.

NEW BUSINESS:

Discussion and possible action:

- 1. Pension Board presentation/update:** Tom Murtha and Mark Korotash were present to discuss the pension performance. Mr. Tait went over a document (Att.) summarizing the pension performance over the last 5 ½ years relative to the benchmark. The benchmark has not been met. The question is should the town divide the pension investment into two or three investment managers competing against each other. First Selectman Llodra stated the plan cannot continue to underperform. Mr. Murtha agreed it is a good idea to hire a consultant to create an RFP and give the committee guidance on fee structures and investments. The committee has a very restrictive pension policy. First Selectman Llodra said the consultant would dig into the practices of managing the fund and to also write the RFP. Selectman Rodgers moved to authorize the Board of Selectmen to proceed in consultation, with the Finance Director and the Pension Committee, in contracting a pension advisor. Selectman Gaston seconded. All in favor.
- 2. US Healthvest - proposal for a behavioral health facility:** Fairfield Hills Authority Chairman Tom Connors was present to introduce Dr. Richard Kresch of US Healthvest. There is no lease relative to this topic but a letter of intent has been accepted to demolish a building at Fairfield Hills to build a behavioral health facility. The following steps are for the Fairfield Hills Authority to vet the letter of intent through a subcommittee, which will decide if this proposal will be passed along to the Board of Selectman. Dr. Kresch explained in great detail the facility which will be an acute psychiatric hospital; a hospital that is licensed in the same manner as a general med/surg hospital. The facility treats primarily patients that have a life threatening mental functioning that could result in harm to themselves or others. The facility does not accept anyone with chronic issues; it deals with acute crisis that can be stabilized over the short term. The most frequent admitting diagnosis is depression or bi-polar disorder. Others range from psychotic or schizophrenic patients to milder forms of mental illness such as eating disorders. 98% of patients are voluntary. All people are admitted regardless of their ability to pay. These facilities do not typically attract the need for other services such as a medical needs facility, support services in terms of food or lodging; however there would be job recruitment of physicians and nurses. After much discussion there were questions from the board relative to public safety, how patients are admitted and

discharged, voluntary vs. involuntary and the idea that there would have to be very specific discharge protocol so patients don't leave and walk around the campus. First Selectman Llodra stated that the conversation, as it progresses, will be around public safety.

3. **Permanent Memorial Commission update:** none.
4. **Police Pension Plan as amended and restated as of May 5, 2015:** New hires as of July 1st, will go into a defined contribution plan instead of a defined benefit plan. Selectman Rodgers moved to authorize the First Selectman to enter an amended and restated pension plan for the police officers for the Town of Newtown to reflect the changes recently negotiated by and between the Town of Newtown and the Police Union. Selectman Gaston second. All in favor. .
5. **Resolution:** Selectman Gaston moved the resolution: RESOLVED, that the Town of Newtown grant and convey unto Yankee Gas Services Company d/b/a Eversource Energy, a specially chartered Connecticut corporation having its principal office in the Town of Berlin in the State of Connecticut, its successors and assigns, the non-exclusive perpetual right to install, operate, maintain and repair natural gas lines over, under and across land of the Town of Newtown, situated in the Town of Newtown, County of Fairfield and State of Connecticut, as set forth in the proposed easement presented to this meeting, which is hereby ordered filed with the records of this meeting; Selectman Rodgers seconded. All in favor. This is for the conveyance of an easement for the Yankee Gas line that will run on Crestwood Drive to the new Sandy Hook Elementary School.
6. **Appointments/Reappointments:** Selectman Gaston moved the appointment of the Lake Lillinonah Authority Law Enforcement Personnel as follows: Officers – John Puglisi, Kevin Brooks, Chris Rosado, Sean Flynn, Mathew Donadio, Devin Quintard and Assistants – Nicholas Puglisi, Charles Weeks, Richard Miller and John Reed. Selectman Rodgers seconded. All in favor. Selectman Rodgers moved the appointments of John Davin (R), to the Inland Wetlands Commission for a term to expire 1/6/19 and Suzanne Guidera (R), to the Inland Wetlands Commission for a term to expire 1/6/16. Selectman Gaston seconded. All in favor. Selectman Gaston moved the appointment of Barbara Bloom, from an alternate member of Commission on Aging, to a full board member with a term to expire 1/6/16. Selectman Rodgers seconded. All in favor.
7. **Driveway Bond Release/Extension:** none
8. **Tax Refunds:** Selectman Rodgers moved the May 2015 Refunds, Refund No. 16, 2014-15 in the amount of \$20,667.85. Selectman Gaston seconded. All in favor.
9. **Tax Abatements:** Selectman Gaston moved the Tax Abatements, May 2015 in the amount of \$172,245.87. Selectman Rodgers seconded. All in favor.

