

Board of Selectmen
May 20, 2019

THE FOLLOWING MINUTES ARE SUBJECT TO APPROVAL BY THE BOARD OF SELECTMEN

The Board of Selectmen held a regular meeting Monday, May 20, 2019, in the Council Chamber, Newtown Municipal Center, 3 Primrose Street, Newtown. First Selectman Rosenthal called the meeting to order at 7:33p.m.

PRESENT: First Selectman Daniel C. Rosenthal, Selectman Maureen Crick Owen and Selectman Jeff Capeci.

ALSO PRESENT: Finance Director Robert Tait, Ellen Whalen, Pension Committee, Devon Francis, FIA, and one member of the press.

VOTER COMMENTS: none.

ACCEPTANCE OF THE MINUTES: Selectman Crick Owen moved to accept the minutes of the regular meeting of 05/06/19. Selectman Capeci seconded. All in favor.

COMMUNICATIONS: First Selectman Rosenthal shared information on the Newtown Bike & Trail Committee summary of activities (att.)

FINANCE DIRECTORS REPORT: Mr. Tait went over the General Fund Revenues, FY 2018-2019 (att.). Total intergovernmental revenues is over by \$527,000 due to the education cost sharing grant, which was underestimated in case the state changed their budget. Building permits is over estimated as it's difficult to determine when building activity will slow down, although building is more active in the spring. The Legislative Council increased the investment income accordingly. There is discussion, at the Legislative Council level, around identifying some surplus for capital non-recurring.

NEW BUSINESS

Discussion and possible action:

1. FIA Pension Presentation: Devon Francis, Partner and Senior Consultant with FIA has been working with the town for just over three years and works with forty other municipal plans in CT. Ms. Francis presented the Total Performance Summary & Manager Summary as of April 30, 2019 (att.). This is a passive portfolio. FIA and the Pension Committee has discussed adding active management into the portfolio. When asked if there is consideration in lightening up on equities, Ms. Francis said FIA is not recommending lightening up. They are advocates of strategic asset allocation, for the very long term. Staying invested, for the long term, for the highs and the lows, has proven to generate stronger returns, long term. FIA raises cash for pension payments on a quarterly basis. Ms. Francis feels it will be difficult for capital markets to yield a 7% return and said reducing the assumption, over the long term, is something to consider. Reducing the discount rate will increase the required contribution. Having the pension closed to future employees helps stabilize the plan. Liability will decrease as retirees pass away. The actuary would have numbers on any reductions due to used contributions before enough people leave the system to balance it. Ms. Whalen stated the investment committee constantly looks at investments and are in discussions with FIA and the actuary. She is proud of the work of the Pension Committee.

Rec'd. for Record 5.22 20 19
Town Clerk of Newtown 8:56am
Debbie Aurelia Halstead

2. Pension Committee new custodian recommendation: FIA put out a Request for Information and received interest from Comerica, Peoples United Bank, Schwab, Union Savings Bank and US Bank. The search was narrowed to Comerica and US Bank. The Pension Committee looked for a bank with attention to the middle market segment, of which Newtown is considered to be. The reporting, plan accounting and dedicated administrative staff were all attractive aspects. They will provide support through the transition. First Selectman Rosenthal asked if the credit spreads were monitored. FIA does not actively monitor credit spreads but will if the Town wants them to. Newtown is the only Comerica account FIA has; Ms. Francis anticipates more clients will transition from Wells Fargo. The asset transfer should take 6-8 weeks. Comerica was a unanimous decision by the Pension Committee. Selectman Crick Owen moved to appoint Comerica Bank as custodian for the Town of Newtown pension plan and OPEB plan and to authorize Daniel C. Rosenthal, First Selectman, to enter into the contract. Selectman Capeci seconded. All in favor.

