

**GLASTONBURY BOARD OF FINANCE  
REGULAR MEETING MINUTES  
WEDNESDAY, MAY 20, 2020**

The Glastonbury Board of Finance, along with Finance Director, Julie Twilley, and Town Manager, Richard J. Johnson, held a regular meeting at 4:00 p.m. via dial-in conferencing.

Also on the call was Controller Narae McManus.

**Roll Call**

***Members***

Mr. Constantine “Gus” Constantine, Chairman  
Ms. Jennifer Sanford, Vice Chairman  
Mr. Robert Lynn  
Mr. James McIntosh {dialed in at 4:30 p.m.}  
Mr. James Zeller  
Mr. Walter Cusson

**1. Public Comment Session Pertaining to the Call** *None*

**2. Communication:**

**a. Minutes - April 22, 2020 (Pension Sub-Committee Special Meeting)**

Minutes accepted as presented.

**b. Minutes - April 22, 2020 (Regular Meeting)**

Minutes accepted as presented.

**3. Communication: Pension Report – February 2020**

Ms. Twilley reviewed the report dated April 20, 2020. She pointed out that there has been some better news since the end of March. Ms. Sanford asked if the benefits payments are fairly steady every month. Ms. Twilley stated that is correct.

**4. Communication: Month End Investments – February 2020**

Ms. McManus reviewed the report dated April 24, 2020.

**5. Communication: Financial Summary for 10 months – April 2020**

Ms. Twilley reviewed the report dated May 8, 2020. She noted that this report is as of April 30, so it only includes minimal impact from the COVID-19 pandemic. Ms. Sanford asked if the BOE has had some savings. Ms. Twilley stated that is mostly due to timing because they used to pay upfront, but now, they pay quarterly. Mr. Zeller remarked on the pension contributions for the BOE and the Town. He noted that the disparity seems a lot smaller than he thought it would be.

He suggested that perhaps that is due to the impact of the hybrid plan, but he posed the question. Ms. Twilley stated that she will look into that.

**6. Communication: Education Reconciliation – March 2020**

Ms. McManus reviewed the report dated May 8, 2020.

**7. Communication: Capital Projects – April 2020**

Ms. Twilley reviewed the report dated May 8, 2020. Mr. Cusson asked if the multi-use trail is on track for this season. Mr. Johnson stated that the contract has been awarded, so they expect to get it constructed this season.

**8. Communication: Self Insurance Reserve Fund – April 2020**

Ms. Twilley reviewed the report dated May 7, 2020.

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

**a. Emergency Management Laptop**

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

**a. \$150,000 Public Access Telephone Equipment**

*Motion by:* Mr. Cusson

*Seconded by:* Mr. Lynn

BE IT RESOLVED, that the Glastonbury Board of Finance hereby transfers \$150,000 from the General Fund - Unassigned Fund Balance to the Capital Outlay - Town Manager Fund for public access telephone equipment.

*Result:* Motion passed unanimously {5-0-0}.

**11. Action: Recommend the transfer of certain uncollected taxes to the Suspense Tax Book**

*Motion by:* Mr. Cusson

*Seconded by:* Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby transfers \$146,279.29 of uncollected taxes to the Suspense Tax Book.

*Result:* Motion passed unanimously {5-0-0}.

**12. Action: Recommendation to Town Council Auditor for Fiscal Year Ending June 30, 2020**

*Motion by:* Mr. Cusson

*Seconded by:* Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby recommends to the Town Council the appointment of RSM as the Town auditors for the fiscal year ending June 30, 2020.

**Result:** Motion passed unanimously {5-0-0}.

### **13. Communication / Action: Pension Sub-Committee Follow-Up Memo and April Flash Report**

Mr. McIntosh joined the meeting at 4:30 P.M.

Ms. Sanford proposed an action item to go over the weight of international versus domestic equities. Mr. Lynn agreed. Ms. Twilley stated that they can make that change and reach out to Mr. Kachmar of FIA on what he would recommend rebalancing.

**Motion by:** Mr. Lynn

**Seconded by:** Mr. Zeller

MOVED, that the Glastonbury Board of Finance hereby changes the Hybrid Plan target allocation ranges of international equities from 10% to 30% and domestic equities from 25% to 45%.

**Result:** Motion passed unanimously {6-0-0}.

**Motion by:** Mr. Zeller

**Seconded by:** Mr. Cusson

MOVED, that the Glastonbury Board of Finance hereby allows Mr. Kachmar of FIA to take the appropriate actions to bring the Town investments in line with the motion made above.

**Result:** Motion passed unanimously {6-0-0}.

Mr. Lynn stated that the previous pension subcommittee meeting was not as productive as it could have been because they were not able to dive into the funds. His main concern is that they are meeting the benchmark while having more risk. Good managers deliver better returns with less risk. He expressed the desire to set up another subcommittee meeting with FIA (on a day when there is no BOF regular meeting scheduled) to go through, fund by fund, and have FIA defend each one.

Ms. Sanford stated that she thinks that Mr. Kachmar did a great presentation and answered the questions that they had sent him. She stated that, from a due diligence perspective, they have done the best they can. Right now, they can talk about some of the funds that are concerning, such as the Templeton Global Bond Fund.

Mr. Johnson explained that the most productive way to go about this is for Mr. Kachmar to answer specific concerns and questions. Mr. Lynn stated that he can send in some questions. Ms. Twilley stated that she will plan some time to collect questions from the BOF and some time for Mr. Kachmar to put together materials, at which point, they will set up tentative dates for another subcommittee meeting.

Ms. Sanford stated that lowering the rate of return assumption for the plans from 6.5% is a focus and getting it in line with FIA's median assumption is still something that she is concerned about. She stated that while there is no action item on this, she hopes that Mr. Kachmar will

continue to come back to discuss this. Mr. Zeller asked the Town Manager if they are looking at perhaps coming down by a quarter of a percentage. Mr. Johnson explained that the July 2020 valuation will tell them what the unfunded liability will be, which will be another data point. They will know better when they start looking at numbers from the valuation. Ms. Sanford stated that it seems that the efficient frontier model is moving away from their assumed rate of return.

Mr. Zeller expressed that the BOE Superintendent has been saying that their pension plan is less expensive than the Town's pension plan. There could be short-term advantages to the BOE's situation, but he does not have any information for the long-term. Mr. Johnson stated that he will try to get information.

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

Mr. Constantine stated that PBC still has not met. Mr. Johnson added that PBC will have a meeting next week to look at the final design for the library renovation. Mr. McIntosh remarked that, in regard to the pension discussion, they have not considered whether currently listed life expectancies are still valid. Because COVID-19 is hitting the elderly in particular, that must be driving down life expectancy.

**15. Adjournment**

*Motion by:* Mr. Zeller

*Seconded by:* Mr. Lynn

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of May 20, 2020, at 5:08 p.m.

*Result:* Motion passes 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.*