

## AGENDA

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### **GLASTONBURY BOARD OF FINANCE MEETING**

#### **AGENDA OF REGULAR MEETING**

**Wednesday, November 18, 2020, 4:00 PM**

**Held through Zoom Video Conferencing (details on page 2)**

**Board Members:** Constantine Constantine; Chairman, Jennifer Sanford; Vice Chairman, Walter Cusson, Robert Lynn, James McIntosh, and James Zeller.

1. Public Comment Session
2. Communication: Becky Sielman from Milliman
  - a. Pension Valuation Report (July 1, 2019)
3. Communication: Chris Kachmar from DiMeo Schneider & Associates, L.L.C.
4. Communication: Minutes - October 21, 2020
5. Communication: Pension Report – September 2020
6. Communication: Month End Investments – September 2020
7. Communication: Financial Summary for 4 months - October 2020
8. Communication: Education Reconciliation – September 2020
9. Communication: Capital Projects – October 2020
10. Communication: Self Insurance Reserve Fund – October 2020
11. Communication: Transfers Approved by Town Manager Since Last Meeting (None)
12. Action: Transfers over \$5,000
  - a. \$26,500 for 2020 Series B Bonds Interest Payment
  - b. \$400,000 for Fire Department Self-Contained Breathing Apparatus.
13. Action: Review of CIP Criteria
14. Action: Establish 2021 and January 2022 Regular Meeting Schedule
15. Board of Finance Committee Reports, comments and remarks (no action to be taken)
16. Adjournment

IN ACCORDANCE WITH GOVERNOR LAMONT'S EXECUTIVE ORDER 7B.1 "SUSPENSION OF IN-PERSON OPEN MEETING REQUIREMENTS", GLASTONBURY BOARD OF FINANCE MEETINGS ARE CURRENTLY BEING CONDUCTED THROUGH ZOOM VIDEO CONFERENCING UNTIL FURTHER NOTICE.

**Join the Meeting** - The public may join the Zoom Video Conference as an Attendee (view and listen function only) as follows:

**Join by Zoom Meeting link:**

<https://us02web.zoom.us/j/85909952189?pwd=MitCYlpFbHQ3WDFwbjZDVGVhV01mdz09>

**Passcode:** 819075

**Join by Phone:**

**Dial:** +1 312 626 6799 or +1 646 558 8656

**Webinar ID:** 859 0995 2189

**Passcode:** 819075

**Public Comment** may be submitted through a form at the following link no later than 2:00 p.m. one business day BEFORE the meeting is held for your comments to be included in the public comment session of the meeting. Be sure to select *Board of Finance* in question 4 of the form:

[www.glastonbury-ct.gov/publiccomment](http://www.glastonbury-ct.gov/publiccomment)

There is also the opportunity to give Public Comment as part of the virtual meeting if joining through the Zoom Meeting Link.

**Watch the Meeting** - This meeting will be broadcast in real-time through Public Access Television on Channel 16, or live streamed on the town website. [Click here to view by live streaming.](#)

If you are unable to join/participate in the meeting at the time it is held, the meeting will be available on the [Video On Demand page of the town website](#) within one week of the meeting date.



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## **TOWN OF GLASTONBURY RETIREMENT INCOME PLAN**

**Actuarial Valuation as of July 1, 2019  
To Determine Funding for Fiscal Year 2020-21**

**Prepared by**

**Rebecca A. Sielman, FSA**  
Consulting Actuary

**Michelle L. Boyles, FSA**  
Consulting Actuary

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## Certification

We have performed an actuarial valuation of the Plan as of July 1, 2019 to determine funding for fiscal year 2020-21. This report presents the results of our valuation.

The ultimate cost of a pension plan is the total amount needed to provide benefits for plan members and beneficiaries and to pay the expenses of administering the plan. Pension costs are met by contributions and by investment return on plan assets. The principal purpose of this report is to set forth an actuarial recommendation of the contribution, or range of contributions, which will properly fund the plan, in accordance with applicable government regulations. In addition, this report provides:

- A valuation of plan assets and liabilities to review the year-to-year progress of funding.
- Information needed to meet disclosure requirements.
- Review of plan experience for the previous year to ascertain whether the assumptions and methods employed for valuation purposes are reflective of actual events and remain appropriate for prospective application.
- Assessment of the relative funded position of the plan, i.e., through a comparison of plan assets and projected plan liabilities.
- Comments on any other matters which may be of assistance in the funding and operation of the plan.

This report may not be used for purposes other than those listed above without Milliman's prior written consent. If this report is distributed to other parties, it must be copied in its entirety, including this certification section.

Milliman's work is prepared solely for the internal business use of the Town of Glastonbury ("Town"). To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Town may provide a copy of Milliman's work, in its entirety, to the Town's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Town; and (b) the Town may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law. No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

In preparing this report, we relied on employee census data and financial information as of the valuation date, furnished by the Town. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have found them to be reasonably consistent and comparable with data used for other purposes. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete and our calculations may need to be revised. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

## Certification

The calculations reported herein have been made on a basis consistent with our understanding of ERISA and the related sections of the tax code. Additional determinations may be needed for purposes other than meeting funding requirements, such as judging benefit security at plan termination or meeting employer accounting requirements. On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices.

We further certify that, in my opinion, each actuarial assumption, method and technique used is reasonable taking into account the experience of the Plan and reasonable expectations or would, in the aggregate, result in a total contribution equivalent to that which would be determined if each such assumption, method, or technique were reasonable. Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurement.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

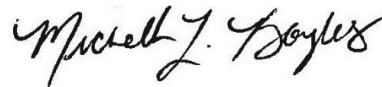
The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impact the objectivity of our work.

We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



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Rebecca A. Sielman, FSA  
Consulting Actuary



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Michelle L. Boyles, FSA  
Consulting Actuary

## Section I - Executive Summary Changes Since the Prior Valuation

### Changes in Actuarial Methods and Assumptions

We updated the mortality assumption from the RP-2000 Mortality Table with generational projection per Scale AA to the Pub-2010 Mortality Table with generational projection per MP Ultimate Scale. We used PubS-2010 tables for public safety and blue collar groups and PubG-2010 tables for all others.

This change increased the Unfunded Accrued Liability by about \$12.9 million and increased the Actuarially Determined Contribution by about \$1.5 million.

To mitigate the impact of the mortality change on the Actuarially Determined Contribution, the amortization period remained level at the July 1, 2018 period of 14 years. Subsequent valuations will reduce the period by one. This change decreased the Actuarially Determined Contribution by about \$0.4 million.

### Plan Changes

We updated the Employee contribution rates for Non-Hybrid groups per the collective bargaining agreements in effect. The past, current and future agreed upon rates are described in the Summary of Plan Provisions. Hybrid groups were unchanged from the prior year. This change decreased the Unfunded Accrued Liability by about \$104,000 and decreased the Actuarially Determined Contribution by about \$48,000.

### Other Significant Changes

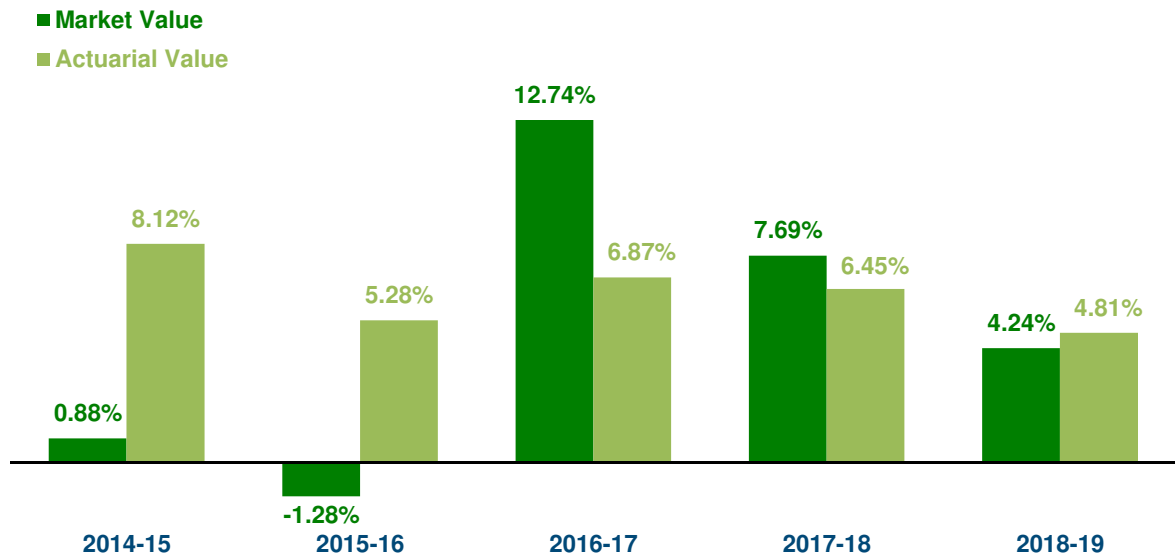
None.

## Section I - Executive Summary Assets

There are two different measures of the plan's assets that are used throughout this report. The Market Value is a snapshot of the plan's investments as of the valuation date. The Actuarial Value is a smoothed asset value designed to temper the volatile fluctuations in the market by recognizing investment gains or losses non-asymptotically over five years.

	<b>Market</b>	<b>Actuarial</b>
Value as of July 1, 2018	\$146,845,104	\$146,970,419
Town and Member Contributions	9,782,976	9,782,976
Investment Income	6,229,061	7,077,564
Benefit Payments and Administrative Expenses	<u>(9,557,888)</u>	<u>(9,557,888)</u>
Value as of July 1, 2019	153,299,253	154,273,071

For fiscal year 2018-19, the plan's assets earned 4.24% on a Market Value basis and 4.81% on an Actuarial Value basis. The actuarial assumption for this period was 6.50%; the result is an asset loss of about \$3.3 million on a Market Value basis and a loss of about \$2.5 million on an Actuarial Value basis. Historical rates of return are shown in the graph below.

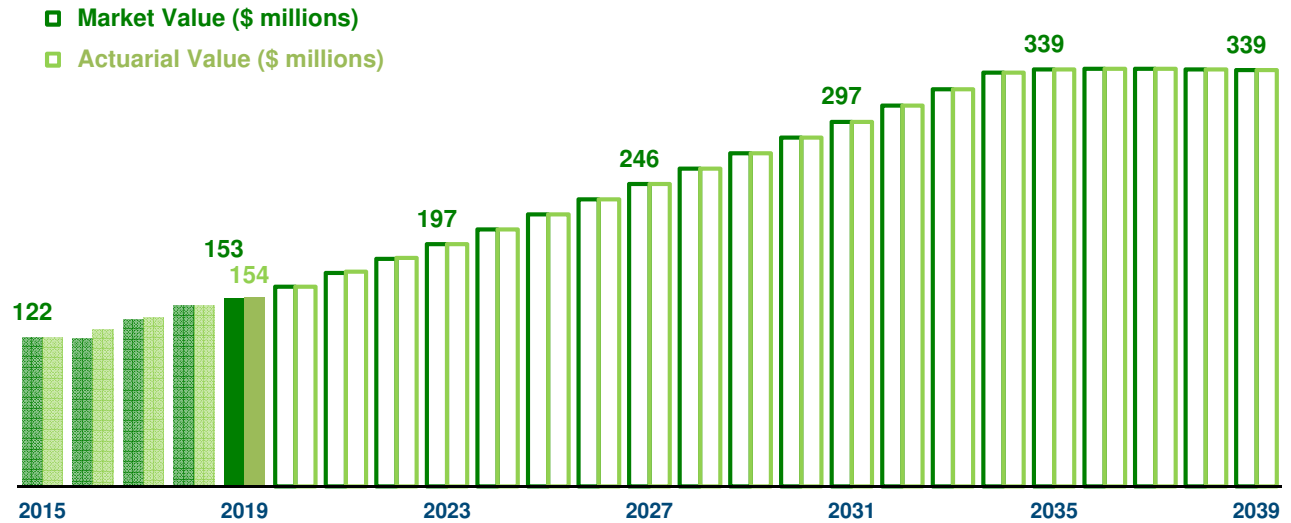


Please note that the Actuarial Value currently exceeds the Market Value by \$1.0 million. This figure represents investment losses that will be gradually recognized in future years. This process will exert upward pressure on the Town's contribution, unless there are offsetting market gains.

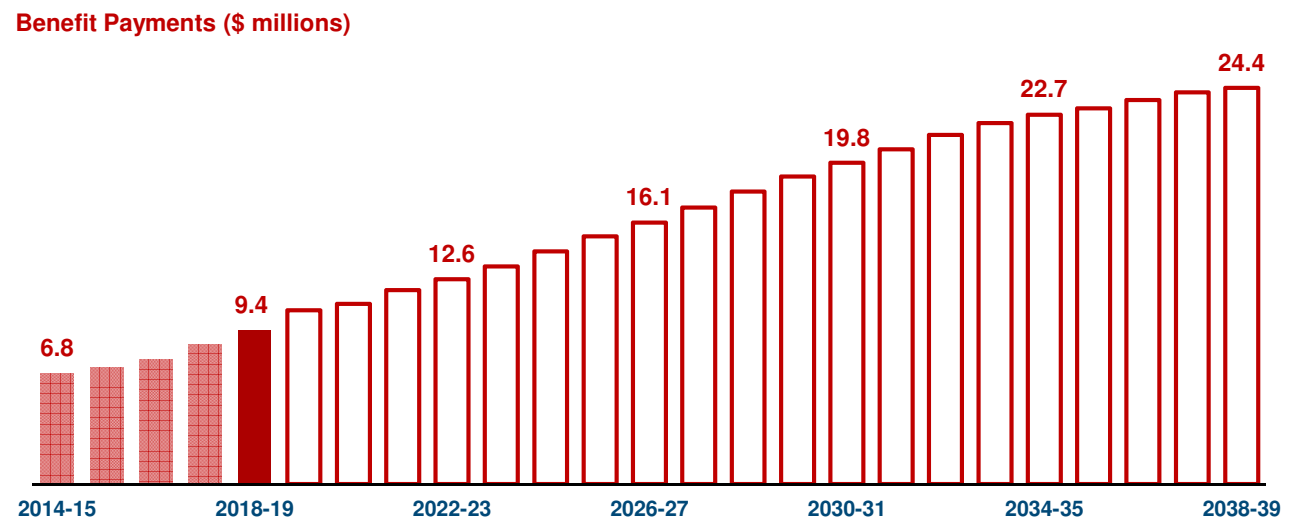


## Section I - Executive Summary Assets (continued)

The graph below shows how this year's asset values compare to where the plan's assets have been over the past several years and how they are projected to change over the next 20 years. For purposes of this projection, we have assumed that the Town always contributes the Actuarially Determined Contribution and the investments always earn the assumed interest rate each year.