VOTER COMMENTS: none.

ANNOUNCEMENTS: First Selectman Llodra shared a list of events taking place throughout the month of June.

ADJOURNMENT: Having no further business the Board of Selectmen adjourned their regular meeting at 9:05p.m.

Respectfully submitted,


Susan Marcinek, Clerk

Att: Pension discussion document

PENSION DISCUSSION:

Att.

• PENSION PERFORMANCE:

- "NEWTOWN TARGET RATE" (7.5% - 8.0%) – A RATE THE ACTUARY USES IN THE PENSION CALCULATION. IT IS A LONG TERM RATE (OVER TEN - TWENTY YEARS) NOT TO BE USED AS A SHORT TERM BENCHMARK.

- ACTUAL VS BENCHMARK** – THIS IS THE RATE WE WANT TO ACHIEVE EACH YEAR.

<u>FISCAL YEAR</u>	<u>RATE DIFFERENCE BETWEEN PORTFOLIO & BENCHMARK</u>	<u>(LOSS) / GAIN OVER BENCHMARK @</u>	<u>MGT FEES</u>
2009-10	-2.61%	(590,000)	134,997
2010-11	-5.20%	(1,280,000)	145,080
2011-12	-6.14%	(1,750,000)	147,831
2012-13	-5.78%	(1,600,000)	156,601
2013-14	-2.51%	<u>(750,000)</u>	<u>170,336</u>
TOTAL		(5,970,000)	754,845
2014-15 (6 mth)	-4.71%	(370,000)	90,951

• TOTAL ASSET VALUE AT 12/31/2014 = \$35,490,097

- QUESTION – SHOULD WE BREAK THE INVESTMENT UP INTO TWO OR THREE INVESTMENT MANAGERS?
 - EACH INVESTMENT MANAGER SHOULD HAVE THE SAME ASSET ALLOCATION (FOR COMPARISON PURPOSES).
- RFP PROCESS FOR CHOOSING INVESTMENT MANAGERS – WHO SHOULD FACILITATE THIS?

• MANAGEMENT FEES

- QUESTION – ARE MANAGEMENT FEES CUSTOMARY (AS FAR AS AMOUNT OR % OF PORTFOLIO)
 - FEES HAVE BEEN AROUND 0.55% OF THE BEGINNING PORTFOLIO VALUE.

ATTACHED ARE THE PORTFOLIO PERFORMANCE REVIEW SHEETS FOR THE FISCAL YEARS ABOVE

@ using beginning portfolio balance.

** Benchmark = B40%/S&P45%/EAFE15% (Per investment policy: fixed income managers: Barclay's US government and corporate bond index; domestic equity managers: S&P 500 index; international equity managers: Morgan Stanley AEF index).

February 1, 2011

WESTPORT RESOURCES MGMT., INC
 315 Post Road - West
 Westport, Connecticut 06880
 (203) 226-0222

Portfolio Performance Review

NEWTOWN (CONSOL - ORIG ACCTS)
 E PATRICIA LLODRA, W RODGERS, W FURRIER TTEES
 3 Primrose St
 Newtown, CT 06470-5307

06/30/2009 - 06/30/2010

Beginning Value	\$22,652,199.52
Contributions	\$1,278,151.22
Withdrawals	\$(1,299,577.93)
Unrealized Gain (Loss)	\$(557,874.79)
Realized Gain (Loss)	\$2,055,376.97
Dividend Income	\$163,695.51
Interest Income	\$549,167.47
External Fee Payments	\$51,642.67
Management Fees	\$(134,997.31)
Other Expenses	\$(160.00)
Change in Accrued	\$(49,241.54)
Ending Value	\$24,708,381.79
Investment Gain	\$2,025,966.31

	QTR 1 FY 2010	QTR 2 FY 2010	QTR 3 FY 2010	QTR 4 FY 2010	YTD FY 2010
<u>Portfolio % Returns</u>					
Internal Rate of Return (net)	10.91	1.58	2.87	-6.31	8.77
Time Weighted (net)	10.92	1.59	2.89	-6.33	8.60
B40%/S&P45%/EAFE15%	11.45	3.13	3.28	-5.84	11.22
Difference	-0.53	-1.54	-0.39	-0.49	-2.61

