

**GLASTONBURY BOARD OF FINANCE
REGULAR MEETING MINUTES
WEDNESDAY, JULY 17, 2019**

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

Also in attendance was Chris Kachmar from FIA.

Roll Call

Members

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

1. **Public Comment Session (sign in sheet provided) none**

2. **Action / Communication: Chris Kachmar from FIA**

a. Action: Proposed Target Asset Allocation to adjust Inflation Hedge and International Equities

Mr. Kachmar reviewed the July 2019 BOF meeting materials, noting that he integrated all of the requests made at the last BOF meeting, such as trimming some of the international equities and eliminating the Van Eck global hard assets. Mr. Soper agreed with the general direction that Mr. Kachmar laid out and suggested a few changes. Listed below is a summary of Mr. Soper’s remarks.

- The Town will need to change its investment policy guidelines.
- Mr. Soper agreed with moving the Inflation Hedge strategy from 6% to 4% and eliminating the Van Eck assets, but asked if there is a way to reduce the Credit Suisse fee of 1%, so that the Town can move towards hard assets as a protection strategy, as opposed to just a global overall commodity.
- Mr. Soper suggested moving the target of the Barings Core Property Fund from 5% to 6%.
- He suggested reducing International Equities from the 17.5% proposed to just 16%.
- He supported leaving the Domestic Equities target of 40%, but adding a midcap ETF, either Vanguard or iShares.
- The Vice Chairman noted that about \$800,000 a month is distributed to beneficiaries. He suggested keeping 4 months of the current deposit in cash, as well as an additional \$6 million in cash, which will then be allocated back to

various strategies over the next 6 months. Mr. Soper explained that keeping it in cash would yield almost the same return as bonds.

Motion by: Mr. Zeller

Seconded by: Mr. Soper

BE IT RESOLVED, that the Glastonbury Board of Finance hereby approves the change of the target allocation ranges to the following:

- Domestic Equities: 25.00% minimum weight to 45.00% maximum weight
- International Equities: 10.00% minimum weight to 30.00% maximum weight
- Money Market: 0% minimum weight to 7.50% maximum weight

Result: Motion passed unanimously (6-0-0).

Motion by: Mr. Soper

Seconded by: Mr. Cusson

BE IT RESOLVED, that the Glastonbury Board of Finance hereby approves the asset allocation targets for each component as the following:

- Short Term Liquidity (cash): 0.5%
- Fixed Income (bonds): 33.5%
- Domestic Equities: 40%
- International Equities: 16%
- Inflation Protection: 4%

Result: Motion passed unanimously (6-0-0).

Motion by: Mr. Soper

Seconded by: Mr. Cusson

BE IT RESOLVED, that the Glastonbury Board of Finance hereby approves the Real Estate asset allocation target of 6%.

Disc: Ms. Sanford explained that due to a conflict of interest, she cannot vote on this motion.

Result: Motion passed with one abstention (5-0-1).

b. Communication: Review of June Flash Report

Mr. Kachmar noted that the calendar year performance is up about 11%. He explained that he will go into further detail on this report during the next BOF meeting.

3. Communication: Minutes – June 19, 2019

Accepted as presented.

4. Communication: Pension Report – May 2019

Ms. Twilley reviewed the report dated June 17, 2019.

5. **Communication: Month End Investments – May 2019**

Ms. Twilley reviewed the report dated June 28, 2019.

6. **Communication: Financial Summary (Revenue & Expenditure) for 12 months - June 2019**

Ms. Twilley reviewed the report dated July 9, 2019. She noted that these numbers will change. Mr. Zeller asked if any more thought has been given to allocating a portion to healthcare. Mr. Johnson explained that if there is an opportunity to do something else, they will present it in September.

7. **Communication: Education Reconciliation – May 2019**

Ms. Twilley reviewed the report dated July 1, 2019.

8. **Communication: Capital Projects – June 2019**

Ms. Twilley reviewed the report dated July 9, 2019. Mr. Soper suggested delineating which capital projects are done on an annual basis and which are bigger, one-time projects. Mr. Zeller and Ms. Sanford agreed. Mr. Johnson said that he will look into it. Mr. Cusson asked about the status of the bike path from Western Boulevard. Mr. Johnson explained that all of the permits are in place and the easements have been executed, but they are waiting on the bid signoff from the DOT. Mr. Cusson also asked when Addison Road will be repaved and if it is covered under warranty. Mr. Johnson explained that there was a bad patch of pavement put down on one side, so the contractor agreed to do it over at no cost.

9. **Communication: Self Insurance Reserve Fund – June 2019**

Ms. Twilley reviewed the report dated July 2, 2019. Mr. Soper asked if the Town Manager has any timeframe as to when the Town Council will make a decision on which way to go. Mr. Johnson said sometime this fall.

10. **Communication: Transfers Approved by Town Manager Since Last Meeting (None)**

11. **Action: Transfers over \$5,000 (None)**

12. **Communication: \$1.71m Bond Anticipation Note Sale**

Ms. Twilley reviewed the report dated July 10, 2019.

13. **Communication: Elderly Homeowners Tax Credit Update**

Ms. Twilley reviewed the report dated June 19, 2019. Mr. Soper asked why it is biannual. Mr. Johnson said it is because of the state. Mr. Zeller expressed that it is a very good program but requested the grid to see the actual breakdown of how much it helps people.

14. **Communication: Economic Development Report**

Mr. Johnson reviewed the report dated July 11, 2019, noting that the Board had requested information detailing the economic development in Glastonbury. Mr. Zeller asked if there is any way to facilitate greater opportunities. Mr. Soper asked if a cost-benefit analysis could be conducted to see if the projects that the Town pursues are in their best financial interests.

15. **Board of Finance member Committee Reports, comments and remarks (no action to be taken)**

Mr. Constantine said that the PBC has not met yet. Mr. Soper announced that he will not run for another term at the BOF. As of August 31, 2019, he will step down as the Vice Chairman, but before doing so, he would like to nominate Ms. Sanford as his replacement. Mr. Soper will remain as a member of the BOF through the end of his term.

16. **Action: Add Item 17 to the agenda**

Motion by: Mr. Zeller

Seconded by: Mr. Cusson

BE IT RESOLVED, that the Glastonbury Board of Finance hereby adds Item 17 to the agenda.

Result: Motion passed unanimously (6-0-0).

17. **Action: Election of New Officer**

Motion by: Mr. Soper

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance accepts the resignation of Mr. Jared Soper as Vice Chairman of the Glastonbury Board of Finance, effective August 31, 2019, and elects Ms. Jennifer Sanford as the new Vice Chairman.

Result: Motion passed unanimously (6-0-0).

18. **Adjournment**

Motion by: Mr. Soper

Seconded by: Mr. Cusson

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of July 17, 2019, at 5:48 p.m.

Result: Motion passed unanimously (6-0-0).

Respectfully submitted,

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.