

**GLASTONBURY BOARD OF FINANCE
REGULAR MEETING MINUTES
WEDNESDAY, SEPTEMBER 18, 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 were Chris Kachmar from FIA; Ms. Nina Cousins, Controller; and Councilmembers George Norman, Chip Beckett, Whit Osgood, and Kurt Cavanaugh. Prior to the meeting, Ms. Twilley announced that Ms. Cousins is retiring, and this would be her last BOF meeting.

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. Fiduciary Governance Calendar for 2nd Quarter**

Mr. Kachmar went through the second quarter fiduciary governance calendar. Mr. Soper asked if the Town’s hybrid pension plan is still appropriately allocated, given that the Fed is lowering interest rates. Mr. Kachmar said yes, the general allocations continue to make sense. Mr. Johnson agreed, adding that the investment assumption is a conservative 5%.

In terms of legislative updates, Mr. Kachmar noted that estimated pension liabilities may go up 3-5% with the new mortality tables. Mr. McIntosh asked if that is because public employees live longer. Mr. Kachmar said yes. Ms. Sanford asked when the January 2019 study begins to impact pension plans. Ms. Twilley explained that the new auditors are still figuring out when the expectation will be to take in this new evaluation.

Mr. Kachmar noted that we are in the midst of a long expansion. He predicted that if there were to be a downturn in the market, it probably would not hit very intensely. Ms. Sanford asked if they are still committed to the large-cap value. Mr. Kachmar said that

the small cap in the U.S. have had a better run recently, but they are still relatively neutral on capitalization.

i. Action: Ratify Investment Policy Statement

Motion by: Mr. James Zeller

Seconded by: Mr. Walter Cusson

The Board of Finance has reviewed the changes and Retirement Investment Income Plan Investment Policy Statement and moves to re-ratify the Statement without changes.

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

ii. Action: Appointment of Investment Sub Committee Members

Motion by: Mr. James Zeller

Seconded by: Mr. Walter Cusson

The Board of Finance tables the appointment of investment subcommittee members until the November meeting.

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

b. Communication: Q2-2019 Portfolio Performance Review

Mr. Kachmar explained the performance numbers for the fiscal year. Ms. Sanford stated that negative-yielding bonds may not be the diversifying projector they hoped for. Mr. Kachmar agreed, stating that they do not have a lot of precedent for how this shapes out, and it will need to be monitored. Mr. Soper stated that the Board projected a 2.25% interest rate return on the general fund. He asked if the Board will struggle to get there. Mr. Kachmar said he believes it will be a struggle to achieve 2.25%. Ms. Cousins explained that they have a combination of funds that could be invested out for 5-7 years.

Mr. Kachmar explained that August was a down-market for equities, but it has turned a little in September. Thus far, this month, international stocks are outperforming the S&P for the first time in a while. Ms. Sanford stated that, at the last meeting, the Board sought to replace the Credit Suisse account, which has a 1% fee. Mr. Kachmar stated that he will look into another fund and get back to the Board.

Mr. Soper asked about the Touchstone growth fund, which has just shy of 90 basis points. He noted that it has been a relatively mediocre performer. Mr. Kachmar stated that they are thoughtful investors, noting that the fund has gone up lately, so he does have confidence in them, for the time being. Mr. Soper asked Ms. Twilley what the Town pension reports Milliman provides. Ms. Twilley stated that she will check on the GASB numbers and get back to the Board.

c. Communication: Portfolio Update

Mr. Kachmar explained that there will be a couple deliverables at the next meeting.

3) Communication: OPEB Annual Contribution

Ms. Twilley reviewed the report dated September 11, 2019.

4) Action: To move agenda Items 16 and 15 up to items 5 and 6 respectively

Motion by: Mr. Soper

Seconded by: Mr. Cusson

BE IT RESOLVED, that the Glastonbury Board of Finance hereby moves agenda Item 16 (“Board of Finance member Committee Reports, comments and remarks (no action to be taken)”) and Item 15 (“Action: Land Acquisition”) up to Items 5 and 6 respectively.

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

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

Mr. George Norman of the Town Council explained that he made a suggestion at the Council meeting for a BOF member to speak on about the budget process prior to its commencement, noting that it could help make the ensuing discussion less emotional, and would provide guidance to those building their budgets, leading to a more concrete budget discussion in March.

Mr. Johnson explained that, in previous years, a pre-budget workshop was held. Mr. Cusson asked when this meeting met last. Mr. Johnson said a few years ago. He noted that, should the Board so choose, they could hold a similar discussion. Mr. Zeller said that sooner is better. Mr. Norman agreed. Mr. Constantine asked if the Board would also get recommendations from the Council. Mr. Whit Osgood responded that the meeting should be held in November, so as to give them time and allow any newly elected members to participate. Ms. Sanford expressed support for any kind of meeting to assist in the budget process.

6) Land acquisition process

Motion by: Mr. Cusson

Seconded by: Mr. Zeller

BE IT RESOLVED that the Glastonbury Board of Finance hereby recommends to the Town Council acquisition of the ± 72-acre parcel off Dickinson Road.

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

7) Communication: Minutes – July 17, 2019

Minutes accepted as presented.

8) Action / Communication: Year-End Items

a) Communication: Preliminary Year End Review 2017-2018 After Year End Close

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

b) **Communication & Action: Health Self Insurance Fund YE Contribution (and transfer)**

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

Motion by: Mr. Cusson

Seconded by: Mr. Zeller

MOVED, that the Board of Finance hereby transfers \$120,300 from the Deductibles and Casualty Insurance funds to the Employee Related Insurance Fund.

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

c) **Communication: Special Revenue Funds June 30, 2019 Reports**

Ms. Twilley reviewed the report dated August 22, 2019.

- i) Sewer Operating and Sewer Sinking Funds
- ii) Recreation Activities and Police Private Duty Funds

d) **Communication: Review of Capital Outlay Carry Forwards**

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

e) **Action: Review and Approval of Encumbrance Carry Forwards**

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

Motion by: Mr. Cusson

Seconded by: Mr. Soper

BE IT RESOLVED that the Glastonbury Board of Finance hereby recommends to the Town Council the approval of the FY18/19 carry forward of encumbrances totaling \$195,000.79 for the General Fund and \$21,080.00 for the Sewer Operating Fund, as appropriations from Fund Balance.

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

f) **Communication: Review of Capital Projects to be Closed**

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

g) **Communication: Review of Intra-Department Transfers Under \$5,000**

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

h) Action: Review and Approval of Intra-Department Transfers Over \$5,000

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

Motion by: Mr. Cusson

Seconded by: Mr. Zeller

The Board of Finance approves the June 30, 2019 intra-department transfers over \$5,000 in the amount of \$994,369.

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

i) Action: FY18/19 Inter-Departmental Transfers.

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

Motion by: Mr. Cusson

Seconded by: Mr. Zeller

The Board of Finance approves the June 30, 2019 intra-department transfers in the amount of \$18,233.

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

9) Communication: Pension Report – July 2019

Ms. Twilley reviewed the report dated August 23, 2019.

10) Communication: Month End Investments – July 2019

Ms. Cousins reviewed the report dated September 9, 2019.

11) Communication: Financial Summary (Expenditure) for 2 months - August 2019

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

12) Communication: Education Reconciliation – July 2019

Ms. Cousins reviewed the report dated August 26, 2019.

13) Communication: Capital Projects – August 2019

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

14) Communication: Self Insurance Reserve Fund – August 2019

Ms. Twilley reviewed the report dated September 11, 2019.

15) Communication: Transfers Approved by Town Manager Since Last Meeting

- a) **Tax Department – 3rd Workstation at the Counter (\$1,100.00)**
- b) **Purchasing Department – Temporary Help (\$4,600.00)**

16) Action: Transfers over \$5,000

- a) **CIP - Library Space Planning Study (\$10,515.00)**

Motion by: Mr. Cusson

Seconded by: Mr. Zeller

MOVED, that the Board of Finance hereby transfers \$10,515 from the Library Space Planning Study to the Library Renovation Fund.

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

- b) **CIP - Library Windows (\$8,624.32)**

Motion by: Mr. Cusson

Seconded by: Mr. Zeller

MOVED, that the Board of Finance hereby transfers \$8,624.32 from the Library Windows Project to the Library Exterior Renovations Project and the Disaster Prep/Recovery Resource.

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

- c) **CIP - Elementary School A/C Repayment to General Fund**

Motion by: Mr. Cusson

Seconded by: Mr. Zeller

MOVED, that the Board of Finance hereby transfers \$75,000 from Capital Reserve Projects to the General Fund.

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

17) Communication: Bank Collateralization Report

Ms. Twilley reviewed the report dated June 30, 2019.

18) Adjournment

Motion by: Mr. Cusson

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of September 18, 2019, at 5:56 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.