3. Pleasance property agreement: First Selectman Rosenthal stated that provided the project remains on schedule the police will be vacating 3 Main Street in October 2020, Parks & Recreation will move to the Community Center in July and Social Services will be relocated. First Selectman Rosenthal would like the town to maintain the land at the Pleasance in exchange for Scudder Smith agreeing not to sell the Pleasance property in the next two years. This would benefit both parties. The property is a great public benefit. Selectman Crick Owen moved to approve the Pleasance property agreement between the Town of Newtown and the Scudder Smith Family Association, LLC regarding the property at 1 Main Street. Selectman Capeci seconded. Selectman Crick Owen noted the language in a Whereas clause doesn't match the language in #2 on page 2. One notes "agrees to refrain from selling, listing or otherwise transferring the Pleasance, while the other notes "refrain from selling, listing or otherwise disposing of the Pleasance". She would like the language to be uniform. Selectman Crick Owen also questioned the hold harmless section and if a vendor would be covered under Town insurance. First Selectman Rosenthal will look into both. All in favor.

4. Appointments/Reappointments/Vacancies/Openings: First Selectman Rosenthal announced a Democrat/unaffiliated alternate vacancy on the Commission on Aging. Additionally, on July 31 there will be a Democrat/unaffiliated vacancy on the Water & Sewer Authority.

5. Driveway Bond Release/Extension: Selectman Crick Owen moved the driveway bond six month extension for Hans Williams, 94 Currituck Road, M20, B2, L6, to expire November 9, 2019. Selectman Capeci seconded. All in favor. Selectman Crick Owen moved to release the driveway bond for Kristen Placko, 56 High Bridge Rd., M48, B1, L2 & 6 and the driveway bond for Prestigious Homes, LLC, 57 Castle Meadow Rd., M35, B5, L5, Parcel B, each in the amount of \$1,000. Selectman Capeci seconded. All in favor.

6. Tax Refunds: Selectman Crick Owen moved the May 20, 2019, 2018/19 Refund #18 in the amount of \$3,732.10. Selectman Capeci seconded. All in favor.

VOTER COMMENTS: none.

ANNOUNCEMENTS: none.

Board of Selectmen
May 20, 2019

EXECUTIVE SESSION: Selectman Crick Owen moved to enter executive session to for strategy and negotiations with respect to 7 Glen Road and 14 Riverside Road property (Children's Adventure Center and Newtown Senior Center). Selectman Capeci seconded. All in favor. Executive session was entered into at 8:41p.m and returned to regular session at 9:36 p.m. with no motion taken.

ADJOURNMENT: Having no further business the regular Board of Selectmen meeting adjourned at 9:36p.m.

Att: Newtown Bike and Trail summary of activities; General Funds Revenues; FIA Performance Summary.

Respectfully submitted,
Sue Marcinek, Clerk

Bike and Trails Committee- Summary of activity February 20, 2019 – April 30, 2019

Bike and Trails Committee organization

Sub-Committees:

Grants

Mapping, Marking & Approvals

Volunteers

Communications

Full committee initiatives ‘Save Al’s Trail’

Survey of Public – highest area of response mentioned Al’s Trail as a priority.

A memo dated 4/15/19 regarding our intent to work on Al’s Trail was sent to the Conservation Commission and the Office of the Selectman.

April 27 Committee booth at Newtown’s Earth Day event.

May 10 Volunteer Fair – Friends of Newtown Seniors and Newtown Chamber of Commerce

May 30 Trails Building and Maintenance Work Shop

June 1 National Trail Day, trail work day on Al’s Trail

Sub-Committee Activity

Grants

- Sub-committee grant acceptance process: If the applying for the grant compels the Town to accept it then approval is required before the application. If application does not require the Town to accept a grant award, and it is awarded, an impact statement would need to be prepared and the grant would need to be approved by the Board of Finance and Legislative Council prior to acceptance.

- Grant writing software at C.H. Booth Library has been utilized to search for available grant opportunities.

Applications considered or in process:

-AARP – Community Challenge Grant 2019 – application prepared, not submitted as trail access declined by Newtown Housing for the Elderly, Inc., Nunnawauk Meadows Apartments. Current management would like the trail and want to see if they can change residents opinions and perhaps apply next year.

-“People for Bikes” work is in process for an available grant specifically for bike parks and pump tracks. The cycle for this grant opens in mid- June.

