

GLASTONBURY BOARD OF FINANCE
Amended REGULAR MEETING MINUTES *(see page 1)*
WEDNESDAY, OCTOBER 16, 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 and Ms. Narae McManus, Controller.

Roll Call

Members

Mr. Constantine “Gus” Constantine, Chairman

Ms. Jennifer Sanford, Vice Chairman

Mr. James McIntosh

Mr. James Zeller

Mr. Jared Soper

Mr. Walter Cusson {absent}

1. **Public Comment Session (sign in sheet provided)** *None*
2. **Action / Communication: Chris Kachmar from FIA**
 - a. **Communication: September Flash Report**

Before reviewing the report, Mr. Kachmar noted that a more detailed analytics report will be available at the next BOF meeting. He noted that, in the Capital Markets Flash Report, equity markets in September were constructive, with rates up and bond prices down. He noted that an 8.5% return on bonds is unanticipated good news. Mr. Kachmar remarked that it is unusual that both segments of the market (risk assets/equities and safe haven assets) have had a very good calendar year to date.

b. Communication: Asset Allocations (DB and Hybrid Plans)

Mr. Kachmar summarized that pension asset allocation performance is at a high level. A discussion then ensued about the particulars of considering private equity. Ms. Sanford and Mr. Zeller inquired about the possible benefits of it for the Town. Mr. Soper noted that for both Harvard and Yale, private equities significantly underperformed the S&P and regular equity markets. Mr. Kachmar said that there are pockets of private equity that have held up well, noting that private equity requires active management and good managers. Mr. Soper asked if the Town were to pursue private equity, would they have access to the best managers. Mr. Kachmar said he thinks so. Mr. McIntosh added that if both Harvard and Yale underperformed, then that is a sign that picking the best is very hard to do. Mr. Kachmar agreed to get more information and share it

with the Board at a later date, though he noted that the Town's 6.5% return assumption is entirely defensible.

Mr. Kachmar then reviewed the Potential Commodity Managers. Ms. Sanford explained that the fee structure seemed worse than she thought initially, so she will leave it up to Mr. Kachmar's expertise to see which option is cheaper. Mr. Soper remarked that management fees are usually included in expense ratios, but he acknowledged that may not be the case here. He also noted that the Parametric Commodity Strategy is a much smaller fund whose outperformance is due to the fact that it has much less energy exposure. Mr. Kachmar stated that he will go back and look at those numbers in more detail.

Mr. Soper also pointed out that the mortality tables might be somewhere between an additional 3-5% liability, which would increase their unfunded liabilities to around \$8 million. Mr. Kachmar cautioned against using those numbers because those are based on metrics and they are not credentialed to offer that actuarial advice. Mr. Zeller asked when all of this information will be available. Ms. Twilley stated that the tables are out, and in the coming weeks, the actuaries see what the impact will be, in order to have that information for the next budget season.

c. Action: Credit Suisse Alternatives

Motion by: Mr. Zeller

Seconded by: Mr. Soper

MOVED, that the Glastonbury Board of Finance tables the action on Credit Suisse Alternatives to the November meeting.

Result: Motion passed unanimously (5-0-0).

d. Action: Determination of Pension Committee Members (2), per page 2 of Investment Policy Statement

Motion by: Mr. Zeller

Seconded by: Mr. Soper

MOVED, that the Glastonbury Board of Finance tables the action on Determination of Pension Committee Members to the November meeting.

Result: Motion passed unanimously (5-0-0).

3. Communication: Minutes

a. September 18, 2019 – Regular Meeting

Minutes accepted as presented.

b. September 27, 2019 – Special Meeting

Minutes accepted as presented.

4. Communication: Pension Report – August 2019

Ms. Twilley presented the report dated September 25, 2019.

5. Communication: Month End Investments – August 2019

Ms. McManus presented the report dated October 8, 2019.

