

**GLASTONBURY BOARD OF FINANCE  
REGULAR MEETING MINUTES  
WEDNESDAY, NOVEMBER 20, 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. Robert Lynn  
Mr. James McIntosh  
Mr. James Zeller  
Mr. Walter Cusson

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

**a. Action: Election of Officers**

***Motion by:*** Mr. Cusson

***Seconded by:*** Mr. McIntosh

BE IT RESOLVED, that the Glastonbury Board of Finance hereby adds Item 1a. the “Action: Election of Officers” to the agenda.

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

***Nomination by:*** Mr. McIntosh

***Seconded by:*** Mr. Zeller

Mr. Constantine “Gus” Constantine as Chairman.

Mr. Constantine called for other nominations. Hearing none, he closed the nominations.

***Result:*** Mr. Constantine was elected as Chairman by a unanimous vote (6-0-0).

***Nomination by:*** Mr. Zeller

***Seconded by:*** Mr. McIntosh

Ms. Jennifer Sanford as Vice Chairman.

Mr. Constantine called for other nominations. Hearing none, he closed the nominations.

**Result:** Ms. Sanford was elected as Vice Chairman by a unanimous vote (6-0-0).

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

**a. Communication: October Flash Report**

Mr. Kachmar reviewed the October Flash Report. He noted that the tone of the markets has been constructive, with it being a solid year for both domestic and international markets. He explained that interest rates continue to have a downdraft with YTD bonds broadly up, close to 9%. Mr. McIntosh asked, since the Federal Reserve is lowering interest rates, they may be faced with lower returns on fixed rate investments, so should the Board consider changing their allocations. Mr. Kachmar said potentially, but he does not know if it quells up just yet to making dramatic changes in allocation. He noted that the Town's portfolio is designed to bring them to their actuarial target. Mr. Lynn asked if their portfolio is above average, in terms of overall risk. Mr. Kachmar replied that data is noted in their formal quarterly reports, not these flash reports. In the portfolio at the end of October, Mr. Kachmar noted that they have completed 4 of the 6 drawdowns on their contributions. He reminded the Board that, as per their endorsement, the big change in the target allocation level was more domestic equity at the expense of international equity.

In regard to commodity managers, Mr. Kachmar recommended the Board do a pure swap of the Credit Suisse fund for the Parametric fund. He noted that while DFA is the cheapest of the three funds (DFA, Parametric, and Credit Suisse), given their particulars and track records expressed in returns, Parametric has done the best job of the three. Mr. Zeller inquired about the expense ratio. Mr. Kachmar stated that it is not a huge difference, with about \$1,700 a year in savings. Ms. Sanford clarified that, even though the savings are small, Mr. Kachmar still recommends moving to this other fund, due to how they handle collateral. Mr. Kachmar said that is correct; he explained that Parametric's approach to managing exposure is a little more eclectic and involved in managing and diversifying their program than Credit Suisse's.

**b. Action: Credit Suisse vs. Other Commodity Manager**

**Motion by:** Mr. McIntosh

**Seconded by:** Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby approves the transfer of funds from the Credit Suisse Commodity Return Strategy Fund to the Parametric Commodity Return Strategy Fund.

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

**c. Action: Pension Committee Members**

Mr. Constantine and Mr. Lynn expressed interest in serving on the Pension Committee.

**Motion by:** Mr. Cusson

**Seconded by:** Mr. Zeller

MOVED, that the Glastonbury Board of Finance hereby appoints Mr. Constantine and Mr. Lynn as pension committee members.

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

**3. Communication: Minutes – October 16, 2019**

Ms. Twilley noted that Mr. Soper was mistakenly listed as Vice Chairman on the minutes. The minutes were accepted as amended.

**4. Communication: Pension Report – September 2019**

Ms. Twilley reviewed the report dated October 18, 2019. Mr. McIntosh asked Mr. Lynn if he is familiar with the situation of the pensions of Town employees. Mr. McIntosh explained the history and Mr. Johnson elaborated.

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

Ms. McManus reviewed the report dated November 4, 2019. Mr. Zeller noted that, for 2019, the Town budgeted \$800,000. He asked what the Town's final earnings were. Ms. McManus said that the actual earnings were \$1,317,000.

**6. Communication: Financial Summary (Revenues & Expenditures) for 4 months - October 2019**

Ms. Twilley reviewed the report dated November 15, 2019.

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

Ms. McManus reviewed the report dated November 11, 2019.

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

Ms. Twilley reviewed the report dated November 15, 2019. Mr. Zeller inquired about the GHS kitchen upgrades. Mr. Johnson replied that the majority of the work will be done in the summer of 2020. Ms. Sanford asked what the "revised budget" on page 1 refers to. Ms. Twilley explained that the original budget is what was adopted, and the revised budget reflects what it is at year's end. Ms. Twilley offered to print out the one-paged budget document that shows just the CIP programs that were approved for the quarter of the year. Ms. Sanford said that would be her benchmark reference.

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

Ms. Twilley reviewed the report dated November 6, 2019. Mr. McIntosh asked why there are different stop loss numbers for the BOE and the Town because the risks are the same. Mr. Johnson replied that the risks are the same, but the ability for the self-insurance fund to absorb the losses is different because of their different employee populations. Mr. Johnson explained that they could not sustain the losses on the Town’s side, so they went with a bifurcated stop loss that was more commensurate with the size of the two employee groups. Mr. McIntosh asked if there was a premium for this. Mr. Johnson replied yes, but not something that did not make sense from a cost benefit standpoint. Mr. Lynn noted that the actuaries say they need \$5.6 million for the claims. Ms. Twilley explained the formula that they have always used, noting that it is a conservative look at what the total reserve should be.

10. **Communication: Transfers Approved by Town Manager Since Last Meeting**

- a. Community Development – Training & Dues

11. **Action: Transfers over \$5,000**

- a. Multi-Use Trail

**Motion by:** Mr. Cusson

**Seconded by:** Mr. McIntosh

BE IT RESOLVED, that the Glastonbury Board of Finance hereby recommends to the Town Council the transfer of funds from Printing and Reproduction and Part-Time Wages to Training and Dues, in the amount of \$450.

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

- b. **Hebron Avenue Resurfacing**

**Motion by:** Mr. Cusson

**Seconded by:** Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby recommends to the Town Council a transfer of funds from the Capital Reserve Fund—Unassigned Fund Balance to the Capital Projects—Multi-Use Trail, in the amount of \$253,000.

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

- c. **Closing of Dam Maintenance CIP Account**

**Motion by:** Mr. Cusson

**Seconded by:** Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby approves the transfer of funds from the Capital Reserve Fund—Unassigned Fund Balance to the Capital Projects—Hebron Avenue Resurfacing Fund, in the amount of \$26,806.

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

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

Mr. Constantine stated that the PBC has not met, so he has no report.

### 13. Adjournment

**Motion by:** Mr. Cusson

**Seconded by:** Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of November 20, 2019, at 4:50 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](http://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.*