Mapping, Marking and Approvals

-Safety and Signage at Upper Paugusett Forest

Maureen Will and Bill Halstead will draft a letter to DEEP making the case for improved signage in the state parks due to the large numbers of lost hikers. The board will draft a letter to accompany these letters expressing our support for this recommendation.

-Researching mapping, building and marking standards to bring forth recommendations for adoption setting standards for all Town of Newtown Trails. Work will continue in coordination with The Conservation Commission, Town of Newtown Land Use and Newtown Forest Association, WestCOG, Newtown Bridle Association, and Newtown Hikers.

-‘Bike Friendly Community’- League of American Bicyclists - work has begun on the application form to begin the process of designating Newtown a “Bike Friendly Community”

Bike and Trails Committee- Summary of activity February 20, 2019 – April 30, 2019

- Request is in process for the Police Department to provide information on accident hotspots involving bikers and hikers on town roads.

Volunteers

Coordination with local non-profits

-Newtown Forest Association (NFA)– discussing a joint initiative to repair damage on Al's Trail on NFA property. First meeting scheduled for May 2019.

-Western Connecticut Council of Governments (WestCOG) –

-Trails Building Work Shop will be taught by a WestCOG employee.

-GIS-based map of Al's Trail including properties boundaries and ownership information is to be provided to the Committee in digital and printed form in the month of May.

-Trout Unlimited Candlewood Valley Chapter has agreed to join us in our June 1 clean up of a section of Al's Trail.

-Nunnawauk Meadows, Newtown Housing for the Elderly, Inc.

- Proposed trail to connect through Fairfield Hills to the Community center, discussions on-going

Trail Maintenance and Improvements projects for volunteers

Pole Bridge Preserve -trail improvement – committee members walked the site in co-ordination with members of the Conservation Commission. The committee decided to postpone an organized trail work day on this parcel deciding to focus our work on Al's Trail after the results of our public survey indicated the public interest was largely in Al's Trail.

Communications

Board-wide communications platform established on WORKPLACE platform.

Web page established on Town of Newtown website.

Banner for outdoor events purchased.

Business Cards promoting 'Save Al's Trails' events purchased.

Flyers promoting 'Save Al's Trails events prepared.

line			Revenue Estimates	Adjusted Revenue Estimates	Year to Date Received	Balance	% Recvd	Expected Balance at Fiscal Year End
	CHARGES FOR SERVICES							
21	2-101-03-170-4305-0000	CHG FOR SVS - TOWN CLERK	500,000	500,000	396,683	(103,317)	79.3%	-
22	2-101-03-170-4310-0000	CHG FOR SVS - TOWN CLERK	225,000	225,000	163,500	(61,500)	72.7%	(30,000)
23	2-101-03-200-4330-0000	CHG FOR SVS - OTHER PERMIT FEES	1,250	1,250	4,775	3,525	382.0%	5,000
24	2-101-03-200-4337-0000	CHARGES FOR SERVICES -	125,000	125,000	125,000	-	100.0%	60,000
25	2-101-03-220-4355-0000	CHG FOR SVS - SENIOR CENTER	8,000	8,000	7,420	(580)	92.8%	-
26	2-101-03-460-4315-0000	CHG FOR SVS - BUILDING	450,000	450,000	472,008	22,008	104.9%	100,000
27	2-101-03-490-4345-0000	CHG FOR SVS - LAND USE PERMITS	50,000	50,000	50,578	578	101.2%	-
28	2-101-03-515-4325-0000	CHG FOR SVS - TRANSFER STA	450,000	450,000	294,355	(155,645)	65.4%	-
29	2-101-03-550-4320-0000	CHG FOR SVS - PARKS & REC FEES	225,000	225,000	97,812	(127,189)	43.5%	-
30	2-101-03-900-4340-0000	CHG FOR SVS - SCHOOL ACTIVITY	24,000	24,000	20,000	(4,000)	83.3%	(4,000)
31	2-101-03-900-4350-0000	CHG FOR SVS - TUITION	30,800	30,800	38,096	7,296	123.7%	7,000
32	TOTAL CHARGES FOR SERVICES		2,089,050	2,089,050	1,670,226	(418,824)	80.0%	138,000
33	INVESTMENT INCOME							
34	2-101-04-200-4400-0000	INTEREST ON INVESTMENTS	450,000	450,000	1,112,895	662,895	247.3%	650,000
35	TOTAL INVESTMENT INCOME		450,000	450,000	1,112,895	662,895	247.3%	650,000
36	OTHER							
37	2-101-05-200-4500-0000	MISCELLANEOUS REVENUE	200,000	200,000	33,594	(166,406)	16.8%	(100,000)
38	2-101-05-310-4500-0000	MISC. REVENUE - POLICE	30,000	30,000	27,660	(2,340)	92.2%	-
39	2-101-05-900-4500-0000	MISC REVENUE - EDUCATION	5,000	5,000	5,710	710	114.2%	1,000
40	TOTAL OTHER		235,000	235,000	66,964	(168,036)	28.5%	(99,000)
41	OTHER FINANCING SOURCES							
42	2-101-06-310-4600-0000	TRANSFER IN	200,000	200,000	200,000	-	100.0%	-
43	TOTAL OTHER FINANCING SOURCES		200,000	200,000	200,000	-	100.0%	-
44	USE OF FUND BALANCE							
45	2-101-09-000-4700-0000	USE OF FUND BALANCE	-	500,000	-	(500,000)	0.0%	(500,000)
46	TOTAL USE OF FUND BALANCE		-	500,000	-	(500,000)	0.0%	(500,000)
	TOTAL GENERAL FUND REVENUES		1,17,121,198	117,621,198	116,396,226	(1,224,972)	99.0%	784,000