All returns net of fees

-2.61% = -\$590,000

July 19, 2011

WESTPORT RESOURCES MGMT., INC
 315 Post Road - West
 Westport, Connecticut 06880
 (203) 226-0222

Portfolio Performance Review

NEWTOWN (CONSOL - ORIG ACCTS)
 E PATRICIA LLODRA, W RODGERS, W FURRIER TTEES
 3 Primrose St
 Newtown, CT 06470-5307

06/30/2010 - 06/30/2011

Beginning Value	\$24,708,381.79
Contributions	\$1,568,273.12
Withdrawals	\$(1,444,397.65)
Unrealized Gain (Loss)	\$726,966.15
Realized Gain (Loss)	\$2,385,332.12
Dividend Income	\$289,973.41
Interest Income	\$548,370.96
External Fee Payments	\$55,181.76
Management Fees	\$(145,080.03)
Other Expenses	\$(280.00)
Change in Accrued	\$(31,794.20)
Ending Value	\$28,660,927.43
Investment Gain	\$3,773,488.41

	QTR 1 FY <u>2011</u>	QTR 2 FY <u>2011</u>	QTR 3 FY <u>2011</u>	QTR 4 FY <u>2011</u>
<u>Portfolio % Returns</u>				
Internal Rate of Return (net)	6.13	4.94	4.39	-1.26
Time Weighted (net)	6.16	4.94	4.39	-1.27
B40%/S&P45%/EAFE15%	8.55	5.32	3.35	1.24
Difference	-2.39	-0.38	1.04	-2.51

FY <u>2011</u>
14.88
14.81
20.01
-5.20

All returns net of fees

-5.20% = -\$1,280,000

July 7, 2012

WESTPORT RESOURCES MGMT., INC
 315 Post Road - West
 Westport, Connecticut 06880
 (203) 226-0222

Portfolio Performance Review

NEWTOWN (CONSOL - ORIG ACCTS)
 E PATRICIA LLODRA, W RODGERS, J GASTON TTEES
 3 Primrose St
 Newtown, CT 06470-5307

06/30/2011 - 06/30/2012

Beginning Value	\$28,660,921.35
Contributions	\$1,660,537.05
Withdrawals	\$(1,427,321.64)
Transfers	\$(1,660.55)
Unrealized Gain (Loss)	\$337,134.50
Realized Gain (Loss)	\$(1,861,182.16)
Dividend Income	\$312,050.86
Interest Income	\$594,696.60
External Fee Payments	\$57,604.44

Management Fees \$(147,831.87)

Other Expenses	\$(480.00)
Change in Accrued	\$(52,429.63)
Ending Value	\$28,132,038.95
Investment Gain	\$(819,702.25)

	QTR 1 FY <u>2012</u>	QTR 2 FY <u>2012</u>	QTR 3 FY <u>2012</u>	QTR 4 FY <u>2012</u>	FY <u>2012</u>
<u>Portfolio % Returns</u>					
Internal Rate of Return (net)	-9.59	2.92	5.97	-1.38	-2.79
Time Weighted (net)	-9.54	2.91	5.96	-1.37	-2.71
B40%/S&P45%/EAFE15%	-7.55	6.27	7.43	-1.44	3.43
Difference	-1.99	-3.36	-1.47	0.07	-6.14

All returns net of fees

-6.14% = -\$1,750,000

July 16, 2013

Westport Resources Management Inc
 315 Post Rd West
 Westport, CT 06880
 (203) 226-0222

Portfolio Performance Review

NEWTOWN (CONSOL - ORIG ACCTS)
 E PATRICIA LLODRA, W RODGERS, J GASTON TTEES
 3 Primrose St
 Newtown, CT 06470-5307

06/30/2012 - 06/30/2013

Beginning Value	\$28,136,638.80
Contributions	\$2,297,263.79
Withdrawals	\$(2,062,825.96)
Transfers	\$(45.83)
Unrealized Gain (Loss)	\$(758,906.98)
Realized Gain (Loss)	\$1,555,169.99
Dividend Income	\$510,368.19
Interest Income	\$712,867.98
External Fee Payments	\$63,504.62
Management Fees	\$(156,601.50)
Other Expenses	\$(560.00)
Change in Accrued	\$(99,401.41)
Ending Value	\$30,197,471.69
Investment Gain	\$1,762,890.44

