

TOWN OF OLD SAYBROOK
SELECTMEN'S OFFICE

302 Main Street • Old Saybrook, Connecticut 06475-2384
Telephone (860) 395-3123 • Fax (860) 395-3125

MEETING OF THE BOARD OF SELECTMEN
TUESDAY, June 9, 2020
3:30 p.m.
First Floor Conference Room
Old Saybrook Town Hall
302 Main Street, Old Saybrook, CT 06475

AGENDA

Teleconference Number: 646-307-1479

Teleconference ID: 807700

Video Meeting URL: <https://confoneoldsaybrook.globalmeet.com/OSBOS>

- I. CALL TO ORDER**
- II. PLEDGE OF ALLEGIANCE**
- III. COMMENTS FROM THE PUBLIC**
- IV. COMMENTS FROM THE SELECTMAN**
- V. APPROVAL OF MINUTES:** Board of Selectmen Meeting May 12, 2020
- VI. BUSINESS BEFORE THE BOARD**
 - A.** Discussion and action on Chamber of Commerce- Lease Amendment Resolution- motion requested.
 - B.** Discussion and action to recommend a Public Hearing on June 23, 2020 at 6:15 p.m. for the purposes of discussing the Neighborhood Assistance Act (NAA) 2020 applications for the Connecticut Sports Foundation (CSF) also known as the Connecticut Cancer Foundation and Katharine Hepburn Cultural Arts Center (KHCAC).
 - C.** Call of Special Town Meeting (NAA)- discussion: motion requested
 - D.** To act upon the recommendation of the Board of Finance and the Board of Selectmen to appropriate \$20,000 thousand from the capital non-recurring account 3350 for the purpose of providing funds to the KHCAC for building upgrades. Said funds will be placed in a new fund entitled "KHCAC building upgrade" and further, the appropriation will be moved to the Board of Selectman for consideration pursuant to Governor Ned Lamont's Executive Order 7S.
 - E.** Public Health Nursing -Revision of the Resolution accepting the Bequest from The Estate of Francis L. Flanagan. Motion requested

Board of Selectmen

Agenda

June 9, 2020

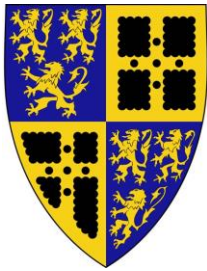
- F.** Based on the recommendation of the Board of Finance and the Board of Selectmen, and pursuant to Governor Ned Lamont's Executive Order 7S, to approve the transfer of **\$44,500** from the town's capital non-recurring fund 3350 for the purposes of installing a new library door entrance (\$19,200) and a new boiler (\$16,598), which sum includes a contingency; and to place those monies into a new fund entitled: "Library Door & Boiler Repair. (Previously, the Board had approved \$39,378; however, the Board of Finance approved \$44,500, which includes a contingency.)
- G.** To approve the Investment Policy Statement modifications as recommended by the Pension and Employee Benefit Board
- H.** License Agreement between Two Sweet Peanut, LLC and The Town of Old Saybrook. Discussion and action requested.
- I.** Street Name Changes

 - a.** South Cove Road #1 shall be changed to Clover Road
 - b.** Sea Lane #2 in Indiantown shall be changed to Old Sea Lane
 - c.** Sound View Avenue #1 shall be changed to Driftwood Drive
- J.** Appointments

 - 1. Economic Development Commission – Re-appointment regular member Judy Ganswindt. This is a five year term due to expire 6/2025.
 - 2. Economic Development Commission – Re-appointment regular member Carol Conklin. This is a five year term due to expire 6/2025.
 - 3. Shellfish Commission – Re-appointment regular member Larry Bonin. This is a two year term due to expire 6/2022.
 - 4. Shellfish Commission – Re-appointment regular member Shannon Duggan. This is a two year term due to expire 6/2022.
 - 5. Shellfish Commission – Re-appointment regular member David Colvin Jr. This is a two year term due to expire 6/2022.

VII. COMMENTS FROM THE SELECTMEN

VIII. ADJOURNMENT



TOWN OF OLD SAYBROOK
SELECTMEN'S OFFICE

302 Main Street • Old Saybrook, Connecticut 06475-2384
Telephone (860) 395-3123 • Fax (860) 395-3125

**MEETING OF THE BOARD OF SELECTMEN
TUESDAY, MAY 12, 2020
3:30 P.M
MINUTES**

Teleconference Number: 646-307-1479

Teleconference ID: 807700

Video Meeting URL: <https://confoneoldsaybrook.globalmeet.com/OSBOS>

PRESENT: First Selectman Carl P. Fortuna Jr, Selectman Scott Giegerich and Selectman Matthew Pugliese.

- I. CALL TO ORDER** – First Selectman Fortuna called the meeting to order at 3:30 p.m.
- II. PLEDGE OF ALLEGIANCE** - Recited
- III. COMMENTS FROM THE PUBLIC** - None
- IV. COMMENTS FROM THE SELECTMAN** - The First Selectman commented on the Long Term Recovery Committee and the various aspects of our community that will see the committee's attention. The Governor has slated May 20th for a Phase 1 reopening. Town Hall will not reopen at that time as we will not meet enough of the Governor's office standards. Town Hall will reopen to the public as soon as possible and have all its remote employees return to the building. The Town will be implementing credit card payments as soon as possible with our new banker, Webster Bank.
- V. APPROVAL OF MINUTES:** Board of Selectmen Meeting April 14, 2020
FORTUNA /GIEGERICH
Motion to approve Board of Selectmen Meeting minutes April 14, 2020.
MOTION CARRIED UNANIMOUSLY
- VI. BUSINESS BEFORE THE BOARD**
 - A.** Based on the recommendation of the Board of Finance and the Board of Selectmen, and pursuant to Governor Ned Lamont's Executive Order 7S, to approve the transfer of \$39,378 from the town's capital non-recurring fund 3350 for the purposes of installing a new library door entrance (\$19,200) and a new boiler (\$16,598), which sum includes a contingency; and to place those monies into a new fund entitled: "Library Door & Boiler Repair".
The Board discussed this and all agreed that this project is ready to move forward as it has been discussed for several months.
FORTUNA/PUGLIESE
Motion to approve the transfer of \$39,378 from the town's capital non-recurring fund 3350 for the purposes of installing a new library door entrance (\$19,200) and a new boiler (\$16,598).
MOTION CARRIED UNANIMOUSLY

Board of Selectmen
Minutes
May 12, 2020

B. Motion to amend item C on the agenda to substitute \$380,000 for the sum of \$376,609.84 as per the Board of Finance financing motion.

FORTUNA /GIEGERICH

Motion to amend item C on the agenda to substitute \$380,000 for the sum of \$376,609.84 as per the Board of Finance financing motion.

MOTION CARRIED UNANIMOUSLY.

C. Based on the recommendation of the Board of Finance and the Board of Selectmen, and pursuant to Governor Ned Lamont's Executive Order 7S, to approve the sum of \$380,000 for the purchase of a municipal roll off truck, municipal dump truck and a mason dump truck, said amount to be financed for a term not to exceed five (5) years, said amount to be paid from the Department of Public Works Reserve Fund 3353.

Based on bid results and discussions with the Board of Finance, all agreed it was prudent to move forward with these capital needs.

FORTUNA/PUGLIESE

Motion to approve the sum of \$380,000 for the purchase of a municipal roll off truck, municipal dump truck and a mason dump truck.

MOTION CARRIED UNANIMOUSLY

D. Ingham Road Trailhead Grant Application-Discussion and requested action to approve grant request.

This request for Trust for Public Land (TPL) dispersal of funds is for the construction of a secondary entrance and parking. The Town Planner, Director of Parks & Recreation, as well as the Preserve ad hoc committee have moved this forward in the hopes of getting this work done soon. Kathy Connolly submitted a letter that was read into the record by Matt Pugliese stating specifics of the proposal as well as how it ties into the funds that currently exists at TPL.

FORTUNA /GIEGERICH

Motion to approve Ingham Road Trailhead Grant Application request.

MOTION CARRIED UNANIMOUSLY.

E. The Katharine Hepburn Cultural Arts Center Booth Relocation Proposal – Discussion and requested action to refer to Board of Finance for action.

Brett Elliott explained that this renovation would move the old ticket box to a different location thereby freeing up space to place about 20 additional seats. The estimate for the work in total is about \$100,000 but this portion is less than \$20,000. The funds requested are for molding, electric and hvac. Seeing that this is a town building, it made sense to ask the town to fund. The Board agreed that this is a good long term plan for the building.

FORTUNA/PUGLIESE

Motion to refer to Board of Finance for action the Katharine Hepburn Cultural Arts Center Booth Relocation Proposal.