Performance Summary as of 4/30/2019

The pension portfolio produced a return of 2.2% in April 2019. The return so far in 2019 is 11.3%. The one-year return of the portfolio is 4.9%, the three-year annualized return is 8.3%, the five-year annualized return is 5.6%, and the ten-year annualized return is 7.3%. The OPEB portfolio has produced similar results: 2.2% in April 2019, 11.1% year to date in 2019, 4.9% on a one-year basis, 8.2% on a three-year annualized basis, and 5.5% on a five-year annualized basis. The OPEB Trust has not been in existence for ten years, and therefore does not have a ten year return history. Per the pension board's request, the blended benchmark against which the portfolio is compared was recently changed to 40% Bloomberg Barclays U.S. Aggregate Index, 60% S&P 500 Index. Because the actual exposure within the Town's portfolios includes asset classes that are not represented in the blended benchmark, such as small/mid cap domestic equities and international equities, the relative performance of the portfolio has lagged the benchmark.

The pension plan ended April with an asset value of approximately \$45.2 million, and the OPEB Trust ended the quarter with an asset value of approximately \$2.8 million. The long term target allocation of both plans is 32.5% fixed income, 32.0% domestic equity, 25.5% international equity, 5.0% real estate, 2.5% natural resources, and 2.5% T-Bills/cash equivalents. With the exclusion of the diversifying asset classes, which are not currently being used, the portfolios are generally in line with their target allocation.

Both portfolios are comprised of five underlying investment funds/strategies:

- Wells Fargo Government Money Market Fund (*money market*)
- Vanguard Total Bond Market Index Fund (*fixed income*)
- Vanguard 500 Index Fund (*large cap domestic equity*)
- Vanguard Extended Market Index Fund (*small/mid cap domestic equity*)
- Vanguard Developed Markets Index Fund (*international equity*)

All of the Vanguard funds within the pension and OPEB Trust portfolios are passive funds, meaning that their sole purpose is to replicate a certain index. As such, these funds provide broad market exposure at a very low cost, but are not designed to generate alpha.

