

**GLASTONBURY BOARD OF FINANCE  
REGULAR MEETING MINUTES  
WEDNESDAY, JULY 15, 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 and Chris Kachmar from FIA.

**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 - June 17, 2020 (Regular Meeting)**

Minutes accepted as presented.

**b. Minutes - June 24, 2020 (Special Meeting)**

Minutes accepted as presented.

**3. Action / Communication - Chris from FIA**

**a. Action: Remove current investment manager(s) and replace with other manager(s).**

Chris Kachmar from FIA explained that they have a recommendation within the domestic equity portion of the program. He sent Ms. Twilley flash materials in an email on Monday to share with the Board. He noted that performance through the end of June has been marked by tenuous growth. He did not include the new hires’ plan, in the interest of time. Otherwise, all is in good working order and in line with their target.

Mr. Lynn inquired about the Barings real estate performance. Mr. Kachmar explained that that is just an estimate, so the number will be fine-tuned and included in their full-blown report in August. Ms. Sanford stated that it is wonderful to see that they are outperforming benchmark and are on a solid path. Mr. Kachmar thanked the Board for their willingness to rebalance the portfolio. Mr. Kachmar noted that the investment policy statement is in good working order, then went over a summary of his recommendations. Mr. Lynn stated that he has reviewed the material and supports the recommendations. Ms. Sanford agreed.

**Motion by:** Mr. Zeller **Seconded by:** Mr. Lynn  
RESOLVED, that the Glastonbury Board of Finance hereby eliminates the Touchstone Growth Opportunities Fund and DFA U.S. Vector Equity Fund.  
**Result:** Motion passed unanimously {6-0-0}.

**Motion by:** Mr. Zeller **Seconded by:** Ms. Sanford  
RESOLVED, that the Glastonbury Board of Finance hereby adds Jackson Square, an actively managed small midcap growth mandate, with a 6% target, in accordance with FIA's recommendation.  
**Result:** Motion passed unanimously {6-0-0}.

**Motion by:** Mr. Zeller **Seconded by:** Ms. Sanford  
RESOLVED, that the Glastonbury Board of Finance hereby adds Earnest Partners, an actively managed small midcap value mandate, with a 6% target, in accordance with FIA's recommendation.  
**Result:** Motion passed unanimously {6-0-0}.

**Motion by:** Ms. Sanford **Seconded by:** Mr. Zeller  
RESOLVED, that the Glastonbury Board of Finance hereby rolls the remaining funds from the liquidation of Touchstone Growth and DFA into the Vanguard Institutional Index, going from 22% to 28%.  
**Disc:** Mr. Cusson thanked members of the subcommittee and Mr. Kachmar for working hard on this.  
**Result:** Motion passed unanimously {6-0-0}.

**a. Communication: Governance Calendar, June Report, and other related items.**

**4. Communication: Pension Report – May 2020**

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

**5. Communication: Month End Investments – May 2020**

Ms. McManus presented the report dated June 15, 2020.

**6. Communication: Financial Summary (Revenue & Expenditure) for 12 months - June 2020**

Ms. Twilley presented the report dated July 10, 2020. She reminded the Board that the fiscal year will not be completely closed for a few more weeks, so these numbers are very preliminary and will change. She has not yet had a chance to quantify the additional expenditures that have been booked. Mr. Johnson cautioned against making any conclusions from these very preliminary results. There are a lot of costs that are not encumbered or expended as of yet, and many of these have carry-forwards, as well.

Ms. Sanford asked if the \$1.65 million sits in the unassigned fund balance. Ms. Twilley stated that it came in as revenue, so it is booked in the general fund. Mr. Lynn asked if the revenue increase is the settlement money for the boat house. Mr. Johnson explained that the \$1.65 million

mentioned is what has been received and deposited by the Town for the settlement for the boat house. It is a part of the settlement, not their ongoing operations/expenditures.

**7. Communication: Education Reconciliation – May 2020**

Ms. McManus presented the report dated July 9, 2020.

**8. Communication: Capital Projects – June 2020**

Ms. Twilley reviewed the report dated July 10, 2020. Mr. Lynn asked if they thought about delaying the splash pads for a year, since it does not look like a COVID-19 vaccine will be out before then. Mr. Johnson stated that he expects the splash pad to go forward in 2021, not this year.

**9. Communication: Self Insurance Reserve Fund – June 2020**

Ms. Twilley presented the report dated July 8, 2020.