MOTION CARRIED UNANIMOUSLY

F. Computer Equipment Grant Funding Program.

The First Selectman previously signed off on this grant to upgrade from Windows 7 to Windows 10 for security purposes. The registrars have the funds in their budget. This will add additional security to the fall election. The state will match up to \$3,000.

FORTUNA /GIEGERICH

Motion to approve Computer Equipment Grant Funding Program.

MOTION CARRIED UNANIMOUSLY.

VII. COMMENTS FROM THE SELECTMEN – Bond Commission

update: Update on Defined Contribution Plan/ Pension Plan in a volatile stock market. Lee Ann Palladino commented that the Investment Policy Strategy that was worked on for a year and implemented in the last six months worked very nicely in this down market. The pension fund is in good shape.

VIII. ADJOURNMENT

GIEGERICH/PUGLIESE

Motion to adjourn at 4:40 p.m.

MOTION CARRIED UNANIMOUSLY

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Carl P. Fortuna Jr.', with a stylized flourish at the end.

Carl P. Fortuna Jr.
First Selectman

**FIRST AMENDMENT TO LEASE BETWEEN THE TOWN OF OLD SAYBROOK AND
THE OLD SAYBROOK CHAMBER OF COMMERCE**

WHEREAS, the Town of Old Saybrook is subject to all of the Federal and State restrictions arising out of the circumstances of the Covid-19 pandemic, and

WHEREAS, by its letter dated May 7, 2020 to the Old Saybrook First Selectman, Carl Fortuna, the Chamber of Commerce has requested a temporary forgiveness of rent for a period of six (6) months, from June, 2020 through November, 2020, which will be a total rent reduction of Five Thousand One Hundred and no/100 (\$5,100.00) Dollars, plus an eight percent (8%) reduction in its monthly fixed costs, and

WHEREAS, at a meeting of the Board of Selectmen of the Town of Old Saybrook held on May 12, 2020, the Board took action by agreeing to the financial request of the Old Saybrook Chamber of Commerce.

NOW THEREFORE, in consideration of the sum of One (\$1.00) Dollar and other valuable consideration, especially the premises hereinbefore set forth, the parties agree as follows:

1. That the original Lease between the parties shall be modified to excuse rent for a period of six (6) months, from June, 2020 through November, 2020, together with a reduction of eight percent (8%) in the monthly fixed costs of the Old Saybrook Chamber of Commerce.
2. All other provisions of the Lease are hereby ratified and affirmed, and shall continue in full force and effect.
3. The parties agree that this Addendum need not be recorded in the Town Clerk's Office of the Town of Old Saybrook.
4. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of all of the parties hereto.

Dated at Old Saybrook, Connecticut, this day of May, 2020.

TOWN OF OLD SAYBROOK

By: _____
Carl Fortuna, First Selectman

OLD SAYBROOK CHAMBER OF COMMERCE

By: _____
Judy Sullivan, Executive Director

Public Hearing

Notice is hereby given that a Public Hearing will be held in the Old Saybrook Town Hall, 302 Main Street, 1st floor conference room, Old Saybrook, Connecticut, on Tuesday June 23rd, at 6:15 p.m. for the following purposes:

1. To discuss applications for the Neighborhood Assistance Act (NAA) for the following two organizations:
 - i. The Connecticut Sports Foundation Against Cancer: \$150,000 based on the NAA's Energy Conservation Program tax credit of 100%.
 - ii. The Katharine Hepburn Cultural Arts Center: \$150,000 based on the NAA's Energy Conservation Program tax credit of 100%.

Carl P. Fortuna, Jr., First Selectman

Scott Giegerich, Selectman

Matthew Pugliese, Selectman

Dated at Old Saybrook, Connecticut this 9th day of June, 2020

ATTEST: _____
Sarah V. Becker, Town Clerk

CALL OF SPECIAL TOWN MEETING

Notice is hereby given that a Special Town Meeting of the electors and citizens qualified to vote in Town Meetings of the Town of Old Saybrook will be held at the Old Saybrook Town Hall, 1st floor conference room, 302 Main Street, Old Saybrook, Connecticut, on June 23, 2019, at 6:30 p.m. (or following the Public Hearing, whichever time is later) for the following purposes:

- 1. To act upon the recommendation of the Board of Selectmen to approve two applications for the Neighborhood Assistance Act (NAA) (Connecticut General Statutes Sections 12-631-12-638):
 - a. The Connecticut Sports Foundation Against Cancer: \$150,000 based on the NAA’s Energy Conservation Program tax credit of 100%.
 - b. The Katharine Hepburn Cultural Arts Center: an amount up to \$150,000 based on the NAA’s Energy Conservation Program tax credit of 100%.

Carl P. Fortuna, Jr., First Selectman

Scott Giegerich, Selectman

Matthew Pugliese, Selectman

Dated at Old Saybrook, Connecticut this 9th day of June, 2020

ATTEST: _____
Sarah V. Becker, Town Clerk



TOWN OF OLD SAYBROOK Economic Development Commission

302 Main Street • Old Saybrook, Connecticut 06475
Telephone (860) 395-3139 • FAX (860) 395-3125

Matthew Pugliese, Chair
Carol Conklin, Vice Chair
John DeCristoforo, Secretary/Treasurer

David Cole
Judy Ganswindt
Sandra Roberts
Elizabeth Swenson
Joseph Arcari, Alternate
David Prendergast, Alternate

To: Carl P. Fortuna, Jr., First Selectman
Selectman Scott Giegerich
Selectman Matthew Pugliese

From: Susan Beckman, Economic Development Director

RE: The Kate and Connecticut Cancer Foundation Neighborhood Assistance Act Applications

Date: May 18, 2020

The Katharine Hepburn Cultural Arts Center (The Kate) and the Connecticut Cancer Foundation request the Town of Old Saybrook's support and approval of their applications to participate in the Neighborhood Assistance Act (NAA) Program. The NAA, managed by the Connecticut Department of Revenue Services (DRS), provides tax credits for eligible projects undertaken by tax exempt organizations and municipal agencies. Organizations and municipal agencies may then pass these tax credits along to businesses that contribute funding for the projects.

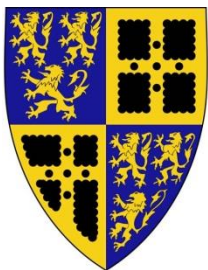
As the designated Municipal Liaison, I have reviewed the application. Both projects comply with the purpose of the NAA Program and the applications are complete.

In order to be considered by DRS, the Town of Old Saybrook must hold a public hearing on the applications and the governing body must vote to approve them. Copies of the public hearing notice and minutes of the meeting approving the applications must be submitted along with the applications to DRS no later than July 31, 2020.

Revision of the Resolution Accepting the Bequest From
The Estate of Francis L. Flanagan

1. The intent is to maintain the Flanagan Fund as a perpetual account supporting the Old Saybrook Public Health Nursing Board Activities, therefore only the interest generated from the fund and up to \$33,500 of the principal will be expended.
- 2 The principal will be invested by the Town Treasurer in a safe manner with which the PHNB concurs.
- 3 The interest from the Flanagan and/or up to \$33,500 of the principal will be deposited into a separate PHNB account and board members will decide how to use the funds without input from the Board of Finance.
- 4 The monies from the fund will be expended, at the discretion of the board, to help identify and provide for the health/public health needs of Old Saybrook residents.
- 5 The monies will be expended at the discretion of the board for scholarships to those Old Saybrook residents pursuing Nursing/other health careers.
- 6 Criteria specific to the disbursement of the funds will be at the discretion of the PHNB.
7. The PHNB may choose to carry over funds indefinitely in their account or return sums to the Town Treasurer to be added to the Principal.

May 14, 2020 Approved by the OSPHNB



TOWN OF OLD SAYBROOK
SELECTMEN'S OFFICE

302 Main Street • Old Saybrook, Connecticut 06475-2384
Telephone (860) 395-3123 • Fax (860) 395-3125

To: Board of Selectmen

From: Lee Ann Palladino, Finance Director and Plan Administrator

Re: Investment Policy Statement Revision

Date: May 28, 2020

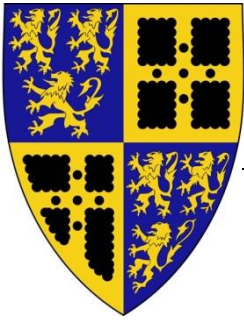
The purpose of this memorandum is to recommend that the Board of Selectmen review and consider approval of the modified Investment Policy Statement ("IPS") which is attached.

By way of background, the Pension and Employee Benefit Board ("PBB") had approved the IPS in April of 2019 to incorporate the most recent asset allocation study and to update the policy as needed. On an annual basis the IPS is reviewed to determine if any modification are necessary. During the March 2020 meeting the PBB also reviewed the actuarial reports for both the Town and Fire Department with the plan's actuary Milliman. The PBB approved the annual IPS modifications on May 28, 2020 further moved that it be submitted for further consideration by the Board of Selectmen's. In making this recommendation the PBB assess the following items:

1. The actuary noted that the Town had 8 years of liquidity when reviewing maturities, interest and dividend payment and the cash allocation. Therefore it was not necessary to change the cash allocation.
2. The PBB reviewed the actuarial assumptions and reduced the assumed rate to 7.125%.
3. Over the course of the last year, the market was volatile on both the up and down side. The asset allocation performed as expected.
4. There were no major compliance violations or unexpected risk positions noted over the past year.
5. The portfolio return did not meet the benchmark return over the last year; however, as noted in the IPS we should review the performance over a longer term horizon of 3 to 5 years.

The specific modifications on the attached IPS include the changing of the assumed rate to 7.125%; changing the title "Exclusions" to "Non-permissible Investments" and expanding on the requirements of Fiduciaries to review their capital percentage. Further, it was clarified that the burden of manager selection is with the Investment Advisor and not the PBB.

Motion Requested: To approve the Investment Policy Statement modifications as recommended by the Pension and Employee Benefit Board



TOWN OF OLD SAYBROOK

302 Main Street • Old Saybrook, Connecticut 06475
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The Defined Benefit Plans

Investment Policy Statement

Town of Old Saybrook Retirement Plan
and
Town of Old Saybrook Fire Company No. 1 Retirement Plan

Updated and Approved on April 25, 2019

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I. Introduction

Information about the Plan and the Purpose of the Funds

Town of Old Saybrook
302 Main Street
Old Saybrook, CT 06475-2384
(860) 395-3127

Primary Contact: The Plan Administrator of the Old Saybrook Pension and Benefits Board

About Town of Old Saybrook

The Town of Old Saybrook maintains two Defined Benefit Plans. The Plans' sponsor is a municipality. Both plans shall be similarly managed, unless otherwise stated in this Investment Policy Statement ("IPS"). The original plan for the Town was founded 1/1/1969 and the Fire Plan in 1993. These plans were originally co-mingled and separated into two plans during Fiscal Year 2017. The fiduciary of the Town's retirement plans is the Town of Old Saybrook Board of Selectmen, which is advised by the Town's Pension and Benefits Board ("the PBB"). The PBB may hire an actuary and investment advisor to provide consultation and make investment decisions on the management of the Plans' assets as outlined in this IPS.

Purpose of this Investment Policy Statement

The IPS outlines the goals and investment objectives of Town of Old Saybrook Defined Benefit Plans ("the Plans"). Since this IPS is intended to provide guidance for the PBB and the investment managers responsible for managing the Plans' assets, it outlines certain specific investment policies which will govern how to seek to achieve those goals and objectives. This IPS, upon the review and approval of the PBB:

- Describes a risk posture for the investment of the Plans' assets;
- Specifies the target asset allocation policy for those assets;
- Establishes investment guidelines regarding the selection of investment manager(s), permissible securities and diversification of assets;
- Specifies the criteria for evaluating the performance of the Plan's investment manager(s) and of the Plans' investment portfolio as a whole; and
- Defines certain responsibilities of the PBB, the investment advisor, the investment managers, and other specified parties.

The PBB believes that the investment policies described in this IPS should be dynamic. These policies should reflect the Plans' current financial status, and the PBB's philosophy regarding the investment of assets. These policies should be reviewed by the PBB periodically and revised as necessary to ensure that they continue to reflect the current financial situation of the Defined Benefit Plan and the capital markets.

The IPS is approved by the Board of Selectmen. It is the responsibility of the PBB to oversee and ensure that it is properly implemented.

II. Responsibilities of the Plan Fiduciary

The Town of Old Saybrook Board of Selectmen is the fiduciary of the Town's retirement plans. Specifically, the Town of Old Saybrook Board of Selectmen receives advice and recommendations from the PBB. The Board of Selectmen is ultimately responsible for actions of the PBB as a result of acceptance or denial of the PBB defined benefit plans recommendations.

The Town of Old Saybrook Pension and Benefits Board

The primary responsibilities of the PBB with respect to the oversight of the investment portfolio culminate in recommendations to the Board of Selectmen. The responsibilities of the Pension and Benefit Board are:

- Establish and recommend an IPS and periodically review that statement for continued accuracy and completeness;
- Prudently diversify, or oversee the diversification of, the portfolio assets to meet an agreed upon risk/return profile as outlined in this IPS;
- Monitor the investment advisor, the investment managers and the performance of the accounts under management;
- Oversee all investment, record keeping and administrative expenses associated with the accounts; and
- Review and deal prudently with conflicts of interest.

The Investment Advisor

The PBB may retain an investment advisor.

- "Investment advisor" is a legal term that appears in the Investment Advisers Act of 1940, the federal law that governs investment advisors. Generally, this law defines an investment advisor as someone who, for pay, is in the business of advising others on investing in stocks, bonds, and other securities.
- It is the intention of the PBB to utilize an investment advisor to provide professional advice to the Town regarding the investment of the pension plan assets. Further, the investment advisor will have discretionary authority to make investment decisions on behalf of the PBB when managing the assets of the defined benefit plans. This authority includes determining, which investment managers or individual securities, if applicable, to purchase.
- An investment manager is a firm that manages securities portfolios for institutional investors and may specialize in various fixed income, equity or other financial asset class mandates.
- The investment advisor will:
 - Assist the PBB in strategic investment planning for the Plans by providing assistance in developing an IPS, an asset allocation strategy, and portfolio structure;
 - Provide written performance measurement reports on a quarterly basis;
 - Manage the retirement plan portfolios as outlined in the IPS;
 - Review investment performance on a quarterly basis, discuss asset allocation, deviation from asset allocation, contributions of tactical asset allocation decisions and performance based on benchmark and assumed rate of return.
 - Discuss risk versus benchmark and downside protections and inform the PBB of any modification of manager line up or asset allocation, within the confines of the IPS, which have been made during the last quarter.

The Custodian

The custodian is responsible for the safekeeping of the Plans' investment assets. The specific duties and responsibilities of the custodian include:

- Maintain separate accounts by legal registration;
- Value the holdings;
- Collect all income and dividends owed to the Plans in its custody;
- Settle all transactions initiated by the investment manager; and
- Provide quarterly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall portfolio since the previous report.
- The Town may utilize its investment advisor as a custodian, provided they have adequate resources to do so.
- The Town may utilize a financial institution to hold its liquid funds for pension payroll purposes.

III. Objectives

Risk Tolerance

Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of risk assumed and the level of return that can be expected in an investment program. In general, higher risk (*i.e.* volatility of return) is associated with higher return.

Given this relationship between risk and return, a fundamental step in determining the IPS for the Plans is the determination of an appropriate risk tolerance. The PBB examined its willingness to take risk and the Plans' financial ability to take risk based upon relevant factors, including:

- 1) The Plans' longtime horizon;
- 2) The Plans' financial strength.

Offsetting these factors are:

- 1) The Plans must be able to meet any unexpected expenses or liabilities.
- 2) The Plans may rely on annual employer and employee cash flows, as well as income generation from its assets to meet current needs or replenish any losses;

To determine the level of risk, the PBB will, from time to time, perform an asset allocation study to determine which asset allocation will most closely achieve the assumed rate of return within the confines of the risk profile of that asset allocation.

Investment Objectives

The Plans' assets should be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. The objectives of the Plans are to maximize long-term returns consistent with prudent levels of risk. Investment returns are expected to provide adequate funds to sufficiently support

designated needs and preserve or enhance the real value of the Plan. In establishing the investment objectives of the Plan, the PBB has taken into account the time horizon available for investment, the nature of the Plans' cash flows and liabilities, and other factors that affect the Plans' risk tolerance as part of the asset allocation study. Accordingly, the investment objective of the Plans is growth and income. This investment objective is a balanced investment approach that is expected to achieve a positive rate of return over the long-term that would contribute to the portfolio's income needs.

Return Objectives

The return objective is an actuarially determined assumed rate of return net of fees. The assumption for this rate of return will be set on an annual basis as part of the actuarial valuation process.