	QTR 1 FY <u>2013</u>	QTR 2 FY <u>2013</u>	QTR 3 FY <u>2013</u>	QTR 4 FY <u>2013</u>	YTD FY <u>2013</u>
Portfolio % Returns					
Internal Rate of Return (net)	3.99	-0.29	4.67	-2.24	6.11
Time Weighted (net)	3.99	-0.29	4.67	-2.25	6.09
B40%/S&P45%/EAFE15%	4.54	0.90	5.51	0.27	11.86
Difference	-0.55	-1.19	-0.84	-2.52	-5.78

-2.52% = -\$1,600,000

Other Town ROI:

Ffld 10%
 Danbury 11%
 New Canaan 11%

August 4, 2014

Westport Resources Management Inc
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Westport, CT 06880
(203) 226-0222

Portfolio Performance Review

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3 Primrose St
Newtown, CT 06470-5307

06/30/2013 - 06/30/2014

Beginning Value	\$30,192,543.50
Contributions	\$3,568,180.00
Withdrawals	\$(3,487,450.21)
Unrealized Gain (Loss)	\$903,437.74
Realized Gain (Loss)	\$2,834,437.21
Dividend Income	\$146,932.85
Interest Income	\$655,241.80
External Fee Payments	\$60,786.54
Management Fees	\$(170,336.43)
Other Expenses	\$(540.00)
Change in Accrued	\$(61,579.38)
Ending Value	\$34,641,653.62
Investment Gain	\$4,307,593.79

Portfolio % Returns

Internal Rate of Return (net)

Time Weighted (net)

B40%/S&P45%/EAFE15%

FY
2014

13.93

13.95

16.44

-2.49% = -\$750,000

Other Town RIO:

Ffld 16%

Danbury 15%

New Canaan 16%

January 14, 2015

Westport Resources Management Inc
 55 Greens Farms Rd
 Westport, CT 06880
 (203) 226-0222

Portfolio Performance Review

NEWTOWN (CONSOL - ORIG ACCTS)
 E PATRICIA LLODRA, W RODGERS, J GASTON TTEES
 3 Primrose St
 Newtown, CT 06470-5307

06/30/2014 - 12/31/2014

6 months

Beginning Value	\$34,641,653.62
Contributions	\$1,712,757.53
Withdrawals	\$(914,243.85)
Unrealized Gain (Loss)	\$(906,478.11)
Realized Gain (Loss)	\$496,222.12
Dividend Income	\$219,732.85
Interest Income	\$309,529.73
External Fee Payments	\$36,513.83
Management Fees	\$(90,951.17)
Other Expenses	\$(280.00)
Change in Accrued	\$(14,358.89)
Ending Value	\$35,490,097.66
Investment Gain	\$13,416.53

Portfolio % Returns	QTR 1 FY 2015	QTR 2 FY 2015	YTD FY 2015	6 months
Internal Rate of Return (net)	-2.13	2.22	0.04	
Time Weighted (net)	-2.16	2.21	0.01	
B40%/S&P45%/EAFE15%	-0.30	2.41	2.16	
Difference	-1.86	-0.19	-2.15	

-2.15% = -\$370,000 in 6 months (-\$740,000 annualized)

January 14, 2015

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Portfolio Performance Review

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Newtown, CT 06470-5307

12/31/2009 - 12/31/2014

Beginning Value	\$26,022,770.67
Contributions	\$11,024,204.25
Withdrawals	\$(9,965,585.30)
Transfers	\$(1.00)
Unrealized Gain (Loss)	\$(515,850.19)
Realized Gain (Loss)	\$5,072,095.25
Dividend Income	\$1,528,518.70
Interest Income	\$3,085,938.70
External Fee Payments	\$299,896.41
Management Fees	\$(780,916.14)
Other Expenses	\$(2,260.00)
Change in Accrued	\$(278,713.69)
Ending Value	\$35,490,097.66
Investment Gain	\$8,108,811.63

Portfolio % Returns

Internal Rate of Return (net)
Time Weighted (net)
B40%/S&P45%/EAFE15%
Difference

5 YEAR

5.45
5.41
10.12
-4.71

Returns for periods exceeding 12 months are annualized