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

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

**a. Pension/Insurance**

Mr. Johnson explained that the new Pub-2010 mortality tables put pressure on the pension fund. They have a \$310,000 increase in the pension ADC, but because of other savings achieved, they have been able to fund it by making a transfer from insurance to pension. Mr. Zeller asked, if the BOE does the same thing, would their pension be a wash, as well. Mr. Johnson explained that the Board's coverage is also with Travelers, but he does not know how their costs align with their budget. Therefore, he does not know whether they would have similar savings or not. Ms. Sanford remarked that the BOE's swing is huge. Mr. Johnson agreed, stating, if one looks at it as a dollar amount, it is a significant margin of error. He has asked the actuaries for more details. Ms. Sanford expressed concern for next year, in having a level of confidence in the actuaries' estimates again. Mr. Johnson stated that, in regard to the pension, they will look at some options and circle back with the Board.

*Motion by:* Mr. McIntosh

*Seconded by:* Ms. Sanford

RESOLVED, that the Glastonbury Board of Finance hereby approves the transfer of \$310,000 from the General Fund - Insurances/Pensions - Employee Related Insurance Fund to the General Fund - Insurances/Pensions - Pensions Fund.

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

**12. Communication: Elderly Homeowners Tax Credit Update**

**13. Communication: Bond Sale & Rating Reports**

**14. Action: Bond Authorization – Reserve for Land Acquisition and Preservation**

Mr. Johnson explained the background of this bond authorization. Mr. Zeller stated that he is struggling to support this. He is very concerned about the pension and its unfunded liability. He noted that the Council ignored the recommendations made by the BOF and the Town Manager to not bring the rate of return assumption down and to just deal with the mortality rates. This signals to him that there is less of a commitment to these pension issues than he would like to see, which is troubling. He added that capital projects are nice, but they are not absolutes. The pension is an obligation.

Mr. McIntosh expressed that this is the decision of the Council and town voters, not the BOF. If they felt that this amount of borrowing would jeopardize the town's ability to provide public services, then it would be the BOF's call to make. But they are not at the tipping point yet, so he will support the motion, though he may vote against it as a voter.

Ms. Sanford stated that she has no idea what the Council's future plans are for capital project plans or the pension, so while she agrees that it is not the BOF's job to decide on this, it is very difficult for her to vote on this today. She asked if this will crowd out the Town's ability to borrow in the future. Mr. Johnson replied, no. The town is very favorably positioned, with debt as a percentage of budget being less than half of what their policy calls for. With land acquisition, there are opportunities that would benefit the town in the long-term, and this authorization mechanism allows for that.

**Motion by:** Mr. McIntosh

**Seconded by:** Mr. Cusson

RESOLVED, that the Board of Finance recommends to the Town Council the adoption of the following entitled resolution, the full text of which is attached to the copy of these minutes:

“RESOLUTION APPROPRIATING \$3,000,000 FOR THE PURCHASE OF DEVELOPMENT RIGHTS AND ACQUISITION OF LAND PURSUANT TO THE ORDINANCE ESTABLISHING THE TOWN'S RESERVE FOR LAND ACQUISITION AND AUTHORIZING THE ISSUE OF \$3,000,000 BONDS AND NOTES TO FINANCE SAID APPROPRIATION.”

**Result:** Motion passed with one opposing {5-1-0}. Mr. Zeller voted against the motion.

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

Mr. Constantine stated that the PBC has not yet met. Mr. Zeller asked when they can meet with the BOE and the actuaries to figure out this pension issue, since each entity is going down a different path. Mr. Johnson replied, in the next several weeks. Mr. Cusson inquired about the parcels of land in the industrial park. Mr. Johnson explained that the town owns two parcels at Gateway: one is under contract, and the other is still being marketed. Under review is a proposal for some 40,000 square feet over two buildings. The intention remains to move forward, just a few months past the target date.

## **16. Adjournment**

*Motion by:* Mr. McIntosh

*Seconded by:* Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of July 15, 2020, at 5:39 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.*

RESOLUTION APPROPRIATING \$3,000,000 FOR THE PURCHASE OF DEVELOPMENT RIGHTS AND ACQUISITION OF LAND PURSUANT TO THE ORDINANCE ESTABLISHING THE TOWN'S RESERVE FOR LAND ACQUISITION AND AUTHORIZING THE ISSUE OF \$3,000,000 BONDS AND NOTES TO FINANCE SAID APPROPRIATION

RESOLVED,

(a) That the Town of Glastonbury appropriate THREE MILLION DOLLARS (\$3,000,000) for the purchase of development rights and the acquisition of land pursuant to the Town's Ordinance establishing a Reserve for Land Acquisition, as it may hereafter be amended from time to time. Such funds shall be used for the purchase of development rights and/or the acquisition of land but only after referral of the proposed purchase or acquisition to the Town Plan and Zoning Commission and after public hearing as required by said ordinance and approval by the Town Council. The appropriation may be spent for survey fees, feasibility and planning studies related to any potential acquisition, legal fees, net interest on borrowings and other financing costs, and other expenses related to the project and its financing.