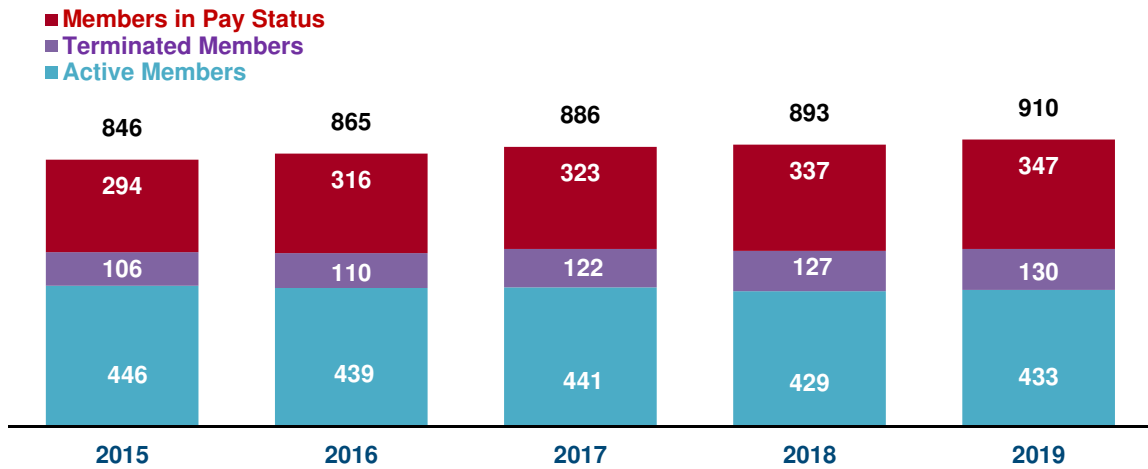


In 2018-19, the plan paid out \$9.4 million in benefits to members. Over the next 20 years, the plan is projected to pay out a total of \$361 million in benefits to members.



## Section I - Executive Summary Membership

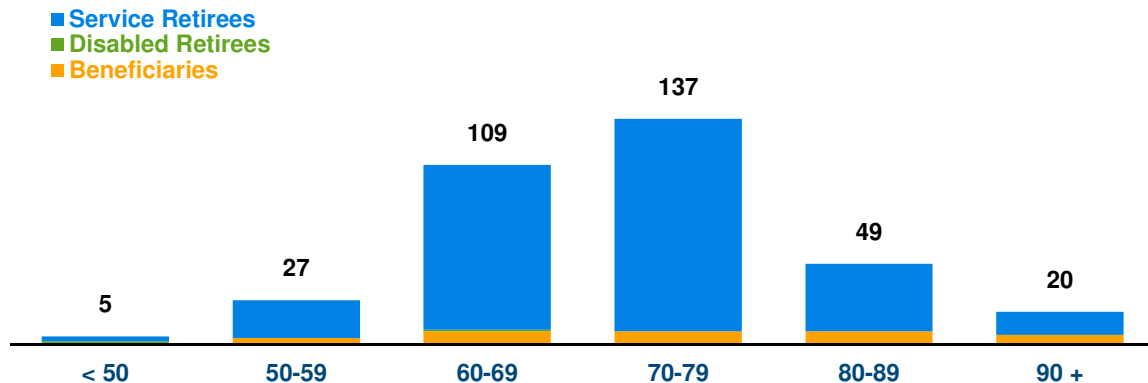
There are three basic categories of plan members included in the valuation: (1) members who are receiving monthly pension benefits, (2) former employees who have a vested right to benefits but have not yet started collecting, and (3) active employees who have met the eligibility requirements for membership.



### Members in Pay Status on July 1, 2019

Board of Education	141	Total Count	347
Highway / Veh Maint / Refuse	26	Average Age	72.2
Dispatchers	3	Total Annual Benefit	\$9,559,285
Housing Authority	5	Average Annual Benefit	27,548
Police	69		
Town	93		
Facilities / Wastewater	10		
Town Hybrid	0		
Housing Authority Hybrid	0		

The members in pay status fall across a wide distribution of ages:



## Section I - Executive Summary Membership (continued)

### Terminated Vested Members on July 1, 2019

Board of Education	61	Total Count	115
Highway / Veh Maint / Refuse	4	Average Age	55.2
Dispatchers	1	Total Annual Benefit	\$949,237
Housing Authority	5	Average Annual Benefit	8,254
Police	4		
Town	38		
Facilities / Wastewater	2		
Town Hybrid	0		
Housing Authority Hybrid	0		

### Nonvested Members Due Refunds on July 1, 2019

Board of Education	9	Total Count	15
Highway / Veh Maint / Refuse	0		
Dispatchers	0		
Housing Authority	0		
Police	3		
Town	0		
Facilities / Wastewater	0		
Town Hybrid	3		
Housing Authority Hybrid	0		

## Section I - Executive Summary Membership (continued)

### Active Members on July 1, 2019

Board of Education	216	Total Count	433
Highway / Veh Maint / Refuse	17	Average Age	52.0
Dispatchers	11	Average Service	12.4
Housing Authority	9	Payroll	\$29,331,962
Police	53	Average Payroll	67,741
Town	75		
Facilities / Wastewater	12		
Town Hybrid	37		
Housing Authority Hybrid	3		

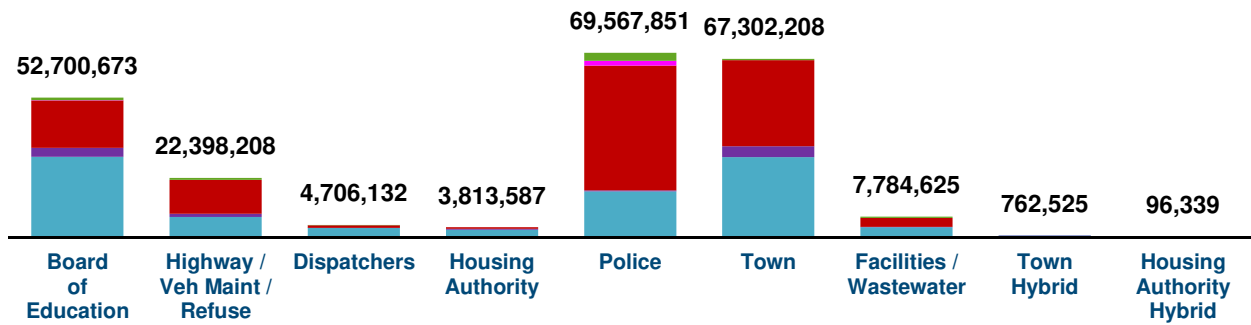
The table below illustrates the age and years of service of the active membership:

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	2	1						3
25-29	13	2						15
30-34	14	11	3					28
35-39	13	6	12	5				36
40-44	7	4	6	2	1			20
45-49	6	7	10	10	3	1		37
50-54	19	19	13	18	4	1	5	79
55-59	11	23	18	16	10	6	12	96
60-64	1	8	17	23	10	4	11	74
65+		3	8	10	6	4	14	45
<b>Total</b>	86	84	87	84	34	16	42	433

## Section I - Executive Summary Accrued Liability

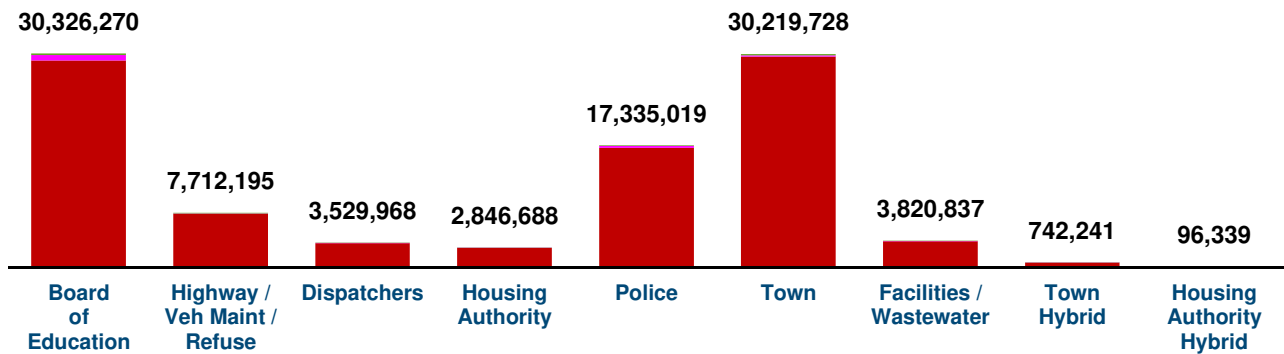
The Accrued Liability as of July 1, 2019 equals \$229,132,148, which consists of the following pieces:

- **Beneficiaries = \$6.0 million**
- **Disabled Retirees = \$1.8 million**
- **Service Retirees = \$115.0 million**
- **Terminated Vested Members = \$9.7 million**
- **Active Members = \$96.6 million**



The Accrued Liability for active members can be broken down further by the different types of benefits provided by the plan:

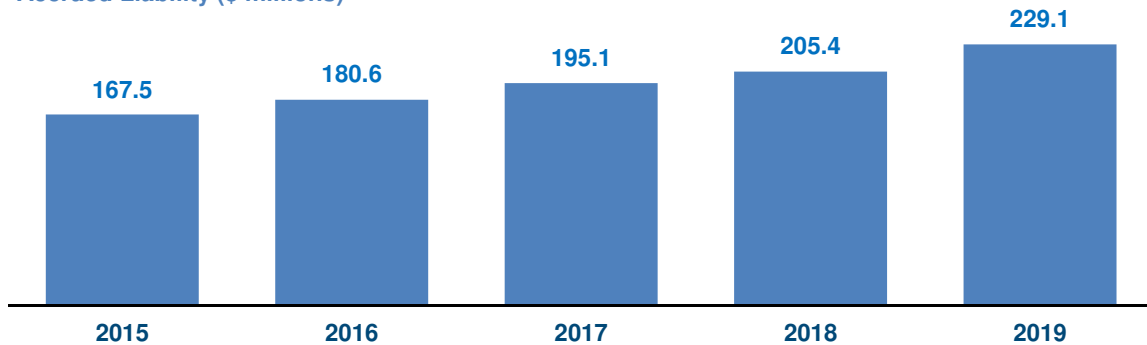
- **Preretirement Death = \$35,461**
- **Disability = \$44,042**
- **Retirement = \$3,712,081**
- **Termination = \$58,960**



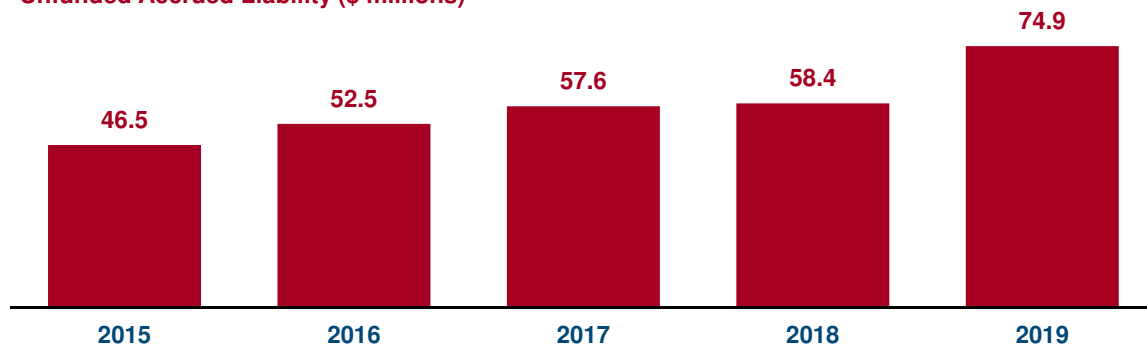
## Section I - Executive Summary Funded Status

The Accrued Liability grows over time as active members earn additional benefits, and goes down over time as members receive benefits; it may also change when there are changes to the plan provisions or changes in the actuarial assumptions. The Unfunded Accrued Liability is the dollar difference between the Accrued Liability and the Actuarial Value of Assets; the Funded Ratio is the ratio of the two.

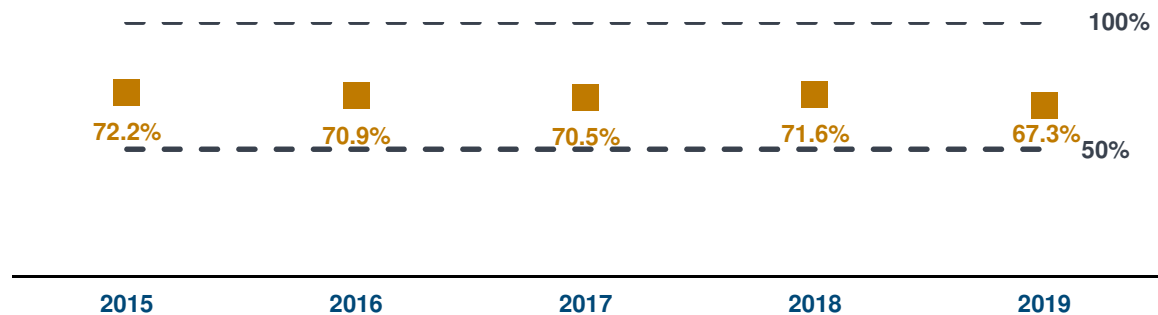
Accrued Liability (\$ millions)



Unfunded Accrued Liability (\$ millions)



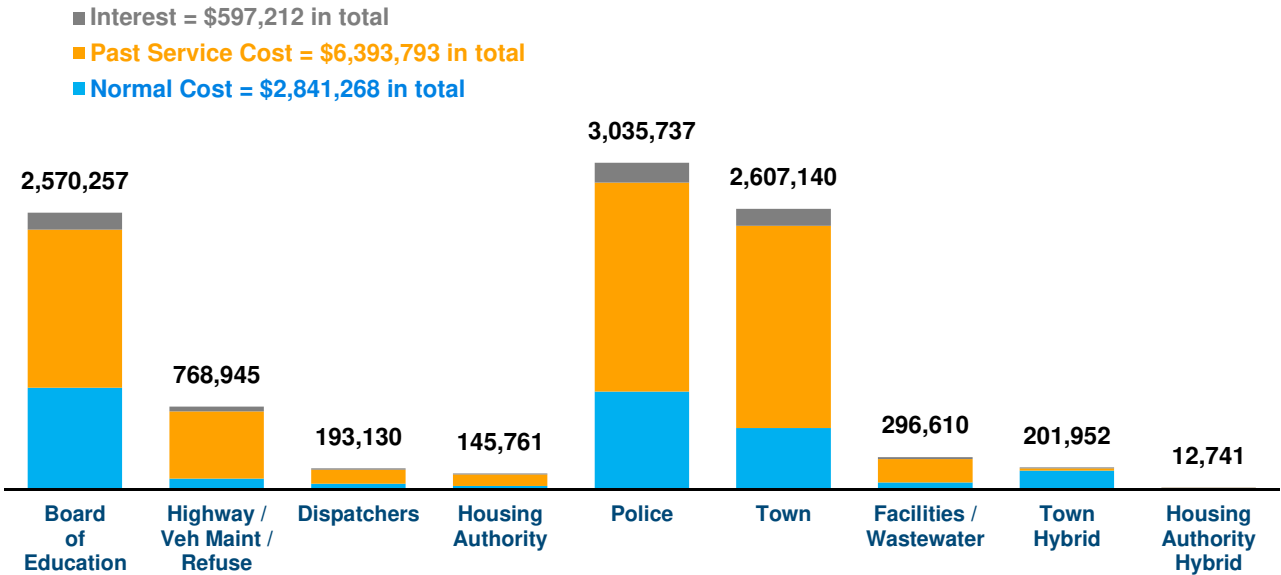
Funded Ratio



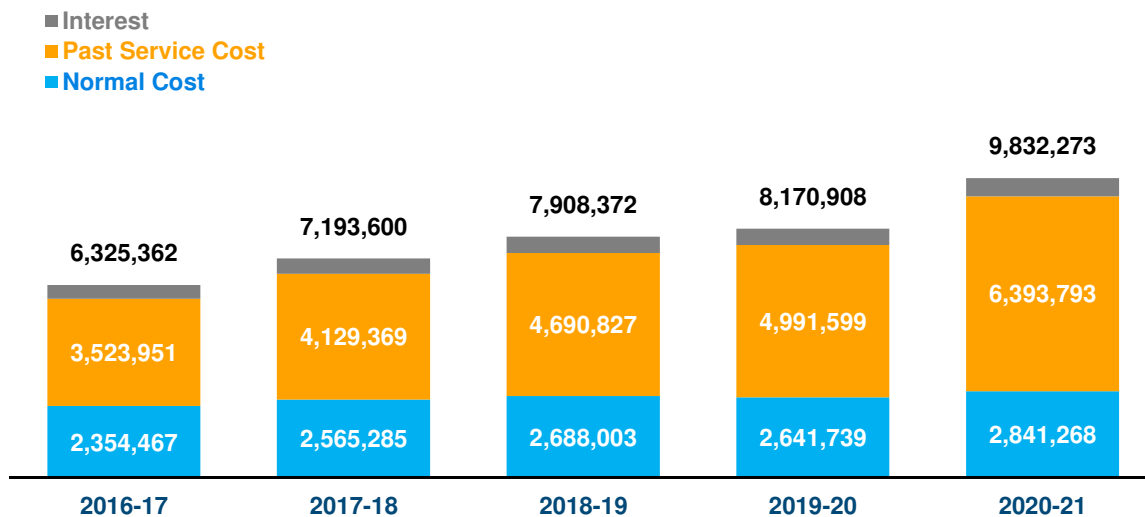
## Section I - Executive Summary Actuarially Determined Contribution

The Actuarially Determined Contribution consists of three pieces: a Normal Cost payment to fund the benefits earned each year, a Past Service Cost to gradually reduce any unfunded or surplus liability, and Interest to reflect the timing of the contribution relative to the valuation date.

The Actuarially Determined Contribution for fiscal year 2020-21 is \$9,832,273; its component pieces are shown graphically below.

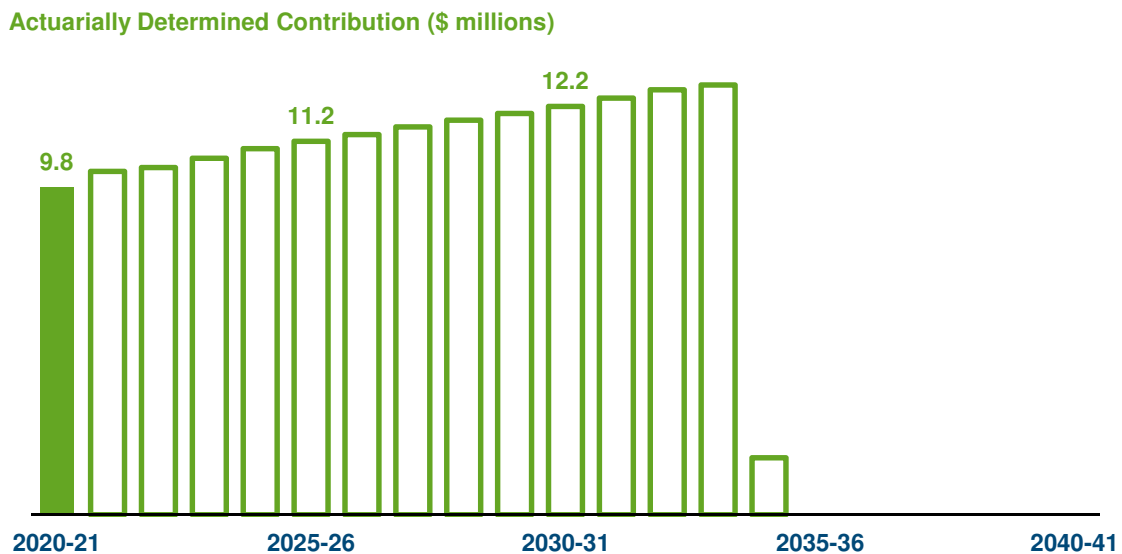
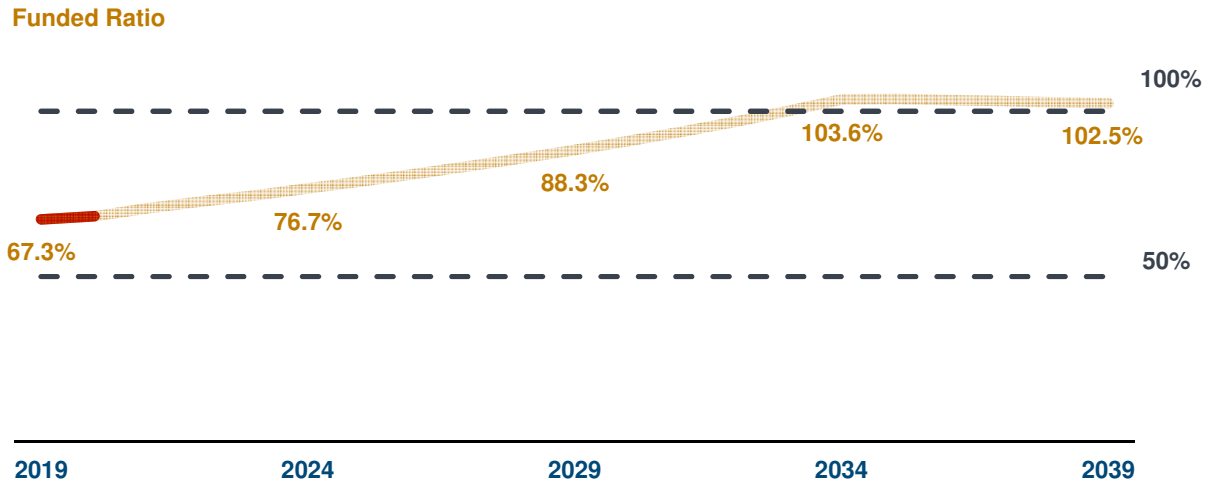


The chart below shows the Actuarially Determined Contribution for the past five fiscal years. Note that the Normal Cost is relatively consistent from year to year, whereas the Past Service Cost tends to be more volatile since it reflects the impact of asset performance.



## Section I - Executive Summary Long-Range Forecast

If the Town pays the Actuarially Determined Contribution each year, the investments earn exactly the assumed interest rate each year, and there are no changes in the plan provisions or in the actuarial methods and assumptions, then we project the following changes in the plan's funded status and the long-range contribution levels:

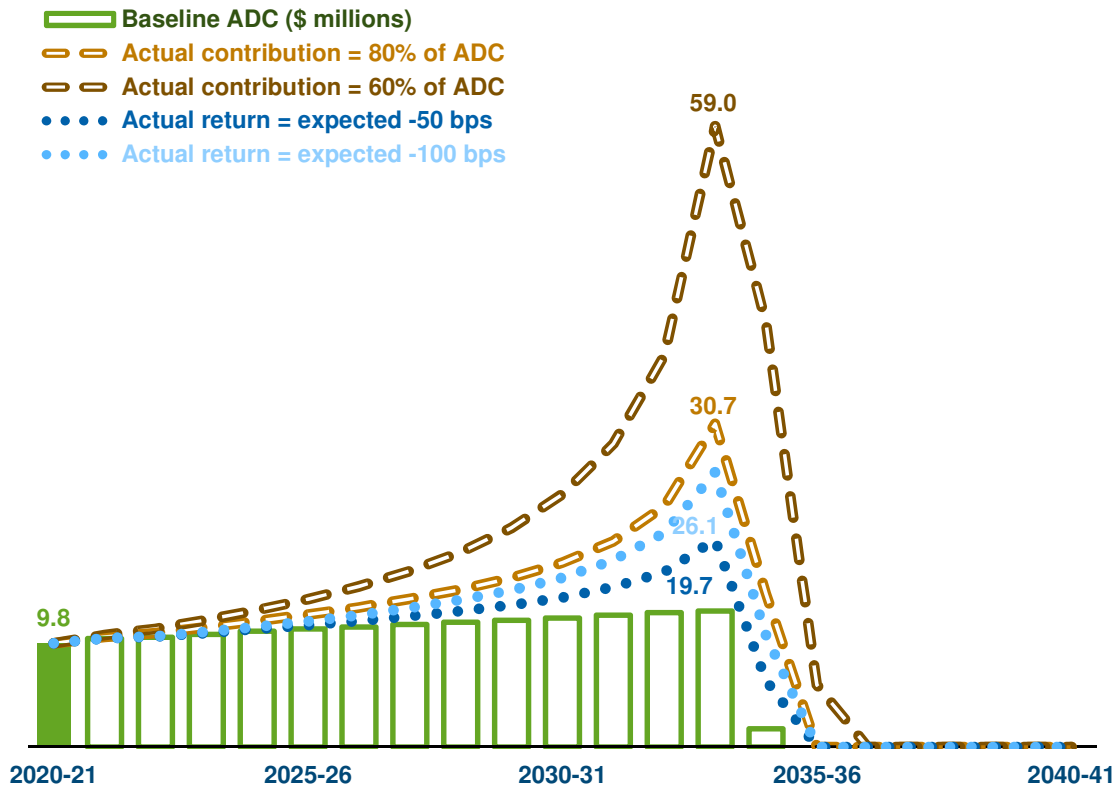


To the extent that there are future investment or liability gains or losses, changes in the actuarial assumptions or methods, or plan changes, the actual valuation results will differ from these forecasts. Please see Section III E for more details of the long range forecast.



## Section I - Executive Summary Long-Range Forecast (continued)

Pension benefits are paid for through a combination of contributions from the Town and from employees, and from investment income. If the Town pays less than the Actuarially Determined Contribution each year, or if the investments persistently earn less than the assumed interest rate, then the plan's funded status would suffer, and to compensate, the Town's contribution levels would be pushed higher. The risks of underfunding and underearning are illustrated in the hypothetical scenarios below:



The scenarios illustrated above are based on deterministic projections that assume emerging plan experience always exactly matches the actuarial assumptions; in particular that actual asset returns will be constant in every year of the projection period. Variation in asset returns, contribution amounts, and many other factors may have a significant impact on the long-term financial health of the plan, the liquidity constraints on plan assets, and the Town's future contribution levels. Stochastic projections could be prepared that would enable the Town to understand the potential range of future results based on the expected variability in asset returns and other factors. Such analysis was beyond the scope of this engagement.

## Section I - Executive Summary Summary of Principal Results

<b>Membership as of</b>	<b>July 1, 2018</b>	<b>July 1, 2019</b>
Active Members	429	433
Terminated Members	127	130
Members in Pay Status	<u>337</u>	<u>347</u>
Total Count	893	910
Payroll	\$28,602,606	\$29,331,962
<b>Assets and Liabilities as of</b>	<b>July 1, 2018</b>	<b>July 1, 2019</b>
Market Value of Assets	\$146,845,104	\$153,299,253
Actuarial Value of Assets	146,970,419	154,273,071
Accrued Liability for Active Members	92,009,281	96,629,285
Accrued Liability for Terminated Members	8,258,160	9,656,137
Accrued Liability for Members in Pay Status	<u>105,133,070</u>	<u>122,846,726</u>
Total Accrued Liability	205,400,511	229,132,148
Unfunded Accrued Liability	58,430,092	74,859,077
Funded Ratio	71.6%	67.3%
<b>Actuarially Determined Contribution for Fiscal Year</b>	<b>2019-20</b>	<b>2020-21</b>
Normal Cost	\$2,641,739	\$2,841,268
Past Service Cost	4,991,599	6,393,793
Interest*	<u>537,570</u>	<u>597,212</u>
Actuarially Determined Contribution	8,170,908	9,832,273

\*Assumes that the Town contribution is made on or about August 1.

## Section II - Plan Assets

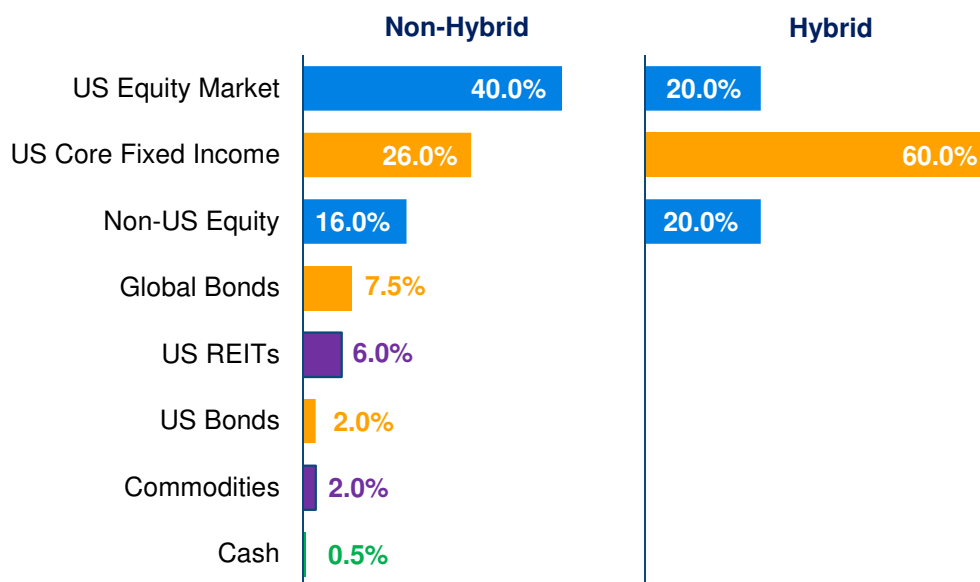
### A. Summary of Fund Transactions

	Non-Hybrid	Hybrid	Total
<b>Market Value as of July 1, 2018</b>	\$146,542,171	\$302,933	\$146,845,104
Town Contributions	7,820,418	87,954	7,908,372
Member Contributions	1,724,130	150,474	1,874,604
Net Investment Income	6,200,458	28,603	6,229,061
Benefit Payments	(9,446,637)	0	(9,446,637)
Administrative Expenses	(111,026)	(225)	(111,251)
<b>Market Value as of June 30, 2019</b>	152,729,514	569,739	153,299,253
Expected Return on Market Value of Assets	9,527,891	21,094	9,548,985
Market Value (Gain)/Loss	3,327,433	(7,509)	3,319,924
Approximate Rate of Return *	4.23%	6.78%	4.24%

\* The rate shown here is not the dollar or time weighted investment yield rate which measures investment performance. It is an approximate net return assuming all activity occurred on average midway through the fiscal year.

#### Target Asset Allocation as of June 30, 2019

■ Equity    
 ■ Fixed Income    
 ■ Other    
 ■ Cash



## Section II - Plan Assets

### B. Development of Actuarial Value of Assets

In order to minimize the impact of market fluctuations on the contribution level, we use an Actuarial Value of Assets that recognizes gains and losses over a five year period. The Actuarial Value of Assets as of July 1, 2019 is determined below.

	Non-Hybrid	Hybrid	Total			
1. Expected Rate of Return, July 1, 2018 Valuation	6.50%	5.00%				
2. Expected Market Value of Assets:						
Market Value as of July 1, 2018	\$146,542,171	\$302,933	\$146,845,104			
Employer and Employee Contributions	9,544,548	238,428	9,782,976			
Benefit Payments and Administrative Expenses	(9,557,663)	(225)	(9,557,888)			
Expected Net Investment Income	<u>9,527,891</u>	<u>21,094</u>	<u>9,548,985</u>			
Expected Market Value as of July 1, 2019	156,056,947	562,230	156,619,177			
3. Actual Market Value as of July 1, 2019	152,729,514	569,739	153,299,253			
4. Market Value (Gain)/Loss: (2) - (3)	3,327,433	(7,509)	3,319,924			
5. Delayed Recognition of Market (Gains)/Losses:						
	<b>Market (Gains)/Losses</b>		<b>Amount Not Recognized</b>			
<b>Year</b>	<b>Percent</b>	<b>Non-Hybrid</b>	<b>Hybrid</b>	<b>Non-Hybrid</b>	<b>Hybrid</b>	<b>Total</b>
2019	80%	\$3,327,433	(\$7,509)	\$2,661,946	(\$6,007)	\$2,655,939
2018	60%	(1,455,334)	7,268	(873,200)	4,361	(868,839)
2017	40%	(7,068,384)	(200)	(2,827,354)	(80)	(2,827,434)
2016	20%	10,070,531	232	<u>2,014,106</u>	<u>46</u>	<u>2,014,152</u>
				975,498	(1,680)	973,818
6. Actuarial Value of Assets as of July 1, 2019: (3) + (5)				153,705,012	568,059	154,273,071
7. Rate of Return on Actuarial Value of Assets				4.81%	4.94%	4.81%
8. Actuarial Value (Gain)/Loss				2,479,286	257	2,479,543

## Section III - Development of Contribution

### A. Non-Hybrid Past Service Cost

In determining the Past Service Cost, the Unfunded Accrued Liability is amortized as a level percent over 14 years starting on July 1, 2019.

	Board of Education	Highway / Veh Maint / Refuse	Dispatchers	Housing Authority	Police	Town	Facilities / Wastewater	Non-Hybrid Total
1. Accrued Liability								
Active Members	30,326,270	7,712,195	3,529,968	2,846,688	17,335,019	30,219,728	3,820,837	95,790,705
Terminated Members	3,406,876	1,141,619	27,571	354,229	377,145	4,158,109	170,304	9,635,853
Service Retirees	17,866,276	12,837,094	953,397	612,670	47,027,627	32,343,839	3,352,701	114,993,604
Disabled Retirees	48,339	0	0	0	1,757,001	0	0	1,805,340
Beneficiaries	<u>1,052,912</u>	<u>707,300</u>	<u>195,196</u>	<u>0</u>	<u>3,071,059</u>	<u>580,532</u>	<u>440,783</u>	<u>6,047,782</u>
Total Accrued Liability	52,700,673	22,398,208	4,706,132	3,813,587	69,567,851	67,302,208	7,784,625	228,273,284
2. Actuarial Value of Assets* (see Section IIB)	35,485,351	15,081,558	3,168,816	2,567,832	46,842,658	45,317,115	5,241,682	153,705,012
3. Unfunded Accrued Liability: (1) - (2)	17,215,322	7,316,650	1,537,316	1,245,755	22,725,193	21,985,093	2,542,943	74,568,272
4. Funded Ratio: (2) / (1)	67.3%	67.3%	67.3%	67.3%	67.3%	67.3%	67.3%	67.3%
5. Amortization Period	14	14	14	14	14	14	14	14
6. Amortization Growth Rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
7. Past Service Cost: (3) amortized over (5)	1,470,856	625,126	131,346	106,436	1,941,613	1,878,380	217,266	6,371,023

\*The Actuarial Value of Assets was allocated in proportion to the Accrued Liability.

**Section III - Development of Contribution**  
**B. Non-Hybrid Actuarially Determined Contribution for FY 2020-21**

	Board of Education	Highway / Veh Maint / Refuse	Dispatchers	Housing Authority	Police	Town	Facilities / Wastewater	Non-Hybrid Total
1. Total Normal Cost	\$1,534,551	\$185,491	\$116,402	\$69,383	\$1,335,264	\$941,387	\$122,547	\$4,305,025
2. Expected Member Contributions	618,431	99,828	68,763	40,865	461,285	405,477	65,207	1,759,856
3. Expected Administrative Expenses	26,411	11,225	2,358	1,911	34,865	33,729	3,901	114,400
4. Net Normal Cost: (1) - (2) + (3)	942,531	96,888	49,997	30,429	908,844	569,639	61,241	2,659,569
5. Past Service Cost (see Section IIIA)	1,470,856	625,126	131,346	106,436	1,941,613	1,878,380	217,266	6,371,023
6. Interest on (4) + (5) for 13 months	156,870	46,931	11,787	8,896	185,280	159,121	18,103	586,988
7. Actuarially Determined Contribution for FY 2020-21: (4) + (5) + (6)	2,570,257	768,945	193,130	145,761	3,035,737	2,607,140	296,610	9,617,580

## Section III - Development of Contribution

### C. Hybrid Past Service Cost

In determining the Past Service Cost, the Unfunded Accrued Liability is amortized as a level percent over 14 years starting on July 1, 2019.

	Town Hybrid	Housing Authority Hybrid	Hybrid Total
1. Accrued Liability			
Active Members	742,241	96,339	838,580
Terminated Members	20,284	0	20,284
Service Retirees	0	0	0
Disabled Retirees	0	0	0
Beneficiaries	<u>0</u>	<u>0</u>	<u>0</u>
Total Accrued Liability	762,525	96,339	858,864
2. Actuarial Value of Assets* (see Section IIB)	504,340	63,719	568,059
3. Unfunded Accrued Liability: (1) - (2)	258,185	32,620	290,805
4. Funded Ratio: (2) / (1)	66.1%	66.1%	66.1%
5. Amortization Period	14	14	14
6. Amortization Growth Rate	3.50%	3.50%	3.50%
7. Past Service Cost: (3) amortized over (5)	20,216	2,554	22,770

\*The Actuarial Value of Assets was allocated in proportion to the Accrued Liability.

**Section III - Development of Contribution**  
**D. Hybrid Actuarially Determined Contribution for FY 2020-21**

	Town Hybrid	Housing Authority Hybrid	Hybrid Total
1. Total Normal Cost	\$318,614	\$28,102	\$346,716
2. Expected Member Contributions	146,673	18,544	165,217
3. Expected Administrative Expenses	178	22	200
4. Net Normal Cost: (1) - (2) + (3)	172,119	9,580	181,699
5. Past Service Cost (see Section IIIC)	20,216	2,554	22,770
6. Interest on (4) + (5) for 13 months	9,617	607	10,224
7. Actuarially Determined Contribution for FY 2020-21: (4) + (5) + (6)	201,952	12,741	214,693



## Section III - Development of Contribution E. Long Range Forecast

This forecast is based on the results of the July 1, 2019 actuarial valuation and assumes that the Town will pay the Actuarially Determined Contribution each year, the assets will return the assumed interest rate on a market value basis each year, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. For purposes of this forecast the amortization period declines to 1 year to illustrate the progress of the plan towards becoming fully funded; in actual practice the amortization period will not be less than 1 years in order to shield the Town from contribution volatility. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Valuation Date	Values as of the Valuation Date				Fiscal Year	Cash Flows Projected to the Following Fiscal Year			
	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio		Town Contributions	Member Contributions	Benefit Payments	Net Cash Flows
7/1/2019	\$229,132,148	\$154,273,071	\$74,859,077	67.3%	2020-21	\$9,832,273	\$1,981,662	(\$11,097,000)	\$716,935
7/1/2020	237,991,000	162,515,000	75,476,000	68.3%	2021-22	10,297,000	2,012,000	(11,938,000)	371,000
7/1/2021	247,046,000	174,736,000	72,310,000	70.7%	2022-23	10,415,000	2,070,000	(12,607,000)	(122,000)
7/1/2022	255,756,000	185,910,000	69,846,000	72.7%	2023-24	10,690,000	2,098,000	(13,405,000)	(617,000)
7/1/2023	264,382,000	197,031,000	67,351,000	74.5%	2024-25	10,980,000	2,133,000	(14,314,000)	(1,201,000)
7/1/2024	272,724,000	209,068,000	63,656,000	76.7%	2025-26	11,201,000	2,147,000	(15,249,000)	(1,901,000)
7/1/2025	280,629,000	221,279,000	59,350,000	78.9%	2026-27	11,400,000	2,188,000	(16,090,000)	(2,502,000)
7/1/2026	288,000,000	233,558,000	54,442,000	81.1%	2027-28	11,638,000	2,199,000	(17,013,000)	(3,176,000)
7/1/2027	294,965,000	246,012,000	48,953,000	83.4%	2028-29	11,837,000	2,212,000	(18,001,000)	(3,952,000)
7/1/2028	301,318,000	258,573,000	42,745,000	85.8%	2029-30	12,035,000	2,238,000	(18,929,000)	(4,656,000)
7/1/2029	306,928,000	271,145,000	35,783,000	88.3%	2030-31	12,248,000	2,274,000	(19,770,000)	(5,248,000)
7/1/2030	311,872,000	283,804,000	28,068,000	91.0%	2031-32	12,502,000	2,314,000	(20,611,000)	(5,795,000)
7/1/2031	316,209,000	296,669,000	19,540,000	93.8%	2032-33	12,747,000	2,316,000	(21,498,000)	(6,435,000)
7/1/2032	319,943,000	309,801,000	10,142,000	96.8%	2033-34	12,894,000	2,335,000	(22,218,000)	(6,989,000)
7/1/2033	322,869,000	323,120,000	(251,000)	100.1%	2034-35	1,710,000	2,397,000	(22,738,000)	(18,631,000)
7/1/2034	325,105,000	336,728,000	(11,623,000)	103.6%	2035-36	0	2,465,000	(23,122,000)	(20,657,000)
7/1/2035	326,933,000	339,195,000	(12,262,000)	103.8%	2036-37	0	2,496,000	(23,642,000)	(21,146,000)
7/1/2036	328,491,000	339,724,000	(11,233,000)	103.4%	2037-38	0	2,538,000	(24,110,000)	(21,572,000)
7/1/2037	329,558,000	339,777,000	(10,219,000)	103.1%	2038-39	0	2,634,000	(24,380,000)	(21,746,000)
7/1/2038	330,214,000	339,388,000	(9,174,000)	102.8%	2039-40	0	2,722,000	(24,629,000)	(21,907,000)

**Section III - Development of Contribution**  
**F. History of Funded Status**

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio
July 1, 2012	\$94,225,842	\$141,513,642	\$47,287,800	66.6%
July 1, 2013	100,043,439	149,596,651	49,553,212	66.9%
July 1, 2014	111,242,055	157,479,604	46,237,549	70.6%
July 1, 2015	121,001,212	167,525,980	46,524,768	72.2%
July 1, 2016	128,069,667	180,580,934	52,511,267	70.9%
July 1, 2017	137,484,904	195,101,288	57,616,384	70.5%
July 1, 2018	146,970,419	205,400,511	58,430,092	71.6%
July 1, 2019	154,273,071	229,132,148	74,859,077	67.3%

## Section III - Development of Contribution

### G. History of Town Contributions

Fiscal Year	Actuarially Determined Contribution	Actual Town Contribution	Payroll	Actual Contribution as a Percent of Payroll
2013-14	\$5,771,396	\$5,771,396	\$24,455,208	23.6%
2014-15	6,001,585	6,001,585	27,153,582	22.1%
2015-16	6,118,624	6,118,624	26,362,701	23.2%
2016-17	6,325,362	6,325,363	27,677,315	22.9%
2017-18	7,193,600	7,137,123	28,655,358	24.9%
2018-19	7,908,372	7,908,372	29,581,276	26.7%
2019-20	8,170,908	TBD	28,602,606	TBD
2020-21	9,832,273	TBD	29,331,962	TBD

## Section IV - Membership Data

### A. Reconciliation of Membership from Prior Valuation

Details of the changes in the Plan membership since the last valuation are shown below. Additional details on the Plan membership are provided in the remainder of Section IV.

	Active Members	Terminated Vested Members	Nonvested Members Due Refunds	Service Retirees	Disabled Retirees	Bene- ficiaries	Total
<b>Count July 1, 2018</b>	429	114	13	299	2	36	893
Terminated							
- refunds due	(1)	-	1	-	-	-	0
- paid refund	(6)	(1)	-	-	-	-	(7)
- vested benefits due	(6)	6	-	-	-	-	0
Retired	(19)	(1)	-	19	1	-	0
Died							
- with beneficiary	-	-	-	-	-	-	0
- no beneficiary	-	(3)	2	(8)	-	(3)	(12)
Benefits expired	-	-	-	-	-	-	0
New member	35	-	-	-	-	-	35
Rehired	1	-	(1)	-	-	-	0
New Alternate Payee	-	-	-	-	-	1	1
Correction	-	-	-	-	-	-	0
<b>Count July 1, 2019</b>	433	115	15	310	3	34	910

## Section IV - Membership Data

### B. Statistics of Active Membership

		As of July 1, 2018	As of July 1, 2019
<b>Number of Active Members</b>	Board of Education	218	216
	Highway / Veh Maint / Refuse	21	17
	Dispatchers	12	11
	Housing Authority	9	9
	Police	51	53
	Town	77	75
	Facilities / Wastewater	13	12
	Town Hybrid	28	37
	Housing Authority Hybrid	<u>0</u>	<u>3</u>
	<b>Total</b>	<b>429</b>	<b>433</b>
<b>Average Age</b>	Board of Education	55.4	55.1
	Highway / Veh Maint / Refuse	54.7	54.2
	Dispatchers	43.9	42.9
	Housing Authority	56.4	57.4
	Police	40.4	39.3
	Town	56.2	57.0
	Facilities / Wastewater	53.5	54.6
	Town Hybrid	41.5	43.5
	Housing Authority Hybrid	N/A	33.1
	<b>Total</b>	<b>52.4</b>	<b>52.0</b>
<b>Average Service</b>	Board of Education	11.8	11.8
	Highway / Veh Maint / Refuse	21.7	21.1
	Dispatchers	13.6	14.2
	Housing Authority	15.4	16.4
	Police	10.3	9.1
	Town	17.3	18.2
	Facilities / Wastewater	17.2	18.5
	Town Hybrid	1.6	2.0
	Housing Authority Hybrid	N/A	2.7
	<b>Total</b>	<b>12.7</b>	<b>12.4</b>

**Section IV - Membership Data**  
**B. Statistics of Active Membership (continued)**

		As of July 1, 2018	As of July 1, 2019
<b>Total Payroll</b>	Board of Education	\$11,018,533	\$10,976,370
	Highway / Veh Maint / Refuse	1,875,805	1,535,821
	Dispatchers	905,674	1,018,713
	Housing Authority	661,227	693,010
	Police	5,233,267	5,426,886
	Town	6,277,291	6,207,837
	Facilities / Wastewater	1,028,942	931,524
	Town Hybrid	1,601,867	2,256,508
	Housing Authority Hybrid	<u>0</u>	<u>285,293</u>
	Total	28,602,606	29,331,962
<b>Average Payroll</b>	Board of Education	50,544	50,817
	Highway / Veh Maint / Refuse	89,324	90,342
	Dispatchers	75,473	92,610
	Housing Authority	73,470	77,001
	Police	102,613	102,394
	Town	81,523	82,771
	Facilities / Wastewater	79,149	77,627
	Town Hybrid	57,210	60,987
	Housing Authority Hybrid	N/A	95,098
	Total	66,673	67,741

## Section IV - Membership Data

### C. Distribution of Active Members as of July 1, 2019

#### Board of Education

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	1	1						2
25-29		2						2
30-34	4	3	2					9
35-39	4	2	3	1				10
40-44	1	1	1					3
45-49	3	5	5	3	2			18
50-54	8	14	9	7	1		1	40
55-59	8	18	13	11	4		4	58
60-64	1	3	12	14	6	2	4	42
65+		3	7	8	5	3	6	32
<b>Total</b>	<b>30</b>	<b>52</b>	<b>52</b>	<b>44</b>	<b>18</b>	<b>5</b>	<b>15</b>	<b>216</b>

#### Highway / Veh Maint / Refuse

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25								0
25-29								0
30-34		1						1
35-39		1						1
40-44								0
45-49			1	1				2
50-54							2	2
55-59			1	1		1	4	7
60-64			1	1			2	4
65+								0
<b>Total</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>8</b>	<b>17</b>

#### Dispatchers

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	1							1
25-29	2							2
30-34	1							1
35-39	1		1					2
40-44								0
45-49								0
50-54				2				2
55-59						1		1
60-64							2	2
65+								0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>11</b>

## Section IV - Membership Data

### C. Distribution of Active Members as of July 1, 2019 (continued)

#### Housing Authority

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25								0
25-29								0
30-34								0
35-39								0
40-44								0
45-49		1		1		1		3
50-54			1				1	2
55-59						1		1
60-64				1				1
65+			1	1				2
<b>Total</b>	0	1	2	3	0	2	1	9

#### Police

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25								0
25-29	8							8
30-34	3	6	1					10
35-39	2	1	7	3				13
40-44	1	2	1	1				5
45-49	1	1	2	1	1			6
50-54		3		5	1		1	10
55-59					1			1
60-64								0
65+								0
<b>Total</b>	15	13	11	10	3	0	1	53

#### Town

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25								0
25-29								0
30-34								0
35-39		1	1					2
40-44		1	4	1	1			7
45-49			1	3				4
50-54		1	3	2	2	1		9
55-59		3	3	3	5	3	4	21
60-64		5	4	7	4		2	22
65+				1	1	1	7	10
<b>Total</b>	0	11	16	17	13	5	13	75



## Section IV - Membership Data

### C. Distribution of Active Members as of July 1, 2019 (continued)

#### Facilities / Wastewater

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25								0
25-29								0
30-34								0
35-39				1				1
40-44								0
45-49			1	1				2
50-54				2				2
55-59		1	1	1				3
60-64						2	1	3
65+							1	1
<b>Total</b>	0	1	2	5	0	2	2	12

#### Town Hybrid

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25								0
25-29	3							3
30-34	4	1						5
35-39	6							6
40-44	5							5
45-49	2							2
50-54	11	1						12
55-59	3	1						4
60-64								0
65+								0
<b>Total</b>	34	3	0	0	0	0	0	37

#### Housing Authority Hybrid

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25								0
25-29								0
30-34	2							2
35-39		1						1
40-44								0
45-49								0
50-54								0
55-59								0
60-64								0
65+								0
<b>Total</b>	2	1	0	0	0	0	0	3

## Section IV - Membership Data

### D. Statistics of Inactive Membership

	As of July 1, 2018	As of July 1, 2019
<b>Terminated Vested Members</b>		
Number	114	115
Total Annual Benefit	\$890,707	\$949,237
Average Annual Benefit	7,013	8,254
Average Age	53.9	55.2
<b>Nonvested Members Due Refunds</b>		
Number	13	15
<b>Service Retirees</b>		
Number	299	310
Total Annual Benefit	\$8,155,923	\$8,857,481
Average Annual Benefit	27,277	28,573
Average Age	71.9	72.0
<b>Disabled Retirees</b>		
Number	2	3
Total Annual Benefit	\$43,941	\$87,249
Average Annual Benefit	21,971	29,083
Average Age	54.0	51.3
<b>Beneficiaries</b>		
Number	36	34
Total Annual Benefit	\$600,468	\$614,555
Average Annual Benefit	16,680	18,075
Average Age	77.0	75.5

**Section IV - Membership Data**  
**E. Distribution of Inactive Members as of July 1, 2019**

	Age	Number	Annual Benefits
<b>Terminated Vested Members</b>	< 50	31	\$89,731
	50 - 59	49	388,262
	60 - 69	48	469,276
	70 - 79	2	1,967
	80 - 89	0	0
	90 +	<u>0</u>	<u>0</u>
	Total	130	949,237
<b>Service Retirees</b>	< 50	3	\$109,976
	50 - 59	23	1,261,836
	60 - 69	100	3,576,214
	70 - 79	129	3,028,053
	80 - 89	41	772,576
	90 +	<u>14</u>	<u>108,827</u>
	Total	310	8,857,481
<b>Disabled Retirees</b>	< 50	2	\$83,022
	50 - 59	0	0
	60 - 69	1	4,227
	70 - 79	0	0
	80 - 89	0	0
	90 +	<u>0</u>	<u>0</u>
	Total	3	87,249
<b>Beneficiaries</b>	< 50	0	\$0
	50 - 59	4	77,783
	60 - 69	8	153,514
	70 - 79	8	143,386
	80 - 89	8	168,300
	90 +	<u>6</u>	<u>71,572</u>
	Total	34	614,555

## Section V - Analysis of Risk

### A. Introduction

The results of this actuarial valuation are based on one set of reasonable assumptions. However, it is almost certain that future experience will not exactly match these assumptions. As an example, the plan's investments may perform better or worse than assumed in any single year and over any longer time horizon. It is therefore important to consider the potential impacts of these likely differences when making decisions that may affect the future financial health of the plan, or of the plan's members.

In addition, as plans mature they accumulate larger pools of assets and liabilities. The increase in size in turn increases the potential magnitude of adverse experience. As an example, the dollar impact of a 10% investment loss on a plan with \$1 billion in assets and liabilities is much greater than the dollar impact for a plan with \$1 million in assets and liabilities. Since pension plans make long-term promises and rely on long-term funding, it is important to consider how mature the plan is today, and how mature it may become in the future.

Actuarial Standard of Practice No. 51 (ASOP 51) directs actuaries to provide pension plan sponsors with information concerning the risks associated with the plan:

- Identify risks that may be significant to the plan.
- Assess the risks identified as significant to the plan. The assessment does not need to include numerical calculations.
- Disclose plan maturity measures and historical information that are significant to understanding the plan's risks.

This section of the report uses the framework of ASOP 51 to communicate important information about significant risks to the plan, the plan's maturity, and relevant historical plan data.

Please see Section III E for more information on the basis for the projected results shown on the following pages.

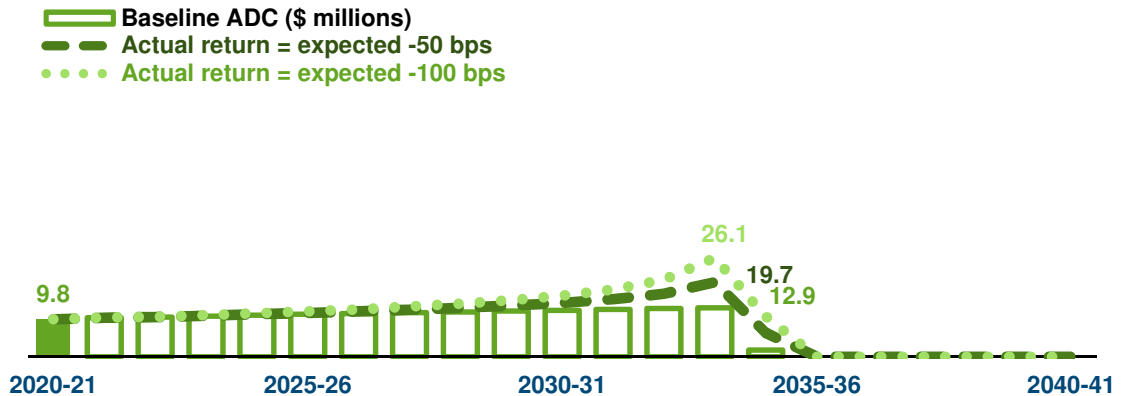
## Section V - Analysis of Risk

### B. Risk Identification and Assessment

#### Investment Risk

Definition: This is the potential that investment returns will be different than expected.

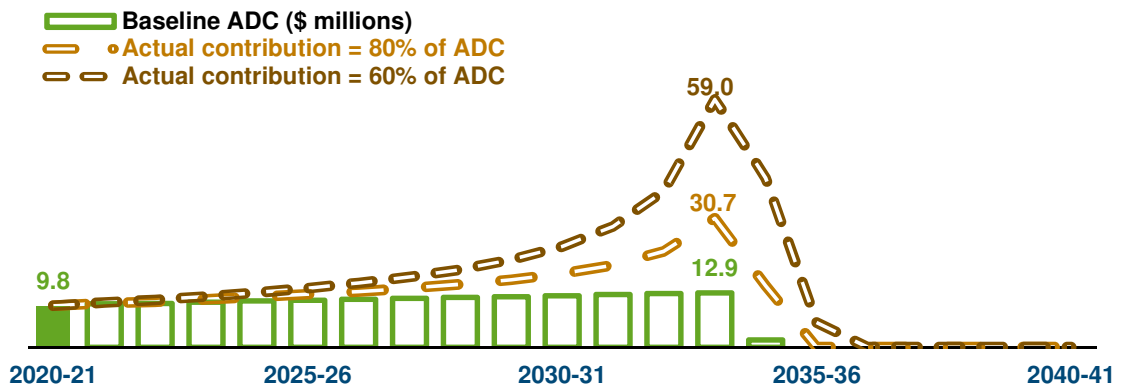
Identification: To the extent that actual investment returns differ from the assumed investment return, the plan's future assets, Actuarially Determined Contributions, and funded status may differ significantly from those presented in this valuation. The consequences of persistent underperformance on future Actuarially Determined Contribution levels are illustrated below:



#### Contribution Risk

Definition: This is the potential that actual future contributions will be less than the Actuarially Determined Contribution.

Identification: Over the past 6 years, actual contributions have been 99.9% of the Actuarially Determined Contribution in total. The consequences of persistent underfunding on future Actuarially Determined Contribution levels are illustrated below:



## Section V - Analysis of Risk

### B. Risk Identification and Assessment

#### Liquidity Risk

**Definition:** This is the potential that assets must be liquidated at a loss earlier than planned in order to pay for the plan's benefits and operating costs. This risk is heightened for plans with negative cash flows, in which contributions are not sufficient to cover benefit payments plus expenses.

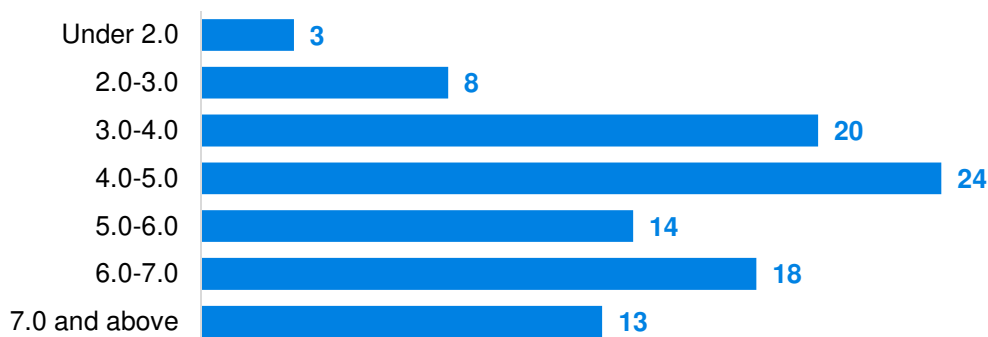
**Identification:** In 2018-19, the plan had positive cash flow, with town and member contributions to the plan of \$9,782,976 compared to \$9,557,888 of benefit payments and administrative expenses paid out of the plan. We suggest that you consult with your investment advisors with respect to the liquidity characteristics of the plan's investment holdings.

#### Maturity Risk

**Definition:** This is the potential for total plan liabilities to become more heavily weighted toward inactive liabilities over time, and for plan assets and/or liabilities to become larger relative to the active member liability.

**Identification:** The plan is subject to maturity risk because as plan assets and liabilities continue to grow, the dollar impact of any gains or losses on the assets or liabilities also becomes larger.

**Assessment:** As of July 1, 2019, the plan's Asset Volatility Ratio (the ratio of the market value of plan assets to payroll) is 5.2. According to Milliman's 2018 Public Pension Funding Study, the 100 largest US public pension plans have the following range of Asset Volatility Ratios:



#### Inflation Risk

**Definition:** This is the potential for a pension to lose purchasing power over time due to inflation.

**Identification:** The members of pension plans without fully inflation-indexed benefits are subject to the risk that their purchasing power will be reduced over time due to inflation.

**Assessment:** This plan provides for postretirement benefit increases that are directly tied to each year's rate of actual inflation. However, there is a maximum annual adjustment and a maximum lifetime adjustment. Further, not all members are eligible for these increases; this leaves members bearing some inflation risk.

## Section V - Analysis of Risk

### B. Risk Identification and Assessment

#### Insolvency Risk

Definition: This is the potential that a plan will become insolvent; that is, assets will be fully depleted.

Identification: If a plan becomes insolvent, contractually required benefits must be paid from the plan sponsor's other remaining assets.

Assessment: Under the GASB 68 depletion date methodology, the plan is not projected to become insolvent. Please see the GASB 68 report for more details on the underlying analysis.

#### Demographic Risks

Definition: This is the potential that mortality, turnover, retirement, or other demographic experience will be different than expected.

Identification: The pension liabilities reported herein have been calculated by assuming that members will follow patterns of demographic experience as described in Appendix B. If actual demographic experience or future demographic assumptions are different from what is assumed to occur in this valuation, future pension liabilities, Actuarially Determined Contributions, and funded status may differ significantly from those presented in this valuation. Formal Experience Studies performed on a regular basis are helpful in ensuring that the demographic assumptions reflect emerging plan experience.

#### Retirement Risk

Definition: This is the potential for members to retire and receive subsidized benefits that are more valuable than expected.

Identification: This plan has valuable early retirement benefits. If members retire at earlier ages than are anticipated by the actuarial assumptions, this will put upward pressure on subsequent Actuarially Determined Contributions.

#### Pensionable Earnings Risk

Definition: This is the potential for active members to add items to their pensionable earnings and receive pension benefits that are higher than expected.

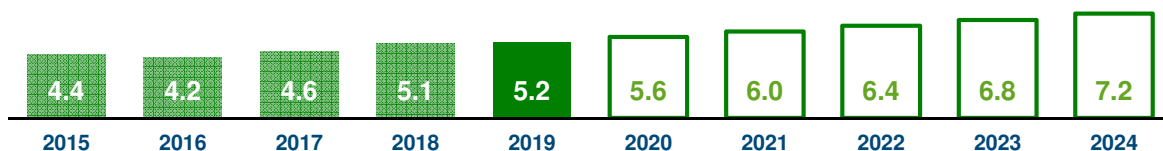
Identification: As Earnings include overtime payments, commissions, bonuses and any other additional compensation, a participant can significantly increase their final years of Earnings which are included in their Average Annual Earnings to calculate their final benefit. We have reflected a load for compensated absences for the groups that are eligible for these adjustments.

## Section V - Analysis of Risk

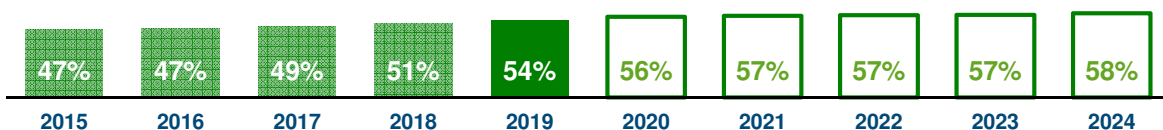
### C. Maturity Measures

The metrics presented below are different ways of understanding the plan's maturity level, both in the past and as it is expected to change in the coming years.

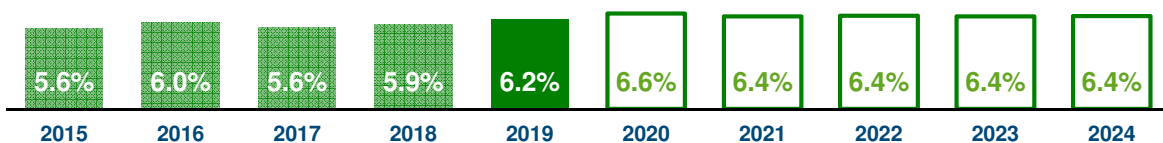
#### Asset Volatility Ratio: Market Value of Assets compared to Payroll



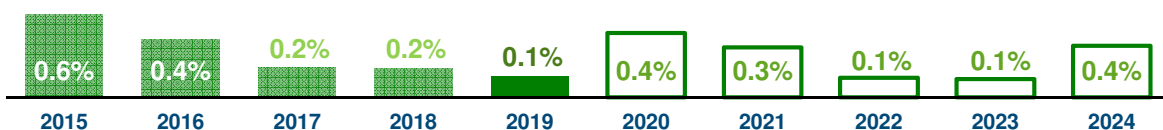
#### Accrued Liability for members in pay status compared to total Accrued Liability



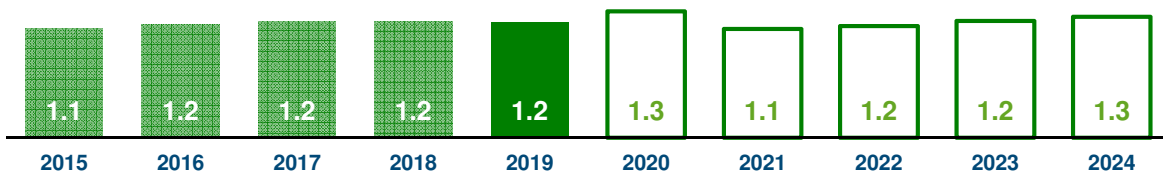
#### Benefit Payments compared to Market Value of Assets



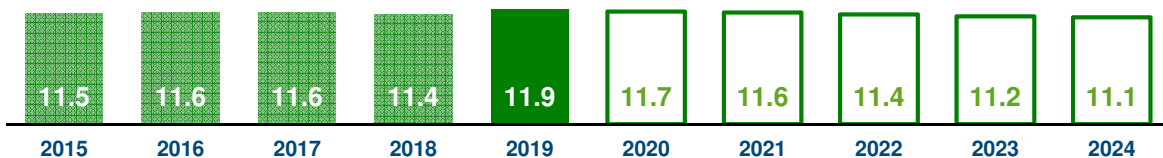
#### Net Cash Flows compared to Market Value of Assets



#### Benefit Payments compared to Town Contributions



#### Duration of Accrued Liability (based on GASB 68 sensitivity disclosures)





## Appendix A - Actuarial Funding Method

The actuarial funding method used in the valuation of this Plan is known as the Entry Age Normal Method. The Actuarially Determined Contribution consists of three pieces: Normal Cost plus a Past Service Cost payment to gradually eliminate the Unfunded Accrued Liability plus Interest to reflect the timing of the contribution relative to the valuation date.

The Normal Cost is determined by calculating the present value of future benefits for present active Members that will become payable as the result of death, disability, retirement or termination. This cost is then spread as a level percentage of earnings from entry age to termination as an Active Member. If Normal Costs had been paid at this level for all prior years, a fund would have accumulated. Because this fund represents the portion of benefits that would have been funded to date, it is termed the Accrued Liability. In fact, it is calculated by adding the present value of benefits for Retired Members and Terminated Vested Members to the present value of benefits for Active Members and subtracting the present value of future Normal Cost contributions.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

The Unfunded Accrued Liability is the excess of the Accrued Liability over the assets which have been accumulated for the plan. This Unfunded Accrued Liability is amortized as a level percent over 14 years starting with July 1, 2019. The amortization period will decline by 1 each year until it reaches 10 years, after which time it will remain at 10 years.

The Actuarial Value of Assets is determined by recognizing market gains and losses non-asymptotically over a five year period.

The long-range forecasts included in this report have been developed by assuming that members will terminate, retire, become disabled, and die according to the actuarial assumptions with respect to these causes of decrement, and that pay increases, cost of living adjustments, and so forth will likewise occur according to the actuarial assumptions. For those unions whose new employees are eligible to participate in this plan, members who are projected to leave active employment are assumed to be replaced by new active members with the same age, service, gender, and pay characteristics as those hired in the past few years.

## Appendix B - Actuarial Assumptions

Each of the assumptions used in this valuation was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period.

**Interest Rate** Non-Hybrid plan: 6.50%

Hybrid plan: 5.00%

**Inflation** 2.75%

**Salary Scale** Graded salary growth with an ultimate rate of 3.00%.

Age	Police	Town/BOE
25	6.50%	6.25%
30	6.00%	5.75%
35	4.75%	4.50%
40	3.75%	4.25%
45	3.50%	4.00%
50	3.50%	3.50%
55	3.25%	3.25%
60+	3.00%	3.00%

**Amortization Growth Rate** 3.50%

**Administrative Expenses** Prior year administrative expenses increased 3.0% and rounded to the nearest thousand.

**Mortality** Public Safety and Blue Collar Employees: PubS-2010 Mortality Table with generational projection with 100% of MP Ultimate Scale, with employee rates before benefit commencement and healthy or disabled annuitant rates after benefit commencement. This assumption includes a margin for improvements in longevity beyond the valuation date.

All Others: PubG-2010 Mortality Table with generational projection with 100% of MP Ultimate Scale, with employee rates before benefit commencement and healthy or disabled annuitant rates after benefit commencement. This assumption includes a margin for improvements in longevity beyond the valuation date.

Prior: RP-2000 Mortality Tables for employees and annuitants, with separate male and female rates, with generational projection per Scale AA.

## Appendix B - Actuarial Assumptions

### Survivor's Benefit

It is assumed that husbands are 3 years older than wives and that 90% of the male participants and 60% of the female participants who are or will become eligible for coverage under the Survivor's Benefit will be survived by an eligible survivor.

### Turnover

**Police:** None

**Town/BOE:** The probability that a participant at the indicated age will terminate is:

Age	Rate
20	13.95%
25	10.20%
30	7.58%
35	5.93%
40	4.88%
45	4.13%
50	3.38%
55	2.33%
60+	0.00%

### Retirement

Participants are assumed to retire as shown below:

Town		BOE	
Age	Rate	Age	Rate
60	3%	63-64	10%
61-64	15%	65	50%
65	50%	66-69	30%
66-69	30%	70	100%
70	100%		

Police		Police	
Hired before January 1, 2013		Hired on or after January 1, 2013	
Service	Rate	Service	Rate
20	10%	25	50%
21	15%	26-29	20%
22	30%	30	100%
23-24	15%		
25-29	30%		
30	100%		

For **Police**, minimum assumed retirement age is 50; 100% are assumed to retire at age 60.

## Appendix B - Actuarial Assumptions

<b>Disability</b>	50% of the 1985 Disability Pension Table Class 1 Rates.  50% of <b>Police</b> who become disabled are assumed to have a Service Connected Disability.
<b>Compensated Absences</b>	Increase active liability and normal cost by 7% for <b>Town</b> and <b>Highway</b> and by 10% for <b>Police</b> hired before January 1, 2013.
<b>Cost of Living Adjustments</b>	<b>Non-Hybrid:</b> 2.75%  <b>Hybrid:</b> 2.00%  Cost of Living Adjustments are not available for some groups and are subject to limitations for some groups. These restrictions are reflected in accordance with the plan provisions.

## Appendix C - Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

### Eligibility

Completed one year of continuous Service and elects to make Mandatory Employee Contributions. No Division 005 (Highway / Vehicle Maintenance / Refuse) or Division 007 (Facilities / Wastewater) employees hired on or after September 1, 2013 are eligible to enter the Plan. All other Town and Housing Authority employees hired on or after June 1, 2013 will be eligible for benefits under the Hybrid plan benefit structure.

### Earnings

Basic compensation received from the Employer for services as an Employee, plus overtime payments, commissions, bonuses and any other additional compensation.

Effective July 1, 2004, for Employees hired on or after such date, Highway / Vehicle Maintenance / Refuse employees shall not include sick leave payments as Earnings.

Effective July 1, 1994, Facilities / Wastewater employees shall not include sick leave payments as Earnings.

Effective January 1, 2013, for Employees hired on or after such date, Police employees shall not include overtime, private duty or sick leave payments as Earnings.

### Average Annual Earnings

#### **Town, Board of Education, Dispatchers, Housing Authority and Facilities / Wastewater**

The highest average Earnings received in any five consecutive Earnings Computation Periods during the Participant's period of Credited Service in which their Earnings were highest and dividing the aggregate of such five years Earnings by 5.

#### **Police**

The highest average Earnings received in any 48 consecutive calendar months during the Participant's period of Credited Service in which Earnings were highest and dividing the aggregate of such 48 months Earnings by 4.

#### **Highway / Vehicle Maintenance / Refuse / Hybrid plan groups**

The highest average Earnings received in any 60 consecutive calendar months during the Participant's period of Credited Service in which their Earnings were highest and dividing the aggregate of such five years Earnings by 5.

## Appendix C - Summary of Plan Provisions

<b>Service</b>	All years of Service with the employer, computed to the nearest 1/12 of a year, from date of employment to date of termination of employment, retirement date or date of death.
<b>Credited Service</b>	Participant's continuous Service completed prior to July 1, 1963 and subsequent to the date of coverage during which they have made contributions in accordance with the eligibility requirements, computed to the nearest 1/12 of a year, excluding any time absent from work due to a qualified disability, and excluding service after age 60 for police officers.
<b>Social Security</b>	The yearly Primary Insurance Amount for which the participant is estimated to be eligible at his or her Social Security Normal Retirement Age under the Social Security Act as in effect on their Normal Retirement Date, or the date their Service ceases, if earlier. The estimate is based upon the participant's compensation for which they have paid taxes under the Social Security Act. It is assumed that the participant will not receive any future compensation which would be treated as wages for the purpose of the Social Security Act.
<b>Normal Form of Annuity</b>	Single Life Annuity
<b>Normal Retirement Date</b>	<b>Town, Board of Education, Highway / Vehicle Maintenance / Refuse, Housing Authority and Facilities / Wastewater / Hybrid plan groups</b> If a participant became covered under the Plan prior to January 1, 1983, the day on which the participant attains age 65.  If a participant becomes covered under the plan on or after January 1, 1983, the day on which the participant attains age 65, or, if later, the earlier of the day on which the participant completes ten years of Service or the tenth anniversary of their participation commencement date.  <b>Police</b> Effective July 1, 1991, the day on which the participant attains age 55 or, if earlier, the day on which the participant completes 25 years of Service.  Effective July 1, 1994, for a participant with an Hour of Service on or after July 1, 1994, the day on which the participant attains age 55 or, if earlier, the day on which the participant completes 20 years of Service or the date the participant would have completed 20 years of Service if the participant's employment had not ceased.  For new participants hired on or after January 1, 2013, the day on which the participant attains age 55, or, if earlier, the day on which the participant completes 25 years of Service.

## Appendix C - Summary of Plan Provisions

### Normal Retirement Date

#### Dispatchers

If a participant became covered under the Plan prior to January 1, 1983, the day on which the participant attains age 65.

If a participant became covered under the Plan on or after January 1, 1983, but prior to July 1, 1991, the day on which the participant attains age 65 or, if later, the earlier of the day on which the participant completes 10 years of Service with the Employer or the 10th anniversary of their participation commencement date.

On or after July 1, 1991, the day on which the participant attains age 62 or, if later the earlier of the day on which the Participant completes 10 years of Service or the 10th anniversary of their participation commencement date.

### Normal Retirement Benefit

#### Town, Housing Authority, Dispatchers, and Highway / Vehicle Maintenance / Refuse (CILU)

1.75% of Average Annual Earnings times Credited Service plus 0.50% of Average Annual Earnings over \$15,000 times Credited Service.