Ask me about the Fiduciary Trail.™

Town of Newtown

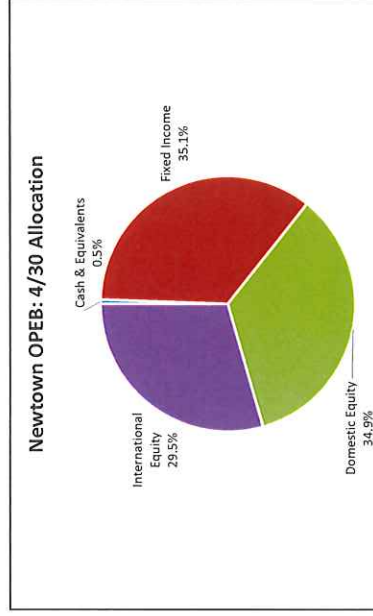
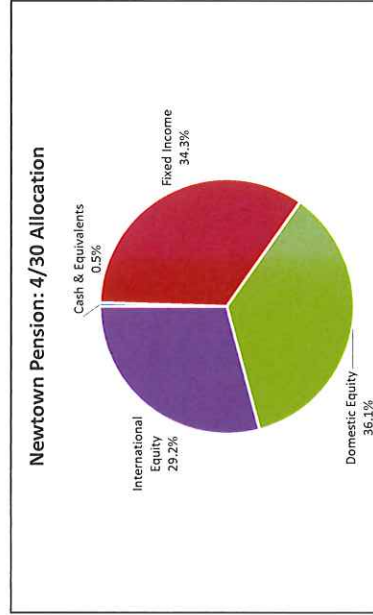
Total Performance Summary & Manager Summary As of April 30, 2019

Total Performance Summary						
	1-Month	YTD	1-Year	3-Year	5-Year	10-Year
Town of Newtown Pension Plan	2.2%	11.3%	4.9%	8.3%	5.6%	7.3%
Blended Benchmark*	2.4%	12.3%	6.1%	8.1%	6.5%	9.6%
Difference	-0.2%	-1.0%	-1.2%	0.2%	-0.9%	-2.3%
		YTD	1-Year	3-Year	5-Year	10-Year
Town of Newtown OPEB Plan	2.2%	11.1%	4.9%	8.2%	5.5%	N/A
Blended Benchmark*	2.4%	12.3%	6.1%	8.1%	6.5%	N/A
Difference	-0.2%	-1.2%	-1.2%	0.1%	-1.0%	N/A
		YTD	1-Year	3-Year	5-Year	10-Year
						Since 10/01/1999
						6.6%
						5.1%
						1.0%
						5.1%
						7.9%
						-2.8%

*Blended Benchmark as of 3/1/2019 is 40% Bloomberg Barclays U.S. Aggregate Index; 60% S&P 500 Index. The most recent prior benchmark from 8/1/2017 to 2/28/2019 was 35% Bloomberg Barclays U.S. Aggregate Index; 35% Russell 3000 Index; 30% FTSE Developed ex-US Spliced Index. For a complete history of the benchmark composition, please see FIA Quarterly Investment Review.

Asset Allocation

Manager	Pension Plan Asset Allocation (\$)	Pension Plan Asset Allocation (%)	OPEB Plan Asset Allocation (\$)	OPEB Plan Asset Allocation (%)	Long Term Target Allocation (%)
Total Plan	45,247,009	100.0	2,773,801	100.0	100.0
Short Term Liquidity	204,608	0.5	14,777	0.5	0.0
Wells Fargo Government Money Market Fund	202,812	0.4	13,843	0.5	0.0
Wells Fargo Funds Account Cash	1,795	0.0	934	0.0	0.0
Fixed Income	15,503,647	34.3	973,879	35.1	35.0
Vanguard Total Bond Index Adm	15,503,647	34.3	973,879	35.1	35.0
Domestic Equity	16,345,048	36.1	968,125	34.9	35.0
Vanguard Institutional Index I	11,751,429	26.0	693,937	25.0	25.0
Vanguard Extended Market Index Adm	4,593,619	10.2	274,187	9.9	10.0
International Equity	13,193,706	29.2	817,021	29.5	30.0
Vanguard Developed Markets Index Adm	13,193,706	29.2	817,021	29.5	30.0



Important Disclosure Information: Past performance may not be indicative of future results. Account information has been compiled solely by Fiduciary Investment Advisors, LLC, has not been independently verified, and does not reflect the impact of taxes on non-qualified accounts. In preparing this report, Fiduciary Investment Advisors, LLC has relied upon information provided by third party sources. A copy of our current written disclosure statement discussing our advisory services and fees continues to remain available for your review upon request. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices.