

AMENDED MINUTES

GLASTONBURY BOARD OF FINANCE REGULAR MEETING MINUTES WEDNESDAY, DECEMBER 12, 2018

The Glastonbury Board of Finance with Julie Twilley, and Town Manager, Richard J. Johnson, in attendance, held a regular meeting at 4:00 p.m. in meeting room A, Town Hall, 2155 Main Street, Glastonbury, Connecticut.

Roll Call

Members

Mr. Constantine “Gus” Constantine, Chairman
Mr. Jared Soper, Vice Chairman
Mr. Walter Cusson
Mr. James McIntosh
Ms. Jennifer Sanford
Mr. James Zeller

1. Public Comment Session

Vice Chairman Soper asked to define who the public is for the BOF. In the Vice Chairman’s opinion, the public is an average citizen, not a member of Town Council or the BOE. He stated that the BOF should have a discussion on this, adding that they do not have to follow what the Town Council does. Ms. Sanford stated that the Public Comment Session is problematic because the Board cannot engage afterward. The Vice Chairman agreed, stating that the Public Comment section tends to be abused by members of other boards who speak most of the time, not allowing the general public to have their say. Mr. McIntosh commented that the BOF should define who they mean by “the public,” but the discussion should be tabled until next month. He also stated that he would like the Town Manager to advise how other councils do it, to which Mr. Johnson responded that the Board can simply include the definition within their rules.

2. Communication: Minutes of November 14, 2018

Tabled until next meeting

Mr. McIntosh expressed concern about the use of the word “**baking**,” on line 4 of Item #4 (Communication: Pension Report). Vice Chairman Soper stated that the word was used, and, in the projections of the speaker, he was “including” an assumption he would be able to deliver.

Mr. McIntosh also stated that the third line under Item #5 (Communication: Month End Investments) stating “to work with the state” should be changed to “to work with state **representatives**.”

AMENDED MINUTES

Mr. Zeller inquired about the use of the word “illegal” in Item #1 (Public Comment Section).

*Upon reviewing the audio file and gathering the transcript, it was concluded that Dr. Bookman did say, on two occasions, that removing the line item for health insurance and the reserve fund from the BOE fund would be illegal.

3. Communication: Pension Report—October 2018

Ms. Twilley reviewed her memorandum dated November 30, 2018. She stated that the report is as of the end of October, so the numbers will shift up as more reports come in.

4. Communication: Month End Investments – October 2018

Ms. Twilley reviewed her report dated November 30, 2018. Vice Chairman Soper inquired if the Board can invest in treasury yields. Ms. Twilley responded that the Department is looking into it, and it may happen in the next 3 months or so.

5. Communication: Financial Summary for 5 months – November 2018

Ms. Twilley reviewed her report dated December 5, 2018. She explained that there were a couple changes that accounted for the expenditure increase this year. First, November 2018 had 3 payroll accounts, as compared to 2 payroll accounts in November 2017. Second, there was a higher pension contribution this year. Mr. Zeller commented that the Board’s numbers are being driven by increased union wages, not pension.

6. Communication: Education Reconciliation – October 2018

Ms. Twilley reviewed her report dated December 4, 2018.

7. Communication: Capital Projects – November 2018

Ms. Twilley reviewed her report dated November 30, 2018. The Capital Reserve Projects Fund’s current appropriated funding is \$85.5m. Vice Chairman Soper inquired if that would go to referendum. Mr. Johnson replied that it depends on how you define “defined.” He stated that the town often does not bundle things together to go to referendum. The only reason they would is if it better qualified them for state reimbursement because one could not qualify if they were treated as separate projects. Ms. Sanford asked what the implications were of not meeting that self-imposed criteria. Mr. Johnson replied that the council put the criteria in place, and part of the kitchen project and the field house is exempt from that criteria.

Mr. Cusson asked the Town Manager if there would be a report about achieving the goals of the

AMENDED MINUTES

traffic study on the completed second roundabout on Hebron Ave/New London turnpike. Mr. Johnson replied that if they do a report, the Town Council will send the BOF a copy.

8. Communication: Self Insurance Reserve Fund – November 2018

Ms. Twilley reviewed her report dated December 4, 2018.

9. Communication: Transfers Approved by Town Manager Since Last Meeting

a) \$4,000 for Town Manager Office equipment

The Town Manager reviewed the Transfer of Funds dated November 19, 2018 to replace dated and inefficient office equipment. Mr. McIntosh suggested that though something may be old, it's not necessarily "dated," merely "inefficient."

10. Action: Transfers over \$5,000

a) \$11,700 to evaluate future closure requirements of Tryon Street, Bulky Waste Landfill

The Town Manager explained that this wasn't a formal new-old business item. The Town Council would like to establish a Bulky Waste Fund that would prepare for a landfill closure, several decades down the line. The Town is working with a firm to establish closure agreements so that they can build a model, which would be completely taxpayer funded. Ms. Sanford stated that the idea seems complicated. If one is already paying taxes, why not just take something out of that and put it away for a rainy fund? Vice Chairman Soper responded that it is a user fee versus a general tax. Contractors use bulky waste. Mr. McIntosh stated that the \$500k that Mr. Johnson speculated could fall on some future group.

Motion By: Chairman Constantine

Seconded By: All

BE IT RESOLVED, that the Glastonbury Board of Finance approves of the transfer of funds for Engineering/Environmental services to evaluate future closure/post closure requirements of Tryon Street, Bulky Waste Landfill.

Result: Motion passes unanimously {6-0-0}.

b) Grange Pool (see memo)

The Town Manager provided a background on the history of Grange Pool, which attracts about 7,000 visitors every summer, and is currently in dire need of repairs. The Town Council commissioned 2 inspections of the outdoor pool and the quotes they received were 300k and 360k. The Council advised the BOF to consider the higher estimate only (360k), though the exact price

AMENDED MINUTES

tag for the repairs is unknown. The goal is to bid in January and become ready to open by the start of the swimming season in summer 2019. The estimated life expectancy of the pool, post-repairs, is ± 5 years. ~~At which point, the Town Council hopes that the indoor aquatics center project will be constructed to replace the Grange Pool.~~ **At which point, the Town Council hopes that the ultimate solution to an outdoor or indoor aquatic facility will be resolved.**

Vice Chairman Soper expressed concern about the funding of the pool, stating that he doesn't like taking money out of capital reserves every year instead of putting it in, and finds the Council's approach in asking for an approval/recommendation without giving firm direction problematic. He asked if the BOF were to spend the \$350k now, would that put the fund under the excess of \$1m required? Mr. Johnson replied yes but explained that there is money coming in from grants so the unassigned fund balance will grow.

Motion By: Mr. Constantine

Seconded By: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance approves of the transfer of funds from the Capital Reserve-Unassigned Fund Balance to Capital Projects for repairs to the Grange Pool.

Result: Motion passes {4-0-2}.

In favor: Mr. Zeller, Mr. Constantine, Mr. McIntosh, Mr. Cusson

Opposed: Mr. Soper and Ms. Sanford

11. Action: Establish 2019 and January 2020 Regular Meeting Schedule

Mr. Cusson inquires whether there are meetings that can be forgone during the course of the year (in addition to August), such as the February 20, 2019 meeting. Mr. Johnson stated that if the Board were to do that, they would be better off scheduling a regular meeting then cancelling it later, instead of adding it as a special meeting on the calendar.

Motion By: Mr. Zeller

Seconded By: Mr. McIntosh

BE IT RESOLVED, that the Glastonbury Board of Finance approves the list of meetings scheduled on Item 11, dated December 12, 2018.

Result: Motion passes unanimously {6-0-0}.

12. Action: Establish FY2019/2020 Budget Calendar

Ms. Twilley reviewed the dates proposed in the memorandum, and the Board elected the following dates to hold their budget meetings.

Date	Purpose
- Thursday, January 17, 2019	CIP
- Thursday, January 24, 2019	Annual Town Meeting

AMENDED MINUTES

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|--------------------------------|-------------------------------|
| - * Tuesday, January 29, 2019 | Town Operating Budget |
| - * Thursday, January 31, 2019 | CIP or Other Remaining Items |
| - Tuesday, February 5, 2019 | BOE Budget and Public Hearing |
| - * Monday, February 11, 2019 | Propose Budget to Council |

* = The Board's selection between two dates offered.

Motion By: Mr. Zeller

Seconded By: All

BE IT RESOLVED, that the Glastonbury Board of Finance will hold meetings on the dates listed in the memorandum, and as seen above.

Result: Motion passes unanimously {6-0-0}.

13. Action: Board Members Requested the Following Items be Discussed

- a) **Pension Investment Rate of Return Assumption for FY2019/2020 Budget (see memo)**
Draft Motion: Be it resolved that, for the Town of Glastonbury Retirement Income Plan at _____ [6.625% in FY2018/2019 Budget] for Non-Hybrid groups and _____ [5.0% in FY2018/2019 Budget] for Hybrid groups.

Vice Chairman Soper stated that the Board needs to continue on the path they set forth. Moving it 1/8 (to 6.25%) is a more realistic rate of return in the long term. He stressed that the Board's biggest priority is to ensure that the pension is viable for Town employees and that the BOF is addressing it accordingly.

Chairman Constantine asked the Town Manager what the budget impact of \$325k is. Mr. Johnson stated that, for the Town budget, it will be around 0.5%.

Vice Chairman Soper inquired about the 6.20% shown in the chart of Item 13a, and the subsequent explanation provided by Ms. Becky Sielman. Ms. Twilley iterated Ms. Sielman's email commentary, which stated that one must look at 75 years to figure out the rate of return, not just 20 years. Vice Chairman Soper disagreed with this statement.

Mr. McIntosh stated that the Board's obligations are based on the 75-year funding horizon, so he doesn't find it unrealistic to use that time horizon. Instead, he proposed doing away with mutual funds and acquiring index funds, in order to get rid of the 6.20%.

Motion By: Mr. Cusson

Seconded By: All

BE IT RESOLVED that, for the Town of Glastonbury Retirement Income Plan at 6.5% in FY2018/2019 Budget for Non-Hybrid groups and 5.0% in FY2018/2019 Budget for Hybrid groups.

Result: Motion passes unanimously {6-0-0}.

Disc: Vice Chairman Soper pointed out that most new hires are in the hybrid plan, so it doesn't go 75 years. He believes that the Board is on the right path, to which Mr. McIntosh concurred.

AMENDED MINUTES

However, Mr. McIntosh also expressed discomfort with volatility, and proposed a discussion at a future meeting about which path is right, in regard to asset allocation.

14. Communication: BOE Letter to BOF re. Budget Format

Mr. Zeller reviewed the BOE letter to the BOF dated November 19, 2018. Mr. Zeller stated that the BOF had a meeting with the BOE on November 26, 2018 to ask them to amend their budget. The intention was to have the BOF request met the way it has been historically. Mr. McIntosh stated that the letter indicates that the BOE acted on November 12, 2018, before the BOF had their last meeting, which was very conciliatory. Mr. Zeller stated that he would like to reach out to the BOE for further clarification and discussion.

15. Board of Finance Committee Reports – Public Building Commission

Chairman Constantine was asked about the Public Building Commission report; he stated that the PBC still has not met. The Chairman then asked if Mr. Johnson could provide an update. Mr. Johnson stated that he could not do that in an open session, but the Board can vote to add it to the agenda.

Motion By: Mr. Cusson

Seconded By: Mr. McIntosh

BE IT RESOLVED, that the Glastonbury Board of Finance hereby adds the Public Building Commission update by the Town Manager to the December 12, 2018 agenda.

Result: Motion passes unanimously {6-0-0}.

Motion By: Chairman Constantine

Seconded By: Mr. McIntosh

BE IT RESOLVED, that the Glastonbury Board of Finance hereby turns off the recording device to commence a closed session.

Result: Motion passes unanimously {8-0-0}.

The recording clerk exited the room for the closed session.

16. Adjournment

Motion By: Chairman Constantine

Seconded By: Mr. McIntosh

BE IT RESOLVED, that the Glastonbury Board of Finance hereby adjourns their meeting of November 14, 2018, at 6:01pm.

Result: Motion passes unanimously {8-0-0}.

Respectfully submitted,

AMENDED MINUTES

Lilly Torosyan

**Lilly Torosyan
Recording Clerk**

For anyone seeking more information about this meeting, a video on demand is available at www.glastonbury-ct.gov/video; click on Public Broadcast Video On Demand and an audio recording is available in the Finance and Administrative Services Office.