2019	Town Plan Assumed Rate:	7.12525%	Approved on:	March 2020February
2018	Fire Plan Assumed Rate:	7.12550%	Approved on:	March 2020February

IV. Asset Allocation Strategy

In line with the Plans' return objectives and risk parameters, and asset allocation study, the overall target mix of assets is 60% equities, 40% fixed income (inclusive of cash) and should be maintained as follows (percentages are of the market value of the Plans' investments):

Town Plan Asset Allocation

Asset Class	Minimum	Target	Maximum	Preferred Strategy	Benchmark
US Large Cap	21%	30%	39%	Passive	S&P 500
Mid Cap	5%	7%	9%	Passive	Russell Mid Cap
Small Cap	2%	3%	4%	Passive	Russell 2000
Dev Market International Equity	7%	10%	13%	Active	MSCI EAFE (net total return)
Emerging Market Equity	7%	10%	13%	Active	MSCI Emerging Markets (net)
Sub Total Equity	50%	60%	70%		
Investment Grade Bonds*	12%	17%	22%	Active	Barclays Aggregate
Ultra-Short-Term Bonds*	4%	6%	8%		Barclays Credit 1-5 years
High Yield	7%	10%	13%	Active	Barclays US Corporate High Yield
Cash	2%	7%	10%		90 day UST bill
Subtotal Fixed Income	30%	40%	50%		
Total Portfolio		100%			

* The total of Ultra-Short-Term Bonds and Investment Grade Bonds may equate to a maximum of 30%.

The above asset allocation will be managed within the minimum and maximum IPS ranges by the investment advisor. The benchmark for the portfolio will be the weighted average benchmark of the target asset allocation. The preferred strategy of active or passive is meant only to provide for direction to the investment advisor. It is expected that allocations with passive preferred strategies will perform very close to the benchmark. Active strategies may deviate from the benchmark, but be equal to or outperform over the longer term 5- to 7-year time horizon unless the PBB is following a lower risk strategy. As the portfolio is close to fully funded, the PBB is willing to take on the risk of market volatility that comes with returns that closely track the benchmark. The allocations that have active managers as the preferred strategy reflect empirical evidence that active management has a high probability of adding value to the portfolio either through enhanced return or risk reduction.

Fire Department Asset Allocation

Asset Class	Minimum	Target	Maximum	Preferred Strategy	Benchmark
US Large Cap	21%	30%	39%	Passive	S&P 500
Mid Cap	5%	7%	9%	Passive	Russell Mid Cap
Small Cap	2%	3%	4%	Passive	Russell 2000
Dev Market International Equity	7%	10%	13%	Active	MSCI EAFE (net total return)
Emerging Market Equity	7%	10%	13%	Active	MSCI Emerging Markets (net)
Sub Total Equity	50%	60%	70%		
Investment Grade Bonds*	12%	17%	22%	Active	Barclays Aggregate
Ultra-Short-Term Bonds*	4%	6%	8%		Barclays Credit 1-5 years
High Yield	7%	10%	13%	Active	Barclays US Corporate High Yield
Cash	2%	7%	10%		90 day UST bill
Subtotal Fixed Income	30%	40%	50%		
Total Portfolio		100%			

* The total of Ultra-Short-Term Bonds and Investment Grade Bonds may equate to a maximum of 30%.

Overall Asset Allocation

Asset Class Totals	Minimum	Target	Maximum
Total Equity	50%	60%	70%
Total Fixed Income	30%	40%	50%
Total Cash Equivalents	0.0%	0.0%	10%
Total Alternative	0.0%	0.0%	10%

Rebalancing Procedures

The allocations to each asset class and to investment styles within asset classes are expected to remain stable over most market cycles.

Since capital appreciation (depreciation) and trading activity in each individually managed portfolio can result in a deviation from the overall Plans' asset allocation, the aggregate asset allocation should be monitored; and the investment advisor should regularly rebalance the Plans' assets to the target allocation or to a tactical reposition of the Plans' assets within the asset allocation band on a periodic basis.

V. Responsibilities of the Investment Managers

It is the Investment Advisor'sPBB's responsibility to select prudent investment managers to manage the assets. Such managers can include regulated banks or insurance companies; mutual funds registered under the Investment Company Act of 1940, or registered investment advisors. With respect to any mutual or other commingled funds that have been purchased by the Plans, the prospectus or Declaration of Trust documents of the fund(s) will govern the investment policies of those assets.

Fiduciary Responsibilities

When advantageous, each investment manager must be a fiduciary and is expected to prudently manage the Plans' assets in a manner consistent with the investment objectives, guidelines, and constraints outlined in this IPS and in accordance with applicable laws. The Town's investment advisor must be a fiduciary.

Each investment manager shall:

- Be a bank, insurance company or be registered as an investment advisor under the Investment Advisers Act of 1940 (where applicable); and
- Maintain adequate fiduciary liability insurance and bonding for the management of this account.
- The PBB should review the firm's cash and capital levels to ensure that sufficient balances are available to remedy mistakes or problems of their creation. A minimum capital percentage of 5% is recommended. However, the PBB may waive this recommended capital level at its own discretion after thorough consideration of all factors surrounding the relationship. In the case of Investment Managers, the Investment Advisor should at least annually review the manager's capital ratios and report to the PBB.

Proxy Voting

Absent delegation to another service provider, each investment manager is responsible and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. The investment manager(s) shall vote proxies according to their established Proxy Voting Guidelines. A copy of those guidelines, and/or summary of proxy votes shall be provided to the PBB upon request.

VI. Investment Strategy

Selection Criteria for Investment Managers

The investment advisor will select/recommend new investment managers for the PBB to consider and vote upon for their inclusion to be used in the management of plan assets. Once an investment manager is chosen, the investment advisor may invest funds with that manager, increase or decrease total assets, or recommend termination. Investment managers retained by the PBB should be chosen using the following criteria:

- The investment style and discipline of the investment manager;

- How well the investment manager's investment style or approach complements other investment managers in the portfolio;
- Level of experience, financial resources, and staffing levels of the investment manager;
- How consistent an investment manager is to the style for which they were hired;
- Reasonableness of expense ratios/fees;
- Past performance, considered relative to other investments having the same investment objective. Consideration should be given to both consistency of performance and the level of risk taken to achieve results; and
- Stability of the organization.

Security Selection / Asset Allocation

- Except as noted below, each investment manager shall have the discretion to determine its portfolios' individual securities selection.
- The Plans' portfolio is expected to operate within an overall asset allocation strategy defining the portfolios' mix of asset classes. This strategy sets a long-term percentage target for the amount of the portfolios' market value that is to be invested in any one asset class. The allocation strategy also defines the allowable investment shifts between the asset classes, above and below the target allocations.

Diversification Requirements

The primary method to reduce risk for the Plans' portfolio is diversification through asset allocation. By allocating assets in different asset classes, the portfolios can reduce risk by avoiding concentration as well as reduce risk through the low-correlation between different asset classes.

Each investment manager has discretion with regard to security selection and allocation within its respective portfolio. Unless otherwise noted, under normal market conditions, each investment manager is expected to be invested consistent with its investment style as described in its relevant documentation. During an initial three-month period after being retained, the investment manager may hold cash and cash equivalents in larger proportions in order to invest their portfolio on an orderly basis.

To minimize the risk of large losses, each investment manager shall maintain adequate diversification in their portfolio subject to the constraints outlined in this IPS, and in their investment management agreement with the Plans.

Derivatives and Structured Products

Derivatives and structured products can be used to efficiently reduce the risk of the portfolio and to expand the return opportunities. However, when used improperly, they can also increase the risk of the portfolio. Before an investment manager uses any security other than standard securities (such as: exchange-traded common stock; interest-bearing bonds and cash equivalents), the security, derivative or structured product must be explained to and approved by the PBB. Derivatives are allowed to hedge an underlying position and may be used to take a long position in anticipation of a cash inflow. Once the cash is used to open a position in the underlying security, the derivative position should be closed out. No derivative or structured product is

allowed that will increase the potential for loss greater than that of a long position in the underlying security. This paragraph does not apply to investments in mutual funds or ETFs.

Alternative Investments

Alternative investments represent investments in investment vehicles that seek to provide diversification through innovative and flexible strategies (such as the ability to short, add leverage and hedge). Investments in such vehicles are expected to provide diversification and the opportunity for capital appreciation. Diversification standards within each investment vehicle shall be according to the prospectus or trust document. Investments in these investment vehicles carry special risks. The fund(s) may utilize speculative investment strategies, trade in volatile securities, and use leverage in an attempt to generate superior investment returns. The fund(s) may invest in illiquid securities for which there is not ready market and place restrictions on investors as to when funds may be withdrawn. Only investments in fund or fund vehicles that are diversified by investment style and typically utilize multiple investment managers within a fund are allowed. Before an alternative investment strategy is utilized, the strategy must be explained to, and approved by, the PBB.

Cash and Equivalents

It is generally expected that the investment manager will remain fully invested in securities; however, it is recognized that cash reserves may be utilized from time to time to provide liquidity or to implement some types of investment strategies. Cash reserves should be held in the custodian's money market fund, short-term maturity Treasury securities, and insured savings instruments of commercial banks and savings and loans.

Actions that may cause a significant deviation from these investment guidelines should be brought to the attention of the investment advisor by the investment manager prior to execution. Such actions may be authorized by the PBB if it determines they do not constitute an inappropriate departure from the spirit of this IPS. Similarly, unanticipated market action should also be brought to the attention of the PBB by the investment advisor.

ExclusionsNon-Permissible Investments

The Plans' assets should not be invested in the following unless agreed to by the PBB pursuant to an approved strategy or specifically approved in writing by the PBB:

- Purchases of letter stock, private placements, or direct payments;
- Private placement convertible issues, also known as "144A" convertible securities;
- Commodities transactions unless by managers approved for that strategy;
- Purchases of real estate, oil and gas properties, or other natural resources–related properties with the exception of Real Estate Investment Trusts or securities of real estate operating companies;
- Investments by the investment manager in their own securities or of their affiliates, or subsidiaries (excluding money market or other commingled funds as authorized by the PBB); and
- Any other security transaction not specifically authorized in this IPS.

VII. Constraints

Time Horizon

The Town of Old Saybrook is a long-term investor. The risk and return of the portfolio should be judged over the 3- to 5-year horizon.

Liquidity Requirements and Spending

On at least an annual basis, the investment advisor will provide a cash flow and liquid asset report to the PBB. This report will show the annual pension payroll outflow, employee and employer contributions and income generated from dividends and interest. Should the cash flows not be sufficient to cover the pension payroll, a review and restatement of the cash asset allocation should be considered and approved.

Tax, Legal / Regulatory and Unique Considerations

The Plans are not subject to federal or state income taxes.

The Plans are subject to the following regulation(s):

State laws and regulations.

VIII. Performance Evaluation

The investment advisor will be retained to provide quarterly performance measurement reports and the PBB should monitor the Plans' performance on a quarterly basis. The PBB will evaluate the Plans' success in achieving the investment objectives outlined in this IPS over a three- to five-year time horizon and a full market cycle.

The Plans' (and investment managers') performance should be reported in terms of rate of return (time-weighted and dollar-weighted) and changes in dollar value at the time of retention. When selecting an investment manager, the investment advisor will choose the appropriate benchmark(s). The investment managers will manage toward those benchmarks. While the benchmarks are not required to be the same as those outlined in the IPS, the performance of the combined investment managers should closely track the IPS benchmark. The returns should be compared to these appropriate market indexes for the most recent quarter and for annual and cumulative prior time periods. The Plans' asset allocation should also be reported on a quarterly basis.

Risk as measured by volatility, or standard deviation, should be evaluated after twelve months of performance history have accumulated. An attribution analysis should also be performed by the investment advisor to evaluate how much of the Plans' investment results are due to the investment managers' investment decisions, as compared to the effect of the financial markets. This analysis will use the IPS index as the

performance benchmark for evaluating both the returns achieved and the level of risk taken for the total portfolio and the individual investment managers.

IX. Guidelines for Corrective Action

The investment advisor shall monitor and evaluate the actions of the investment managers. As part of the process for hiring investment managers, it is recognized that there is the potential for performance over short-term periods to deviate from the performance of representative market indexes. As a general rule, an investment manager will not be terminated on the basis of short-term performance if the investment manager is sound and is adhering to its investment style and approach. A sufficient interval of time shall be allowed to evaluate performance, keeping in mind at all times the Plans' diversification strategy as well as the overall quality of the relationship. The investment manager will be overseen by the investment advisor and may require an extra level of scrutiny, or consideration of termination, based on factors such as:

- Any material event that affects the ownership or capital structure of the investment management firm, or the management of this account;
- Any legal or regulatory action taken against the manager;
- Any material servicing deficiencies, including a failure to communicate significant changes in a timely fashion;
- Violation of the terms of the contract or changes to agreed upon services without prior written approval of the PBB;
- Significant style drift from the intended investment style that the manager was engaged to implement;
- Lack of diversification.

The investment manager may be replaced at any time as part of an overall restructuring of the portfolio or any other reason whatsoever.

Investment Manager Watch List

As part of the ongoing monitoring noted in "Guidelines for Corrective Actions," it may be necessary to place a manager on "Watch." This will give PBB members notice that an investment manager is not performing as expected and corrective action will be mandated. The horizon for reviewing the performance of an investment manager is long-term – defined as three to five years. Periodically, it may be necessary to place an investment manager on the "Watch List." Should any of the following conditions occur the investment advisor shall place a manager on the Watch List and notify the PBB at the next regularly scheduled board meeting:

- The investment manager significantly under-performs its benchmark;
- The investment manager experiences turnover of key members of its investment professional staff;
- The Investment Advisor becomes aware of a significant event affecting the investment manager (such as, but not limited to, a change of control, significant negative underperformance relative to its

benchmark during any quarter, significant loss of assets under management, the disclosure of SEC or other federal investigations or inquiries into the money manager's operations); or

- Any other event that could affect the investment manager's ability to perform its investment management responsibilities for the PBB.

Once a manager is on the Watch List an update shall be given by the investment advisor on a quarterly basis. An investment manager shall be taken off of the Watch List if the matter that originally placed them on watch has been remedied or through termination of the relationship.

X. Meetings and Communications

- As a matter of course, each investment manager should promptly communicate to the Plans' investment advisor any material changes in the investment manager's outlook, investment policy, and tactics.
- Each investment manager should be available on a reasonable basis for telephone communication when needed.
- Any material event that affects the ownership of each investment management firm, any brokerage affiliation of such firm, its key investment personnel, or its management must be reported promptly to the Plans' investment advisor and reported to the PBB by the investment advisor.
- The PBB should obtain and review written performance measurement reports not less than quarterly.
- The investment advisor should meet with the PBB in person every three months.

This IPS is intended to be a summary of an investment philosophy that provides guidance for the PBB and other parties responsible for the management of these assets. It is understood that there can be no guarantees about the attainment of the goals or investment objectives outlined here.

XI. Approval

Prior to the approval of the IPS, the PBB should review the IPS, request the Town's investment advisor and any other professional review the PBB deems necessary to provide feedback prior to the consideration and approval of the IPS.

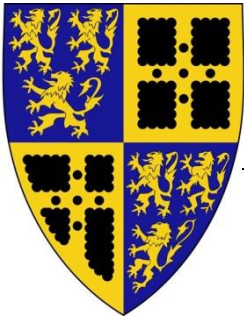
These professionals should be called upon by the PBB to check relevant documentation, particularly in the case of trusts or retirement plans or where there are legal constraints or prohibitions that impact the Plans' investment portfolio. The review and approval of the IPS is the ultimate responsibility of the PBB. Once approved by the PBB, the IPS should be forwarded to the Board of Selectmen for final approval and authorization.

Upon final approval by the Board of Selectmen, the IPS should be sent to the Plans' investment managers. It is the investment advisors' responsibility to confirm the investment manager's acceptance of the IPS, and it is the investment manager's responsibility to adhere to the IPS in managing the Plans' assets.

It is understood that the IPS is to be reviewed periodically by the Plans to determine if any revisions are warranted for any reasons including changing circumstances such as, but not limited to, changes in financial status, risk tolerance, or changes involving the investment managers.

By: _____
Chairperson of the PBB

Date



TOWN OF OLD SAYBROOK

302 Main Street • Old Saybrook, Connecticut 06475
Telephone (860) 395-3123 • FAX (860) 395-3125

The Defined Benefit Plans

Investment Policy Statement

Town of Old Saybrook Retirement Plan
and
Town of Old Saybrook Fire Company No. 1 Retirement Plan

Updated and Approved on April 25, 2019

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I. Introduction

Information about the Plan and the Purpose of the Funds

Town of Old Saybrook
302 Main Street
Old Saybrook, CT 06475-2384
(860) 395-3127

Primary Contact: The Plan Administrator of the Old Saybrook Pension and Benefits Board

About Town of Old Saybrook

The Town of Old Saybrook maintains two Defined Benefit Plans. The Plans' sponsor is a municipality. Both plans shall be similarly managed, unless otherwise stated in this Investment Policy Statement ("IPS"). The original plan for the Town was founded 1/1/1969 and the Fire Plan in 1993. These plans were originally co-mingled and separated into two plans during Fiscal Year 2017. The fiduciary of the Town's retirement plans is the Town of Old Saybrook Board of Selectmen, which is advised by the Town's Pension and Benefits Board ("the PBB"). The PBB may hire an actuary and investment advisor to provide consultation and make investment decisions on the management of the Plans' assets as outlined in this IPS.

Purpose of this Investment Policy Statement

The IPS outlines the goals and investment objectives of Town of Old Saybrook Defined Benefit Plans ("the Plans"). Since this IPS is intended to provide guidance for the PBB and the investment managers responsible for managing the Plans' assets, it outlines certain specific investment policies which will govern how to seek to achieve those goals and objectives. This IPS, upon the review and approval of the PBB:

- Describes a risk posture for the investment of the Plans' assets;
- Specifies the target asset allocation policy for those assets;
- Establishes investment guidelines regarding the selection of investment manager(s), permissible securities and diversification of assets;
- Specifies the criteria for evaluating the performance of the Plan's investment manager(s) and of the Plans' investment portfolio as a whole; and
- Defines certain responsibilities of the PBB, the investment advisor, the investment managers, and other specified parties.

The PBB believes that the investment policies described in this IPS should be dynamic. These policies should reflect the Plans' current financial status, and the PBB's philosophy regarding the investment of assets. These policies should be reviewed by the PBB periodically and revised as necessary to ensure that they continue to reflect the current financial situation of the Defined Benefit Plan and the capital markets.

The IPS is approved by the Board of Selectmen. It is the responsibility of the PBB to oversee and ensure that it is properly implemented.

II. Responsibilities of the Plan Fiduciary

The Town of Old Saybrook Board of Selectmen is the fiduciary of the Town's retirement plans. Specifically, the Town of Old Saybrook Board of Selectmen receives advice and recommendations from the PBB. The Board of Selectmen is ultimately responsible for actions of the PBB as a result of acceptance or denial of the PBB defined benefit plans recommendations.

The Town of Old Saybrook Pension and Benefits Board

The primary responsibilities of the PBB with respect to the oversight of the investment portfolio culminate in recommendations to the Board of Selectmen. The responsibilities of the Pension and Benefit Board are:

- Establish and recommend an IPS and periodically review that statement for continued accuracy and completeness;
- Prudently diversify, or oversee the diversification of, the portfolio assets to meet an agreed upon risk/return profile as outlined in this IPS;
- Monitor the investment advisor, the investment managers and the performance of the accounts under management;
- Oversee all investment, record keeping and administrative expenses associated with the accounts; and
- Review and deal prudently with conflicts of interest.

The Investment Advisor

The PBB may retain an investment advisor.

- "Investment advisor" is a legal term that appears in the Investment Advisers Act of 1940, the federal law that governs investment advisors. Generally, this law defines an investment advisor as someone who, for pay, is in the business of advising others on investing in stocks, bonds, and other securities.
- It is the intention of the PBB to utilize an investment advisor to provide professional advice to the Town regarding the investment of the pension plan assets. Further, the investment advisor will have discretionary authority to make investment decisions on behalf of the PBB when managing the assets of the defined benefit plans. This authority includes determining, which investment managers or individual securities, if applicable, to purchase.
- An investment manager is a firm that manages securities portfolios for institutional investors and may specialize in various fixed income, equity or other financial asset class mandates.
- The investment advisor will:
 - Assist the PBB in strategic investment planning for the Plans by providing assistance in developing an IPS, an asset allocation strategy, and portfolio structure;
 - Provide written performance measurement reports on a quarterly basis;
 - Manage the retirement plan portfolios as outlined in the IPS;
 - Review investment performance on a quarterly basis, discuss asset allocation, deviation from asset allocation, contributions of tactical asset allocation decisions and performance based on benchmark and assumed rate of return.
 - Discuss risk versus benchmark and downside protections and inform the PBB of any modification of manager line up or asset allocation, within the confines of the IPS, which have been made during the last quarter.

The Custodian

The custodian is responsible for the safekeeping of the Plans' investment assets. The specific duties and responsibilities of the custodian include:

- Maintain separate accounts by legal registration;
- Value the holdings;
- Collect all income and dividends owed to the Plans in its custody;
- Settle all transactions initiated by the investment manager; and
- Provide quarterly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall portfolio since the previous report.
- The Town may utilize its investment advisor as a custodian, provided they have adequate resources to do so.
- The Town may utilize a financial institution to hold its liquid funds for pension payroll purposes.

III. Objectives

Risk Tolerance

Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of risk assumed and the level of return that can be expected in an investment program. In general, higher risk (*i.e.* volatility of return) is associated with higher return.

Given this relationship between risk and return, a fundamental step in determining the IPS for the Plans is the determination of an appropriate risk tolerance. The PBB examined its willingness to take risk and the Plans' financial ability to take risk based upon relevant factors, including:

- 1) The Plans' longtime horizon;
- 2) The Plans' financial strength.

Offsetting these factors are:

- 1) The Plans must be able to meet any unexpected expenses or liabilities.
- 2) The Plans may rely on annual employer and employee cash flows, as well as income generation from its assets to meet current needs or replenish any losses;

To determine the level of risk, the PBB will, from time to time, perform an asset allocation study to determine which asset allocation will most closely achieve the assumed rate of return within the confines of the risk profile of that asset allocation.

Investment Objectives

The Plans' assets should be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. The objectives of the Plans are to maximize long-term returns consistent with prudent levels of risk. Investment returns are expected to provide adequate funds to sufficiently support

designated needs and preserve or enhance the real value of the Plan. In establishing the investment objectives of the Plan, the PBB has taken into account the time horizon available for investment, the nature of the Plans' cash flows and liabilities, and other factors that affect the Plans' risk tolerance as part of the asset allocation study. Accordingly, the investment objective of the Plans is growth and income. This investment objective is a balanced investment approach that is expected to achieve a positive rate of return over the long-term that would contribute to the portfolio's income needs.

Return Objectives

The return objective is an actuarially determined assumed rate of return net of fees. The assumption for this rate of return will be set on an annual basis as part of the actuarial valuation process.

Town Plan Assumed Rate:	7.125%	Approved on:	March 2020
Fire Plan Assumed Rate:	7.125%	Approved on:	March 2020

IV. Asset Allocation Strategy

In line with the Plans' return objectives and risk parameters, and asset allocation study, the overall target mix of assets is 60% equities, 40% fixed income (inclusive of cash) and should be maintained as follows (percentages are of the market value of the Plans' investments):

Town Plan Asset Allocation

Asset Class	Minimum	Target	Maximum	Preferred Strategy	Benchmark
US Large Cap	21%	30%	39%	Passive	S&P 500
Mid Cap	5%	7%	9%	Passive	Russell Mid Cap
Small Cap	2%	3%	4%	Passive	Russell 2000
Dev Market International Equity	7%	10%	13%	Active	MSCI EAFE (net total return)
Emerging Market Equity	7%	10%	13%	Active	MSCI Emerging Markets (net)
Sub Total Equity	50%	60%	70%		
Investment Grade Bonds*	12%	17%	22%	Active	Barclays Aggregate
Ultra-Short-Term Bonds*	4%	6%	8%		Barclays Credit 1-5 years
High Yield	7%	10%	13%	Active	Barclays US Corporate High Yield
Cash	2%	7%	10%		90 day UST bill
Subtotal Fixed Income	30%	40%	50%		
Total Portfolio		100%			

* The total of Ultra-Short-Term Bonds and Investment Grade Bonds may equate to a maximum of 30%.

The above asset allocation will be managed within the minimum and maximum IPS ranges by the investment advisor. The benchmark for the portfolio will be the weighted average benchmark of the target asset allocation. The preferred strategy of active or passive is meant only to provide for direction to the investment

advisor. It is expected that allocations with passive preferred strategies will perform very close to the benchmark. Active strategies may deviate from the benchmark, but be equal to or outperform over the longer term 5- to 7-year time horizon unless the PBB is following a lower risk strategy. As the portfolio is close to fully funded, the PBB is willing to take on the risk of market volatility that comes with returns that closely track the benchmark. The allocations that have active managers as the preferred strategy reflect empirical evidence that active management has a high probability of adding value to the portfolio either through enhanced return or risk reduction.

Fire Department Asset Allocation

Asset Class	Minimum	Target	Maximum	Preferred Strategy	Benchmark
US Large Cap	21%	30%	39%	Passive	S&P 500
Mid Cap	5%	7%	9%	Passive	Russell Mid Cap
Small Cap	2%	3%	4%	Passive	Russell 2000
Dev Market International Equity	7%	10%	13%	Active	MSCI EAFE (net total return)
Emerging Market Equity	7%	10%	13%	Active	MSCI Emerging Markets (net)
Sub Total Equity	50%	60%	70%		
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Total Portfolio		100%			

* The total of Ultra-Short-Term Bonds and Investment Grade Bonds may equate to a maximum of 30%.

Overall Asset Allocation

Asset Class Totals	Minimum	Target	Maximum
Total Equity	50%	60%	70%
Total Fixed Income	30%	40%	50%
Total Cash Equivalents	0.0%	0.0%	10%
Total Alternative	0.0%	0.0%	10%

Rebalancing Procedures

The allocations to each asset class and to investment styles within asset classes are expected to remain stable over most market cycles.

Since capital appreciation (depreciation) and trading activity in each individually managed portfolio can result in a deviation from the overall Plans' asset allocation, the aggregate asset allocation should be monitored; and the investment advisor should regularly rebalance the Plans' assets to the target allocation or to a tactical reposition of the Plans' assets within the asset allocation band on a periodic basis.

V. Responsibilities of the Investment Managers

It is the Investment Advisor's responsibility to select prudent investment managers to manage the assets. Such managers can include regulated banks or insurance companies; mutual funds registered under the Investment Company Act of 1940, or registered investment advisors. With respect to any mutual or other commingled funds that have been purchased by the Plans, the prospectus or Declaration of Trust documents of the fund(s) will govern the investment policies of those assets.

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When advantageous, each investment manager must be a fiduciary and is expected to prudently manage the Plans' assets in a manner consistent with the investment objectives, guidelines, and constraints outlined in this IPS and in accordance with applicable laws. The Town's investment advisor must be a fiduciary.

Each investment manager shall:

- Be a bank, insurance company or be registered as an investment advisor under the Investment Advisers Act of 1940 (where applicable); and
- Maintain adequate fiduciary liability insurance and bonding for the management of this account.
- The PBB should review the firm's cash and capital levels to ensure that sufficient balances are available to remedy mistakes or problems of their creation. A minimum capital percentage of 5% is recommended. However, the PBB may waive this recommended capital level at its own discretion after thorough consideration of all factors surrounding the relationship. In the case of Investment Managers, the Investment Advisor should at least annually review the manager's capital ratios and report to the PBB.

Proxy Voting

Absent delegation to another service provider, each investment manager is responsible and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. The investment manager(s) shall vote proxies according to their established Proxy Voting Guidelines. A copy of those guidelines, and/or summary of proxy votes shall be provided to the PBB upon request.

VI. Investment Strategy

Selection Criteria for Investment Managers

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- The investment style and discipline of the investment manager;
- How well the investment manager's investment style or approach complements other investment managers in the portfolio;
- Level of experience, financial resources, and staffing levels of the investment manager;

- How consistent an investment manager is to the style for which they were hired;
- Reasonableness of expense ratios/fees;
- Past performance, considered relative to other investments having the same investment objective. Consideration should be given to both consistency of performance and the level of risk taken to achieve results; and
- Stability of the organization.

Security Selection / Asset Allocation

- Except as noted below, each investment manager shall have the discretion to determine its portfolios' individual securities selection.
- The Plans' portfolio is expected to operate within an overall asset allocation strategy defining the portfolios' mix of asset classes. This strategy sets a long-term percentage target for the amount of the portfolios' market value that is to be invested in any one asset class. The allocation strategy also defines the allowable investment shifts between the asset classes, above and below the target allocations.

Diversification Requirements

The primary method to reduce risk for the Plans' portfolio is diversification through asset allocation. By allocating assets in different asset classes, the portfolios can reduce risk by avoiding concentration as well as reduce risk through the low-correlation between different asset classes.

Each investment manager has discretion with regard to security selection and allocation within its respective portfolio. Unless otherwise noted, under normal market conditions, each investment manager is expected to be invested consistent with its investment style as described in its relevant documentation. During an initial three-month period after being retained, the investment manager may hold cash and cash equivalents in larger proportions in order to invest their portfolio on an orderly basis.

To minimize the risk of large losses, each investment manager shall maintain adequate diversification in their portfolio subject to the constraints outlined in this IPS, and in their investment management agreement with the Plans.

Derivatives and Structured Products

Derivatives and structured products can be used to efficiently reduce the risk of the portfolio and to expand the return opportunities. However, when used improperly, they can also increase the risk of the portfolio. Before an investment manager uses any security other than standard securities (such as: exchange-traded common stock; interest-bearing bonds and cash equivalents), the security, derivative or structured product must be explained to and approved by the PBB. Derivatives are allowed to hedge an underlying position and may be used to take a long position in anticipation of a cash inflow. Once the cash is used to open a position in the underlying security, the derivative position should be closed out. No derivative or structured product is allowed that will increase the potential for loss greater than that of a long position in the underlying security. This paragraph does not apply to investments in mutual funds or ETFs.

Alternative Investments

Alternative investments represent investments in investment vehicles that seek to provide diversification through innovative and flexible strategies (such as the ability to short, add leverage and hedge). Investments in such vehicles are expected to provide diversification and the opportunity for capital appreciation. Diversification standards within each investment vehicle shall be according to the prospectus or trust document. Investments in these investment vehicles carry special risks. The fund(s) may utilize speculative investment strategies, trade in volatile securities, and use leverage in an attempt to generate superior investment returns. The fund(s) may invest in illiquid securities for which there is not ready market and place restrictions on investors as to when funds may be withdrawn. Only investments in fund or fund vehicles that are diversified by investment style and typically utilize multiple investment managers within a fund are allowed. Before an alternative investment strategy is utilized, the strategy must be explained to, and approved by, the PBB.

Cash and Equivalents

It is generally expected that the investment manager will remain fully invested in securities; however, it is recognized that cash reserves may be utilized from time to time to provide liquidity or to implement some types of investment strategies. Cash reserves should be held in the custodian's money market fund, short-term maturity Treasury securities, and insured savings instruments of commercial banks and savings and loans.

Actions that may cause a significant deviation from these investment guidelines should be brought to the attention of the investment advisor by the investment manager prior to execution. Such actions may be authorized by the PBB if it determines they do not constitute an inappropriate departure from the spirit of this IPS. Similarly, unanticipated market action should also be brought to the attention of the PBB by the investment advisor.

Non-Permissible Investments

The Plans' assets should not be invested in the following unless agreed to by the PBB pursuant to an approved strategy or specifically approved in writing by the PBB:

- Purchases of letter stock, private placements, or direct payments;
- Private placement convertible issues, also known as "144A" convertible securities;
- Commodities transactions unless by managers approved for that strategy;
- Purchases of real estate, oil and gas properties, or other natural resources–related properties with the exception of Real Estate Investment Trusts or securities of real estate operating companies;
- Investments by the investment manager in their own securities or of their affiliates, or subsidiaries (excluding money market or other commingled funds as authorized by the PBB); and
- Any other security transaction not specifically authorized in this IPS.

VII. Constraints

Time Horizon

The Town of Old Saybrook is a long-term investor. The risk and return of the portfolio should be judged over the 3- to 5-year horizon.

Liquidity Requirements and Spending

On at least an annual basis, the investment advisor will provide a cash flow and liquid asset report to the PBB. This report will show the annual pension payroll outflow, employee and employer contributions and income generated from dividends and interest. Should the cash flows not be sufficient to cover the pension payroll, a review and restatement of the cash asset allocation should be considered and approved.

Tax, Legal / Regulatory and Unique Considerations

The Plans are not subject to federal or state income taxes.

The Plans are subject to the following regulation(s):

State laws and regulations.

VIII. Performance Evaluation

The investment advisor will be retained to provide quarterly performance measurement reports and the PBB should monitor the Plans' performance on a quarterly basis. The PBB will evaluate the Plans' success in achieving the investment objectives outlined in this IPS over a three- to five-year time horizon and a full market cycle.

The Plans' (and investment managers') performance should be reported in terms of rate of return (time-weighted and dollar-weighted) and changes in dollar value at the time of retention. When selecting an investment manager, the investment advisor will choose the appropriate benchmark(s). The investment managers will manage toward those benchmarks. While the benchmarks are not required to be the same as those outlined in the IPS, the performance of the combined investment managers should closely track the IPS benchmark. The returns should be compared to these appropriate market indexes for the most recent quarter and for annual and cumulative prior time periods. The Plans' asset allocation should also be reported on a quarterly basis.

Risk as measured by volatility, or standard deviation, should be evaluated after twelve months of performance history have accumulated. An attribution analysis should also be performed by the investment advisor to evaluate how much of the Plans' investment results are due to the investment managers' investment decisions, as compared to the effect of the financial markets. This analysis will use the IPS index as the performance benchmark for evaluating both the returns achieved and the level of risk taken for the total portfolio and the individual investment managers.

IX. Guidelines for Corrective Action

The investment advisor shall monitor and evaluate the actions of the investment managers. As part of the process for hiring investment managers, it is recognized that there is the potential for performance over short-term periods to deviate from the performance of representative market indexes. As a general rule, an investment manager will not be terminated on the basis of short-term performance if the investment manager is sound and is adhering to its investment style and approach. A sufficient interval of time shall be allowed to evaluate performance, keeping in mind at all times the Plans' diversification strategy as well as the overall quality of the relationship. The investment manager will be overseen by the investment advisor and may require an extra level of scrutiny, or consideration of termination, based on factors such as:

- Any material event that affects the ownership or capital structure of the investment management firm, or the management of this account;
- Any legal or regulatory action taken against the manager;
- Any material servicing deficiencies, including a failure to communicate significant changes in a timely fashion;
- Violation of the terms of the contract or changes to agreed upon services without prior written approval of the PBB;
- Significant style drift from the intended investment style that the manager was engaged to implement;
- Lack of diversification.

The investment manager may be replaced at any time as part of an overall restructuring of the portfolio or any other reason whatsoever.

Investment Manager Watch List

As part of the ongoing monitoring noted in "Guidelines for Corrective Actions," it may be necessary to place a manager on "Watch." This will give PBB members notice that an investment manager is not performing as expected and corrective action will be mandated. The horizon for reviewing the performance of an investment manager is long-term – defined as three to five years. Periodically, it may be necessary to place an investment manager on the "Watch List." Should any of the following conditions occur the investment advisor shall place a manager on the Watch List and notify the PBB at the next regularly scheduled board meeting:

- The investment manager significantly under-performs its benchmark;
- The investment manager experiences turnover of key members of its investment professional staff;
- The Investment Advisor becomes aware of a significant event affecting the investment manager (such as, but not limited to, a change of control, significant negative underperformance relative to its benchmark during any quarter, significant loss of assets under management, the disclosure of SEC or other federal investigations or inquiries into the money manager's operations); or
- Any other event that could affect the investment manager's ability to perform its investment management responsibilities for the PBB.

Once a manager is on the Watch List an update shall be given by the investment advisor on a quarterly basis. An investment manager shall be taken off of the Watch List if the matter that originally placed them on watch has been remedied or through termination of the relationship.

X. Meetings and Communications

- As a matter of course, each investment manager should promptly communicate to the Plans' investment advisor any material changes in the investment manager's outlook, investment policy, and tactics.
- Each investment manager should be available on a reasonable basis for telephone communication when needed.
- Any material event that affects the ownership of each investment management firm, any brokerage affiliation of such firm, its key investment personnel, or its management must be reported promptly to the Plans' investment advisor and reported to the PBB by the investment advisor.
- The PBB should obtain and review written performance measurement reports not less than quarterly.
- The investment advisor should meet with the PBB in person every three months.

This IPS is intended to be a summary of an investment philosophy that provides guidance for the PBB and other parties responsible for the management of these assets. It is understood that there can be no guarantees about the attainment of the goals or investment objectives outlined here.

XI. Approval

Prior to the approval of the IPS, the PBB should review the IPS, request the Town's investment advisor and any other professional review the PBB deems necessary to provide feedback prior to the consideration and approval of the IPS.

These professionals should be called upon by the PBB to check relevant documentation, particularly in the case of trusts or retirement plans or where there are legal constraints or prohibitions that impact the Plans' investment portfolio. The review and approval of the IPS is the ultimate responsibility of the PBB. Once approved by the PBB, the IPS should be forwarded to the Board of Selectmen for final approval and authorization.

Upon final approval by the Board of Selectmen, the IPS should be sent to the Plans' investment managers. It is the investment advisors' responsibility to confirm the investment manager's acceptance of the IPS, and it is the investment manager's responsibility to adhere to the IPS in managing the Plans' assets.

It is understood that the IPS is to be reviewed periodically by the Plans to determine if any revisions are warranted for any reasons including changing circumstances such as, but not limited to, changes in financial status, risk tolerance, or changes involving the investment managers.

By: _____
Chairperson of the PBB

Date

LICENSE AGREEMENT

THIS AGREEMENT made this day of June, 2020, by and between the Town of Old Saybrook, a municipality in the State of Connecticut, County of Middlesex and State of Connecticut, acting herein by its First Selectman, Carl P. Fortuna, Jr., (hereinafter referred to as the "TOWN"), and Two Sweet Peanuts, LLC, a Connecticut Limited Liability Company, doing business as the "Red Hen Restaurant", with an office and principal place of business at 286 Main Street, Old Saybrook, Connecticut, (hereinafter referred to as "RED HEN").

WHEREAS, RED HEN_ is the owner and operator of a full-service restaurant situated at 286 Main Street, Old Saybrook, Connecticut; and

WHEREAS, the TOWN is the owner of premises near the RED HEN's place of business, on which is situated the theater known as "The Kate"; and

WHEREAS, because of the medical emergency in the State of Connecticut known as the "Coronavirus", the RED HEN restaurant has been closed by Order of the State of Connecticut; and

WHEREAS, the State of Connecticut Orders have been modified to allow restaurants, such as the RED HEN, to provide service and to conduct business outdoors in the vicinity of such restaurants under certain terms and conditions; and

WHEREAS, the location of the RED HEN's business does not allow any area for outside seating for the service of customers; and

WHEREAS, RED HEN has filed with the Town of Old Saybrook a request to conduct its business adjacent to "The Kate" by a document entitled "Town of Old

Saybrook Outdoor Activities Questionnaire/Narrative" dated May 18, 2020, a copy of which is attached hereto and made a part hereof as "Schedule A"; and

WHEREAS, the TOWN, in the interest of helping small local businesses because of the conditions arising from the Coronavirus, is willing to allow the RED HEN to place tables and conduct its business on a portion of the premises in the vicinity of the premises on Main Street known as "The Kate".

NOW THEREFORE, in consideration of One (\$1.00) Dollar and other valuable consideration, especially relating to the premises recited above, the parties agree as follows:

1. The TOWN will allow and will grant permission and a license to REDHEN to conduct its restaurant business on property of the Town of Old Saybrook in accordance with the application and layout set forth in said "Schedule A".
2. There will be no rent or charge for the use of TOWN facilities as set forth in this Agreement.
- 3, RED HEN shall conduct its activities and limit the number of tables and chairs (to accommodate not more than twenty (20) persons), as is set forth in said "Schedule A".
4. In addition to the plot plan layout set forth in "Schedule A", RED HEN shall install, at its sole cost, any additional features required by the TOWN for safety or convenience of the general public. It shall not in any way conduct its business in a manner to interfere or obstruct the normal operation of "The Kate" in the performance of its activities as a public theater facility.

5. RED HEN shall conduct its activities on TOWN property in accordance with all local and State laws pertaining to the operation of its business, which activities shall include providing and serving of alcoholic beverages as determined and allowed under its license with the State of Connecticut to do so.

6. RED HEN has agreed to, and has provided the Town of Old Saybrook, with copies of acceptable evidence of liability insurance for its activities, including "Dram Shop" insurance coverage. It has listed the Town of Old Saybrook as an additional insured on its policies. RED HEN will hold the TOWN harmless from any and all claims made against it in the conduct of its activities on the Town property.

7. In its activities, RED HEN will make certain that the premises are kept clean and orderly at all times, and that all refuse generated by such activities shall be kept in closed containers which shall be emptied at least on a daily basis.

8. Activities on the property shall be limited to the hours during which it conducts business, and has a legal right to conduct under its present restaurant and liquor licenses.

9. The TOWN shall be allowed the right to inspect the activities of the RED HEN on its premises at all times.

10. This permission shall initially be for a period of one (1) month beginning on June 1, 2020. Thereafter, it may be renewed and extended on a month-to-month basis at the sole option and discretion of the TOWN. If the TOWN chooses not to extend this License Agreement, it shall notify the RED HEN, not less than ten (10) days before the end of each monthly period of its intention to do so. At the termination of this permission, RED HEN shall remove all of its property from the TOWN premises, and

shall restore it to the same condition as it was prior to the beginning of this license period.

11. The purpose of this License Agreement is to aid RED HEN during the period of time of crisis resulting from the Coronavirus. It is not intended to be a long-term business arrangement between the TOWN and the RED HEN.

11. This arrangement between the parties shall not be construed as being a lease between the parties, but only as a temporary license by the TOWN to RED HEN to use the premises as set forth herein. The TOWN shall retain the right to terminate this arrangement at any time during its period of operation at its sole discretion.

12. This License Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

TOWN OF OLD SAYBROOK

By:
Carl P. Fortuna, Jr.,
First Selectman

TWO SWEET PEANUTS, LLC,
d/b/a RED HEN RESTAURANT

Shelley DeProto