#### Board of Education

2.00% of Average Annual Earnings times Credited Service.

#### Police

Greater of 2.50% of Average Annual Earnings times Credited Service (maximum 30 years of Credited Service or 75% of Annual Average Earnings) or \$360.

For Officers hired on or after January 1, 2013, 2.0% of Final Average Earnings times Credited Service to a maximum of 70% of Annual Average Earnings.

#### Facilities / Wastewater (AFSCME)

2.15% of Average Annual Earnings times Credited Service.

Maximum Benefit – 70% of Average Annual Earnings for Employees hired after November 29, 2005. 60% of Average Annual Earnings for Employees hired after June 30, 2008.

#### Hybrid plan groups

1.50% of Average Annual Earnings times Credited Service (maximum 30 years of Credited Service or 45% of Annual Average Earnings).

## Appendix C - Summary of Plan Provisions

**Vested Benefit**                      Accrued benefit as of date of termination adjusted by the applicable vesting percentage, payable as of Normal Retirement Date.

**Vesting Schedule**                      **Town, Housing Authority, Board of Education, Highway / Vehicle Maintenance / Refuse and Dispatchers**

<b>Years of Service</b>	<b>Vesting Percentage</b>
0 ≤ Years of Service < 5	0%
5 ≤ Years of Service < 6	50%
6 ≤ Years of Service < 7	60%
7 ≤ Years of Service < 8	70%
8 ≤ Years of Service < 9	80%
9 ≤ Years of Service < 10	90%
10 ≤ Years of Service	100%

**Police / Hybrid plan groups**

<b>Years of Service</b>	<b>Vesting Percentage</b>
0 ≤ Years of Service < 10	0%
10 ≤ Years of Service	100%

**Facilities / Wastewater**

<b>Years of Service</b>	<b>Vesting Percentage</b>
0 ≤ Years of Service < 5	0%
5 ≤ Years of Service < 6	80%
6 ≤ Years of Service < 7	90%
7 ≤ Years of Service	100%

**Early Retirement Date**                      Ten years early with 10 years of Service.

**Early Retirement Benefit**                      Normal Retirement benefit accrued to early retirement, actuarially reduced for the number of months the participant's Annuity Commencement Date precedes the participant's Normal Retirement Date.



## Appendix C - Summary of Plan Provisions

### Pre Retirement Spouse Benefit

#### **Town, Housing Authority, Board of Education, Highway / Vehicle Maintenance / Refuse, Dispatchers and Facilities / Wastewater / Hybrid plan groups**

To be eligible, must be actively contributing to the plan, have attained age 40 with 10 years of Service, and been married one full year prior to death. The benefit is the greater of 50% of the Ultimate Benefit times a Spouse Age Adjustment Factor or \$120.

#### **Police**

To be eligible, must be actively contributing to the plan, have been married one full year prior to death, and death occurs within two years of a Service connected incident. The benefit is the lesser of 2.50% of Average Annual Earnings times Credited Service at NRD or 75% of Average Annual Earnings.

### Disability Eligibility

#### **Town, Housing Authority, Board of Education, Highway / Vehicle Maintenance / Refuse, Dispatchers and Facilities / Wastewater / Hybrid**

Actively contributing to the plan and 10 years of continuous Service and total disablement.

#### **Police**

Non Service Connected Disability - Attained age 40 with 10 years of Service.

Service Connected Disability - Totally and permanently disabled.

### Disability Benefit Payable Before Normal Retirement Date

#### **Town / Housing Authority / Hybrid plan groups**

The lesser of 75% of Earnings at date of disability or \$15,000, minus Worker's Compensation.

#### **Highway / Vehicle Maintenance / Refuse and Facilities / Wastewater**

Lesser of 75% of Earnings at date of disability or \$18,750.

#### **Police**

Non Service Connected Disability: 2.50% of Average Annual Earnings times Credited Service as of date of disability (maximum 30).

Service Connected Disability: lesser of 2.50% of Average Annual Earnings times Credited Service at NRD (maximum 30) or 75% of Average Annual Earnings as of date of disability.

## Appendix C - Summary of Plan Provisions

### Disability Benefit Payable Before Normal Retirement Date

#### Board of Education and Dispatchers

Non Service Connected Disability: lesser of (A) or (B), minus Worker's Compensation

- A. 1.0% of Average Annual Earnings times Credited Service at Disability plus 0.67% of Average Annual Earnings over \$4,800 times Credited Service at Disability.
- B. 66.67% of Average Annual Earnings less 66.67% of Social Security.

Service Connected Disability: lesser of [greater of (A) or (B)] and (C), minus Worker's Compensation

- A. 1.0% of Average Annual Earnings times Credited Service at Disability plus 0.67% of Average Annual Earnings over \$4,800 times Credited Service at Disability.
- B. 50.00% of Average Annual Earnings less 66.67% of Social Security.
- C. 66.67% of Average Annual Earnings less 66.67% of Social Security.

### Disability Benefit Payable After Normal Retirement Date

#### Town / Housing Authority / Dispatchers / Hybrid plan groups

Lesser of 50% of Earnings at date of disability or \$10,000.

#### Highway / Vehicle Maintenance / Refuse and Facilities / Wastewater

Lesser of 50% of Earnings at date of disability or \$14,000.

#### Police

Non Service Connected Disability: 2.50% of Average Annual Earnings times Credited Service as of date of disability (maximum 30).

Service Connected Disability: Lesser of 2.50% of Average Annual Earnings times Credited Service at NRD (maximum 30) or 75% of Average Annual Earnings as of date of disability.

## Appendix C - Summary of Plan Provisions

**Disability Benefit Payable  
After Normal Retirement  
Date**

**Board of Education**

Non Service Connected Disability: lesser of 1.0% of Average Annual Earnings times Credited Service at Disability plus 0.67% of Average Annual Earnings over \$4,800 times Credited Service at Disability, or 66.67% of Average Annual Earnings less 66.67% of Social Security.

Service Connected Disability: lesser of [greater of (A) or (B)] and (C) minus Worker's Compensation

- A. 1.0% of Average Annual Earnings times Credited Service at Disability plus 0.67% of Average Annual Earnings over \$4,800 times Credited Service at Disability.
- B. 50.00% of Average Annual Earnings less 66.67% of Social Security.
- C. 66.67% of Average Annual Earnings less 66.67% of Social Security.

**Death / Termination Refund**

Pre Retirement: Refund of Employee Contributions with interest to date of termination or death, if not eligible for Spouse benefit.

Post Retirement: Excess of Employee Contributions with interest over annuity payments.

## Appendix C - Summary of Plan Provisions

### Employee Contributions

#### Town and Housing Authority

7.00% of Earnings as of July 1, 2020, previously 6.75%. Animal Control Officer is 6.75% of Earnings as of July 1, 2020, previously 6.50%.

Effective August 1, 2013, Employee Contributions are made on a pre-tax (Section 414(h)(2)) basis.

#### Hybrid plan group

6.50% of Earnings.

#### Board of Education (excluding Custodians)

6.25% of Earnings as of July 1, 2019, increasing to 6.50% of Earnings as of July 1, 2020, previously 6.00% of Earnings plus 1.25% of Earnings in excess of the Taxable Wage Base.

#### Board of Education (Custodians)

5.25% of Earnings as of July 1, 2019, increasing to 6.00% of Earnings as of July 1, 2020 and 6.75% as of July 1, 2021, previously 4.75% of Earnings plus 1.25% of Earnings in excess of the Taxable Wage Base.

#### Police

8.75% of Earnings as of July 1, 2020, previously 8.50%. Reduced to 5.25% after 30 years of service.

#### Highway / Vehicle Maintenance / Refuse

6.75% of Earnings as of July 1, 2020 increasing to 7.00% as of January 1, 2021, previously 6.50% plus 1.25% of Earnings in excess of the Taxable Wage Base.

Effective September 1, 2013, Employee Contributions are made on a pre-tax (Section 414(h)(2)) basis.

#### Dispatchers

7.00% of Earnings as of July 1, 2020, previously 6.75%.

#### Facilities / Wastewater

7.25% of Earnings as of July 1, 2020 increasing to 7.50% as of January 1, 2021, previously 7.00%.

Effective September 1, 2013, Employee Contributions are made on a pre-tax (Section 414(h)(2)) basis.

## Appendix C - Summary of Plan Provisions

**Interest Credited on Employee Contributions** 6.00%

**Eligibility for Cost of Living Adjustments** Any participant, contingent annuitant, dependent spouse or beneficiary who is currently receiving retirement payments. Police who retired prior to February 1, 2013: at age 55. Police who retire on or after February 1, 2013: at age 57. Hybrid plan: at age 67.

**Amount of Cost of Living Adjustments** The annual cost-of-living adjustment is effective May 1st each year and is equal to the ratio of the current year's Consumer Price Index over the Consumer Price Index in the year of retirement, subject to certain applicable annual and lifetime maximums:

**Town, Housing Authority, Board of Education and Dispatchers**

Maximum Annual Adjustment 5.00%  
 Maximum Lifetime Adjustment 50.00%

**Highway / Vehicle Maintenance / Refuse**

Maximum Annual Adjustment 5.00% Employment Date ≤ 6/30/2004  
 Maximum Lifetime Adjustment 50.00%

Highway employees hired on or after July 18, 2005 are not eligible for cost-of-living adjustments.

**Facilities / Wastewater**

Maximum Annual Adjustment 5.00% Employment Date ≤ 11/28/2005  
 Maximum Annual Adjustment 2.50% Employment Date > 11/28/2005 and ≤ 06/30/2008  
 Maximum Lifetime Adjustment 50.00%

Wastewater / Building Maintenance employees hired on or after July 1, 2008 are not eligible for cost-of-living adjustments.

**Police**

Maximum Annual Adjustment 4.00% Employment Date ≤ 12/13/2005  
 Maximum Annual Adjustment 3.00% Employment Date ≥ 12/14/2005  
 Maximum Lifetime Adjustment 50.00% Retirement Date ≤ 06/30/1987  
 Maximum Lifetime Adjustment N/A Retirement Date ≥ 07/01/1987

Police hired on or after January 1, 2013 are not eligible for cost-of-living adjustments.

**Hybrid plan group**

Maximum Annual Adjustment 2.00%  
 Maximum Lifetime Adjustment 50.00%

## Appendix D - Glossary

**Actuarial Cost Method** - This is a procedure for determining the Actuarial Present Value of Benefits and allocating it to time periods to produce the Actuarial Accrued Liability and the Normal Cost.

**Accrued Liability** - This is the portion of the Actuarial Present Value of Benefits attributable to periods prior to the valuation date by the Actuarial Cost Method (i.e., that portion not provided by future Normal Costs).

**Actuarial Assumptions** - With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. Some examples of key assumptions include the interest rate, salary scale, and rates of mortality, turnover and retirement.

**Actuarial Present Value of Benefits** - This is the present value, as of the valuation date, of future payments for benefits and expenses under the Plan, where each payment is: a) multiplied by the probability of the event occurring on which the payment is conditioned, such as the probability of survival, death, disability, termination of employment, etc.; and b) discounted at the assumed interest rate.

**Actuarial Value of Assets** - This is the value of cash, investments and other property belonging to the plan, typically adjusted to recognize investment gains or losses over a period of years to dampen the impact of market volatility on the Actuarially Determined Contribution.

**Actuarially Determined Contribution (“ADC”)** - This is the employer’s periodic contributions to a defined benefit plan, calculated in accordance with actuarial standards of practice.

**Attribution Period** - The period of an employee’s service to which the expected benefit obligation for that employee is assigned. The beginning of the attribution period is the employee’s date of hire and costs are spread across all employment.

**Interest Rate** - This is the long-term expected rate of return on any investments set aside to pay for the benefits. In a financial reporting context (e.g., GASB 68) this is termed the Discount Rate.

**Normal Cost** - This is the portion of the Actuarial Present Value of Benefits allocated to a valuation year by the Actuarial Cost Method.

**Past Service Cost** - This is a catch-up payment to fund the Unfunded Accrued Liability over time (generally 10 to 30 years). A closed amortization period is a specific number of years counted from one date and reducing to zero with the passage of time; an open amortization period is one that begins again or is recalculated at each valuation date. Also known as the Amortization Payment.

**Return on Plan Assets** - This is the actual investment return on plan assets during the fiscal year.

**Unfunded Accrued Liability** - This is the excess of the Accrued Liability over the Actuarial Value of Assets.



# Glastonbury Retirement Income Plan

## November 2020 Meeting Materials

BOF 11/18/20  
Item # 3



**Important Disclosure Information:** Past performance may not be indicative of future results. Account information has been compiled solely by Fiduciary Investment Advisors, LLC, has not been independently verified, and does not reflect the impact of taxes on non-qualified accounts. In preparing this report, Fiduciary Investment Advisors, LLC has relied upon information provided by third party sources. A copy of our current written disclosure statement discussing our advisory services and fees continues to remain available for your review upon request. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices.



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## FY 2019 Funded Status Trends in CT Public Pension Plans with Assets between \$100 - \$200 Million

(Total # of Plans = 15)

- Your request: to identify the number of plans, of the 166 studied, similar in size to Glastonbury's either by current participants (300-600) and/or with a similar levels of assets (160-180M).
  - We do not capture participant count. Since the number of plans between \$160-\$180M was extremely low (2 plans), we have expanded the asset range to \$100M – \$200M. **15 Plan fell into this category.**
  - The area highlighted in orange below represents the answers to the specific questions asked.
  - Additional data was provided for completeness.