6. Communication: Financial Summary (Revenues & Expenditures) for 3 months - September 2019

Ms. Twilley presented the report dated October 9, 2019.

7. Communication: Education Reconciliation – August 2019

Ms. McManus presented the report dated September 26, 2019.

8. Communication: Capital Projects – September 2019

Ms. Twilley presented the report dated October 9, 2019. Mr. Zeller stated that he read an article in the Glastonbury Citizen that discussed the locker room project being approved at \$2.2 million. Mr. Johnson clarified the confusion, noting that \$1 million is allocated. He stated that he is not sure that the article captured the discussion of all of the details.

Mr. McIntosh noted confusion on what “open space access” means. Mr. Johnson explained that, typically, they conduct one project a year to provide a small public parking lot, signs, and access for certain properties that need it. The Town Manager noted that these projects have been ongoing for many years and are partially grant-funded. Next up is improvements to the parking lot at JB Williams Park.

9. Communication: Self Insurance Reserve Fund – September 2019

Ms. Twilley presented the report dated October 3, 2019.

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

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

12. Action: Land Acquisition

Mr. Johnson explained that this is the proposal for Town purchase of four parcels of MDC lands that are located on Kenney Street, Howe Road, and Hebron Avenue. This proposed acquisition dates back to the 1970s. Over the years, there have been various groups working on it and various discussions to preserve this, and acquisition has consistently been cited as a goal. There is a purchase and sale agreement, and the property has been appraised. It has significant development potential. \$8 million is the price. There is an approved grant of \$1 million that would reduce the Town’s price to \$7 million. This matter came up in 2016, and at the time, \$5 million was allocated. With that \$5 million through prior action, the suggestion is for the additional \$3 million to be from \$2 million from bond authorization and \$1 million from the general fund (with the cost to be reimbursed by the grant afterwards). Mr. Johnson stated that if

that funding mechanism proceeds, the Town's net of \$7 million would be funded by \$2.7 million from the general fund and \$4.3 million from the bond authorization.

A discussion ensued among the Board about how best to go about funding this land acquisition. The following motions were proposed.

Motion by: Mr. Zeller

Seconded by: Mr. Soper

MOVED, that the Glastonbury Board of Finance hereby moves \$300,000 from the unassigned fund balance and authorize bonding of \$2.8 million.

Result: Motion denied. All voted against except for Mr. Zeller (1-0-4).

Motion by: Mr. Zeller

Seconded by: Mr. Soper

MOVED, that the Glastonbury Board of Finance hereby authorizes the \$2 million bond authorization and \$1 million appropriation of transfer from the general fund, with the understanding that \$1 million will be reimbursed to the general fund by any state grants received; and confirms the prior actions of \$2.7 million that was transferred from the unassigned fund balance and the \$4.3 million from the bond authorization.

Result: Motion passed unanimously (5-0-0).

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

a. Request of Jared Soper: Financial Model used during FY2019/2020 Budget discussions

Mr. Soper explained that he had provided everyone with financial projections from a year ago, which he finds very valuable, even if the numbers are not current. He stated that, in future years, it would be great to start this process earlier, in September or October, because a lot of the information is already known by that point, and it will help inform council members and everyone involved in the process early on. A discussion then ensued among the Board about the benefits and drawbacks of doing this.

Mr. McIntosh thanked Mr. Soper for his expertise and contributions to the Board. Ms. Sanford also thanked Mr. Soper for his service. The rest of the Board concurred.

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

Mr. Constantine stated that he went to a public meeting for a referendum on the library. He noted that the design plans have been changed to eliminate one of the additions, but they were still spending \$6.5 million. Mr. Johnson explained that there was, indeed, still an addition to the library, but that the original plans have been revised.

15. Adjournment

Motion by: Mr. Zeller

Seconded by: Mr. Soper

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of October 16, 2019, at 5:36 p.m.

Result: Motion passed unanimously (5-0-0).

Respectfully submitted,

Lilly Torosyan

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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.