

**GLASTONBURY BOARD OF FINANCE
REGULAR MEETING MINUTES
WEDNESDAY, JUNE 17, 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
Mr. James Zeller
Mr. Walter Cusson

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

2. Communication:

a. Minutes - May 20, 2020

Minutes accepted as presented.

3. Communication: Pension Report – April 2020

Ms. Twilley presented the report dated May 18, 2020.

4. Communication: Month End Investments – April 2020

Ms. McManus presented the report dated May 18, 2020.

5. Communication: Financial Summary for 11 months - May 2020

Ms. Twilley presented the report dated June 10, 2020. She noted that there is a separate agenda item that will go over the impact from COVID-19.

6. Communication: Education Reconciliation – April 2020

Ms. McManus presented the report dated May 22, 2020.

7. Communication: Capital Projects – May 2020

Ms. Twilley presented the report dated June 10, 2020.

8. Communication: Self Insurance Reserve Fund – May 2020

Ms. Twilley presented the report dated June 5, 2020.

9. Communication: Transfer to Education for supplemental funding [SS10-222a]

Ms. Twilley presented the document listing the administrative transfer dated June 10, 2020. Ms. Sanford asked if the volatility or variability of this number is the same every year. Ms. Twilley said yes, it is very close to that.

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

11. Action: Transfers over \$5,000

a. \$7,000 New Vision Software

Motion by: Mr. McIntosh

Seconded by: Mr. Zeller

MOVED, that the Glastonbury Board of Finance hereby transfers \$7,000 from the Accounting - Office Equipment/Furniture account to the Town Clerk- Data Processing account.

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

b. Debt Service to Capital Reserve Fund

Motion by: Mr. McIntosh

Seconded by: Mr. Zeller

MOVED, that the Glastonbury Board of Finance hereby recommends the transfer of \$174,000 from the General Fund - Debt Service to the Capital Reserve Fund.

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

Mr. Johnson explained that the Council will likely wish to move the \$174,000 from the Capital Reserve Fund to the Capital Projects for Land Acquisition Fund. In order to mitigate the back and forth, he suggested the Board make that recommendation tonight. Mr. Zeller expressed that he would like more information on this, so it would be better to hold off on this action. Mr. Cusson explained that he is in favor of moving both actions at the same time. Mr. Lynn agreed.

Motion by: Mr. Cusson

Seconded by: Mr. Lynn

MOVED, that the Glastonbury Board of Finance hereby adds to the agenda an additional action item on moving money from the Capital Reserve Fund to the Land Acquisition Fund.

Disc: Mr. Zeller expressed that he is uncomfortable with this action because he would like to know what he is voting on. He also agreed with Mr. McIntosh's point that a land acquisition can wait a month or two.

Result: Motion failed {2-4-0}, with only Mr. Cusson and Mr. Lynn voting in favor.

12. Communication: Bank Collateralization Reports

Ms. Twilley reviewed the report as of March 31, 2020.

13. Action: Approval of Financial Institutions

Ms. Twilley reviewed the report dated June 11, 2020.

Motion by: Mr. Zeller

Seconded by: Mr. McIntosh

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

14. Communication: Budget Projections

Mr. Johnson reviewed the report dated June 11, 2020. He explained that the projections were based on information available as of April 30. He expects revenues to be pretty much on target. Due to COVID-19, there are wage savings for some positions. This year will generally be a good year. Next year, a couple of items will be of significance: 1.25% interest rates were projected when the budget was enacted on March 5. However, the investment market is not good. Some investment earnings will also be lost because tax payments have been extended to October. Going into 2021, they will keep an eye on the collection rate and the investment returns.

Mr. Zeller pointed out that there was an article in the Glastonbury Citizen which stated that, though the school buses are not running, the BOE had to purchase the fuel anyway. Mr. Johnson explained that they purchase fuel many months in advance to lock in a low price. Therefore, they have made a commitment to the vendor and cannot back out of that deal. However, typically, the liquidation rate is lower than if you were to use the fuel. In the worst-case scenario, the BOE would be liquidating about \$60,000 of fuel that they did not receive and burn. He expects that this would be a COVID-related expenditure because the state closed the schools, and they would put that in for reimbursement. Mr. Zeller asked about nulling and voiding the contract or selling the fuel. Mr. Johnson stated that those options seem implausible, but he will take a look at them again.

Ms. Sanford explained that some municipalities are receiving money from the CARES Act. Has Glastonbury received any revenues, and will any aid come in to assist in ensuring safe elections? She also stated that, in the future, with surpluses like \$174,000 for land acquisition, the Council could give that money back to the taxpayer, such as by not extending the amortization by \$200,000. Mr. Johnson replied that Glastonbury will be receiving some funding for certain election expenses, though it might not be a windfall. Ms. Twilley added that the funds will reimburse expenditures but will not cover lost revenues. Mr. Johnson explained that they are seeking reimbursement from the CARES Act, as well as from FEMA and the COVID-19 Relief Fund.

15. Communication: Pension Plan Design

Mr. Johnson reviewed the report dated May 22, 2020. He explained that Mr. Zeller asked for the pension contribution plans for the hybrid plan contrasted with the legacy plan. The approach that the BOE took on the hybrid plan was that they increased employee contributions but did not roll out a new plan design. He explained the thought process behind the hybrid plan.

Mr. Zeller stated that he would like to ask the BOE what assumptions they made because the Superintendent claims that his approach saves the Town more money than the Town's approach, which the Town Manager disagrees with. It is the BOF's obligation to advise the BOE on the best course of action, and he is not able to reconcile these two disparate approaches to pension plan funding. He asked if anyone else on the Board shares this concern. Mr. McIntosh expressed that though they are different approaches, that fact alone does not necessarily mean that there is anything wrong or right about either of them.

Ms. Sanford agreed with Mr. Zeller, stating that one approach is a more financially sustainable plan. As they move to this extremely low interest rate environment, and as they see the 7-year success of this other design plan, it is important that they reconcile why a big part of the BOE is not considering that. She noted that, awhile back, the Superintendent said that they looked into it and concluded that it would not save them more money, but that does not seem true. One plan looks more financially stable than the other. Mr. Johnson suggested a way forward by having a discussion with the BOE on this topic. The Board agreed.

16. Communication / Action: Special Meeting on June 24, 2020 at 10:00 AM

Mr. Lynn and Mr. McIntosh will not be able to attend. The Board came to a consensus to have a special meeting with four members attending.

17. Communication / Possible Action: Templeton Fund and Equity-Bond Rebalancing (Report of Pension Fund balances to be provided early next week)

Ms. Sanford explained that she would like to talk about the current pension asset allocation. They have over-weighted equities and under-weighted bonds. She would like to bring their pension back to target and let FIA move forward in the manner they see best to achieve this goal. Mr. Lynn agreed, saying that he would like to hear their opinion at the June 24th meeting before making a final determination.

Ms. Sanford suggested asking Ms. Twilley to send FIA a letter now, to give them more optionality. She feels that doing this sooner rather than later is best. Mr. Cusson and Mr. McIntosh support Ms. Sanford's suggestion. Ms. Twilley stated that she will reach out to Mr. Kachmar and ask him to rebalance to get back to target the way that he sees fit. He does not need to wait until the next meeting to do so.

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

Mr. Constantine noted that there was a PBC, but he was unable to attend. Mr. Johnson explained that they took action on the library project and are finalizing the documents to go to bid in late June/the beginning of July. Mr. McIntosh asked if solar panels are being planned for other municipal buildings. Mr. Johnson explained that most town and school facilities have them. They have been installing solar panels in a phased approach.

19. Adjournment

Motion by: Mr. Cusson

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of May 20, 2020, at 5:32 p.m.

Result: Motion passes unanimously {6-0-0}.

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.