(b) That the Town issue bonds or notes in an amount not to exceed THREE MILLION DOLLARS (\$3,000,000) to finance the appropriation for the project. The amount of bonds or notes authorized to be issued shall be reduced by the amount of grants received by the Town for the project, unless the Town approves an additional appropriation to spend such grants. The bonds or notes shall be issued pursuant to Section 7-369 of the General Statutes of Connecticut, Revision of 1958, as amended, and any other enabling acts. The bonds or notes shall be general obligations of the Town secured by the irrevocable pledge of the full faith and credit of the Town.

(c) That the Town issue and renew temporary notes from time to time in anticipation of the receipt of the proceeds from the sale of the bonds or notes for the project. The amount of the notes outstanding at any time shall not exceed THREE MILLION DOLLARS (\$3,000,000). The notes shall be issued pursuant to Section 7-378 of the General Statutes of Connecticut, Revision of 1958, as amended. The notes shall be general obligations of the Town and shall be secured by the irrevocable pledge of the full faith and credit of the Town. The Town shall comply with the provisions of Section 7-378a of the General Statutes if the notes do not mature within the time permitted by said Section 7-378.

(d) That the Town Manager and the Treasurer of the Town shall sign any bonds or notes by their manual or facsimile signatures. The Town Manager and the Treasurer are authorized to determine the amounts, dates, interest rates, maturities, redemption provisions, form and other details of the bonds or notes; to designate one or more banks or trust companies to be certifying bank, registrar, transfer agent and paying agent for the bonds or notes; to provide for the keeping of a record of the bonds or notes; to designate a financial advisor to the Town in connection with the sale of the bonds or notes; to sell the bonds or notes at public or private sale; to deliver the bonds or notes; and to perform all other acts which are necessary or appropriate to issue the bonds or notes.

(e) That the Town hereby declares its official intent under Federal Income Tax Regulation Section 1.150-2 that project costs may be paid from temporary advances of available funds and that (except to the extent reimbursed from grant moneys) the Town reasonably expects to reimburse any such advances from the proceeds of borrowings in an aggregate principal amount not in excess of the amount of borrowing authorized above for the project. The Town Manager and the Treasurer are authorized to amend such declaration of official intent as they deem necessary or advisable and to bind the Town pursuant to such representations and covenants as they deem necessary or advisable in order to maintain the continued exemption from federal income taxation of interest on the bonds or notes authorized by this resolution, if issued on a tax-exempt basis, including covenants to pay rebates of investment earnings to the United States in future years.

(f) That the Town Manager and the Treasurer are authorized to make representations and enter into written agreements for the benefit of holders of the bonds or notes to provide secondary market disclosure information, which agreements may include such terms as they deem advisable or appropriate in order to comply with applicable laws or rules pertaining to the sale or purchase of such bonds or notes.

(g) That the Town Manager, on behalf of the Town, is authorized to apply for and accept federal and state grants to help finance the appropriation for the project, and to enter into any grant agreement necessary to obtain such grants. Any grant proceeds may be used to pay project costs or principal and interest on bonds, notes or temporary notes.

(h) That the Town Manager or his designee shall administer and supervise the project. The Town Manager, the Treasurer and other proper officers of the Town are authorized to take all other action which is necessary or desirable to complete the project and to issue bonds, notes or other obligations to finance the aforesaid appropriation.

(i) That this resolution shall not become effective until approved at referendum pursuant to Section 312 of the Town Charter. The wording of the question for the referendum ballot shall be:

“SHALL THE TOWN OF GLASTONBURY APPROPRIATE \$3,000,000 FOR THE PURCHASE OF DEVELOPMENT RIGHTS AND ACQUISITION OF LAND PURSUANT TO THE ORDINANCE ESTABLISHING THE TOWN’S RESERVE FOR LAND ACQUISITION AND AUTHORIZE THE ISSUE OF BONDS AND NOTES IN THE SAME AMOUNT TO FINANCE SAID APPROPRIATION?”