	# of Plans	Discount rate <6.50%	Discount rate between 6.50% and 6.74%	Discount rate between 6.75% and 6.99%	Discount rate between 7.0% and 7.24%	Discount rate >=7.25%
How many of those plans have a funded status below 70%?	3	0	0	0	1	2
How many of those plans have a funded status of 70-80%?	5	0	2*	0	2	1
How many of those plans have a funded status of 80-90%?	4	0	1	0	2	1
How many of those plans have a funded status of 90%-100%?	2	1	0	1	0	0
How many of those plans have a funded status above 100%?	1	0	0	1	0	0
<i>Total</i>	<i>15</i>	<i>1</i>	<i>3</i>	<i>2</i>	<i>5</i>	<i>4</i>

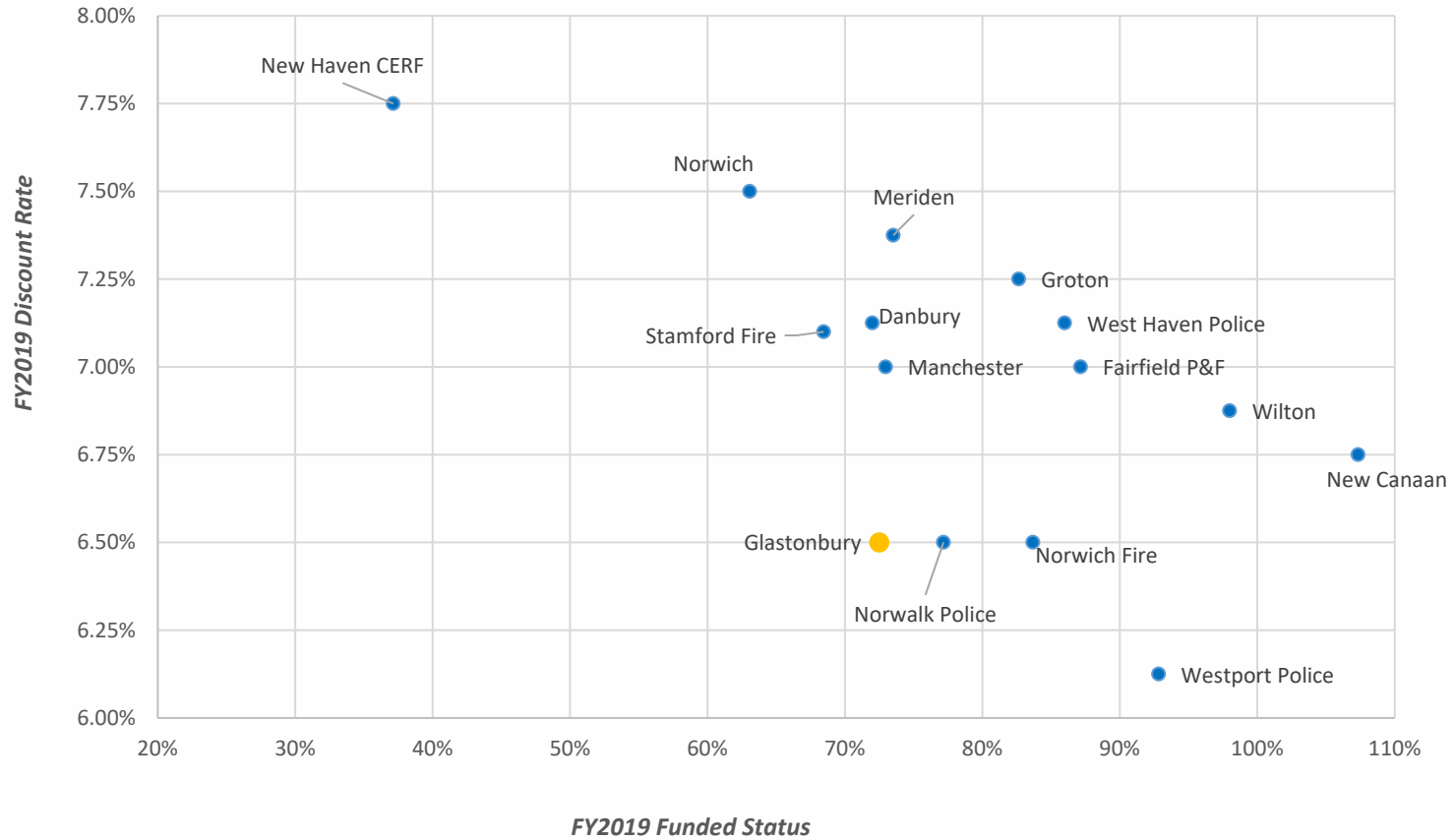
\*One of these plans is Glastonbury

Disclosure: Summary by Fiduciary Investment Advisors with data sourced from FYE2019 Comprehensive Financial Annual Reports (CAFRs) for 166 CT Municipal Pension Plans that had reported data available at the time of the analysis in September 2020<sup>1</sup>. All averages shown are equal-weighted and not weighted on assets or liabilities.

<sup>1</sup>Disclaimer: Information regarding plan status, discount rates and investment returns used in this analysis has been provided by outside parties. FIA is not responsible for any errors or omissions.

# FY 2019 Funded Status Trends in CT Public Pension Plans with Assets between \$100 - \$200 Million

(Total # of Plans = 15)

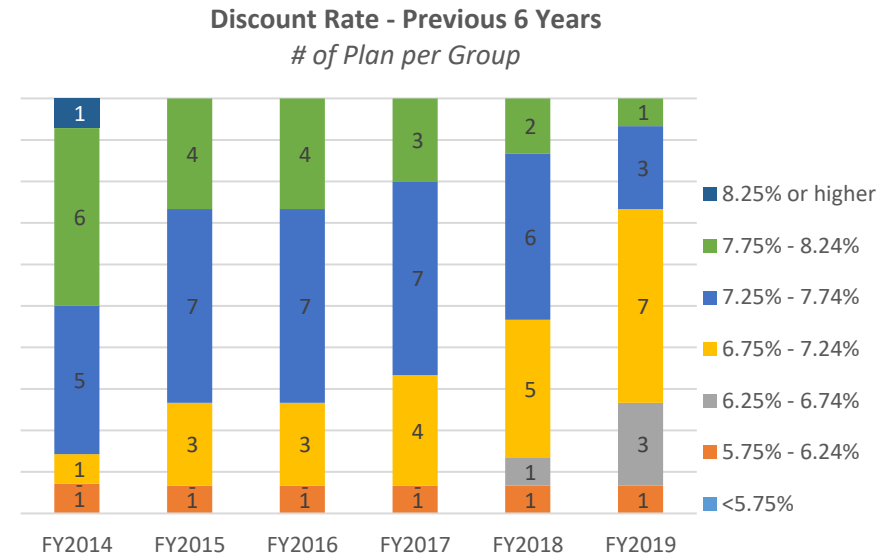
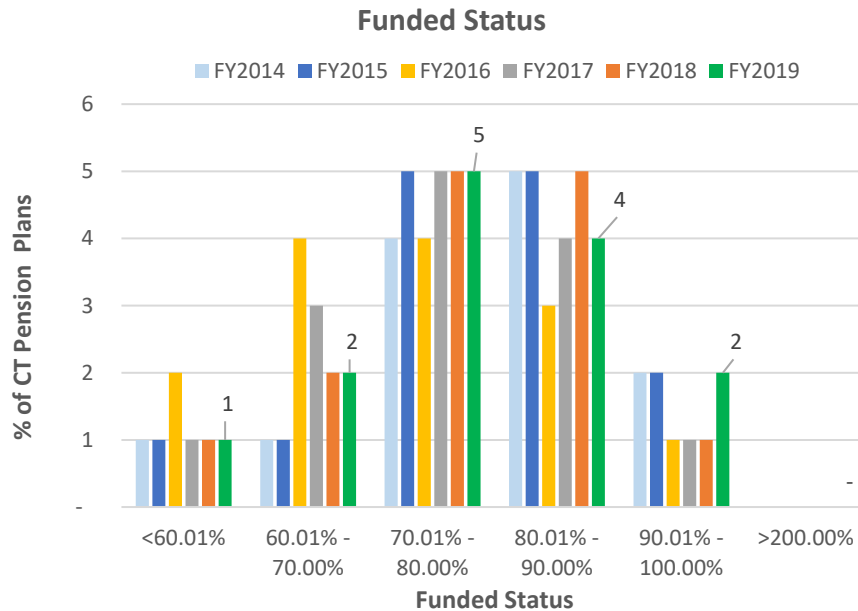


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# Funded Status Trends in CT Public Pension Plans with Assets between \$100 - \$200 Million

(Total # of Plans = 15)



## Funded Status Observations

- Glastonbury's reported funded status per 6/30/2019 CAFRs was 72.5% at a discount rate of 6.5%. Assets as of 6/30/2019 totaled \$153.3 million.
- 5 of the 15 plans have a funded status between 70-80% in FY2019.
- Average funded status for fiscal year ending 6/30/2019 for municipal pension plans in Connecticut with plan assets between \$100-\$200 million averaged 78.3% across the 15 plans
- Funded status is directly related to the discount rate used to value the liabilities.
  - 7 of the 15 plans included in this analysis use a discount rate between 6.75% and 7.24% in FY2019 (right graph, yellow bar)
  - 4 of the 15 plans included in this analysis use a discount rate at or above 7.25%
  - The average discount rate as of 6/30/2019 was 7.0%.

Disclosure: Summary by Fiduciary Investment Advisors with data sourced from FYE2019 Comprehensive Financial Annual Reports (CAFRs) for 166 CT Municipal Pension Plans that had reported data available at the time of the analysis in September 2020<sup>1</sup>. All averages shown are equal-weighted and not weighted on assets or liabilities.

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# Capital Markets Flash Report

October 2020

U.S. Equity						
	MTD	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500	-2.7	2.8	9.7	10.4	11.7	13.0
Russell 3000	-2.2	3.1	10.1	10.0	11.5	12.8
Russell 1000	-2.4	3.8	10.9	10.6	11.8	13.0
Russell 1000 Growth	-3.4	20.1	29.2	18.8	17.3	16.3
Russell 1000 Value	-1.3	-12.7	-7.6	1.9	5.8	9.5
Russell Mid Cap	0.6	-1.7	4.1	6.8	9.0	11.4
Russell Mid Cap Growth	0.1	14.1	21.1	15.2	14.2	14.1
Russell Mid Cap Value	0.9	-12.0	-6.9	0.9	5.3	9.4
Russell 2000	2.1	-6.8	-0.1	2.2	7.3	9.6
Russell 2000 Growth	0.8	4.7	13.4	7.9	10.4	12.0
Russell 2000 Value	3.6	-18.7	-13.9	-4.1	3.7	7.1

The S&P 500 Index fell for the second straight month in October, declining 2.7%. This comes on the heels of rising Covid-19 cases across the country, as well as uncertainty surrounding the Presidential election, as investors contemplate potential outcomes for equity markets and the economy moving forward. From a style perspective, value outperformed growth, and small and mid-capitalization stocks outperformed large capitalization stocks. At the sector level, utilities and communications led the way with positive absolute returns, while energy and technology lagged the broad market for a second consecutive month.

Fixed Income						
	MTD	YTD	1 Year	3 Years	5 Years	10 Years
BBgBarc US Agg	-0.4	6.3	6.2	5.1	4.1	3.6
BBgBarc US Corp IG	-0.2	6.4	7.1	6.2	5.9	5.1
BBgBarc US Corp HY	0.5	1.1	3.5	4.2	6.3	6.3
BBgBarc US Gov/Cr 1-3 Yr	0.0	3.1	3.4	2.9	2.1	1.5
BBgBarc US Gov/Cr Long	-1.6	12.4	11.2	9.5	8.3	7.4
BBgBarc Municipal	-0.3	3.0	3.6	4.1	3.7	4.0
FTSE WGBI USD	-0.2	6.9	6.0	4.5	3.9	1.7
ICE BofAML US 3M T-Bill	0.0	0.6	0.9	1.7	1.2	0.6

U.S. bond markets were negative in October, with the Bloomberg Barclays Aggregate Bond Index returning -0.4%. Rates generally moved higher during the month, and the yield curve steepened. The U.S. 10-year Treasury yield ended the month at 0.88%, up 19 basis points from its September close. Negative performance was largely a result of increasing interest rates as credit spreads narrowed during the month. Investment grade and high yield bond spreads decreased 8 and 11 basis points, respectively. International bond markets produced negative returns as well, with the FTSE WGBI returning -0.2% in September.

Past performance does not indicate future performance and there is a possibility of a loss.

International Equity						
	MTD	YTD	1 Year	3 Years	5 Years	10 Years
MSCI ACWI Ex USA	-2.1	-7.5	-2.6	-0.2	4.3	3.4
MSCI EAFE	-4.0	-10.8	-6.9	-1.2	2.8	3.8
MSCI EAFE Growth	-4.0	0.5	5.2	4.8	6.6	6.2
MSCI EAFE Value	-4.0	-21.6	-18.4	-7.4	-1.1	1.3
MSCI EAFE Small Cap	-3.5	-7.5	-1.4	-0.4	5.4	6.5
MSCI EM	2.1	0.9	8.3	1.9	7.9	2.4
MSCI EM Small	-0.6	-2.9	2.4	-2.4	3.3	0.6

International equities declined in October but outpaced domestic equities, with the MSCI ACWI ex U.S. Index returning -2.1%. From a style perspective, small cap developed international stocks outperformed large caps, with growth and value performing in line with each other. Emerging market equities outperformed their developed market counterparts, returning a positive 2.1% during the month. From a country standpoint, Australia was essentially flat during the month and outpaced the broader index, while China was among the top performers within emerging markets, generating a strong positive absolute return.

Commodities & Real Estate						
	MTD	YTD	1 Year	3 Years	5 Years	10 Years
Bloomberg Commodity	1.4	-10.8	-8.7	-4.4	-2.7	-6.4
S&P N.A. Natural Resources	-2.3	-33.5	-27.6	-12.8	-6.3	-3.3
FTSE Nareit Equity REITs	-2.6	-19.7	-21.4	-0.4	2.2	7.1
FTSE EPRA Nareit Developed	-3.3	-21.8	-22.2	-1.5	1.2	4.8

Commodities were positive on an absolute basis, while natural resource equities and REITs were negative during the month of October. Most notably, oil markets dipped, with the WTI crude December futures contract ending the month at \$35.79 per barrel, down from \$40.22 at the end of September.

Performance data sourced from Morningstar Direct.

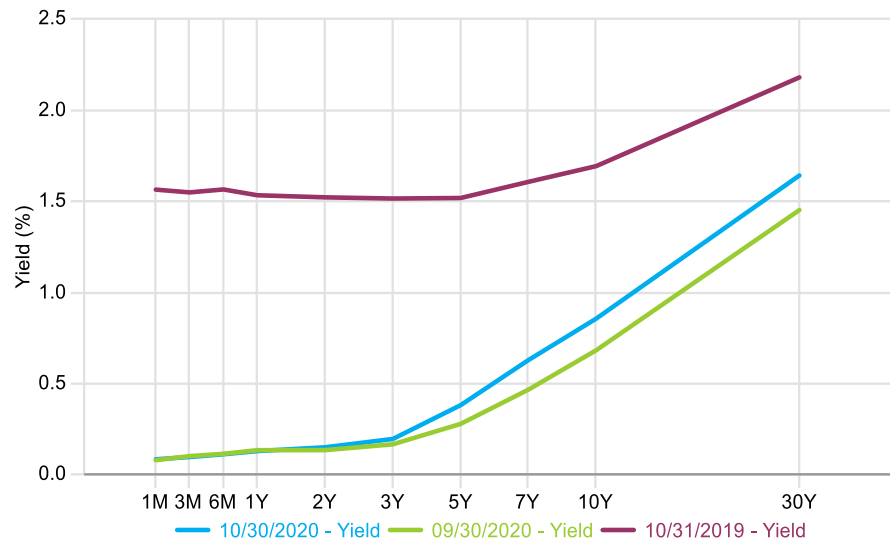
## S&P 500 Price History - Trailing 1 Year

10/31/2019 - 10/30/2020



FactSet, S&P

## United States Treasury Yield Curve



FactSet

## Barclays Corporate Option Adjusted Spread - Trailing 1 Year

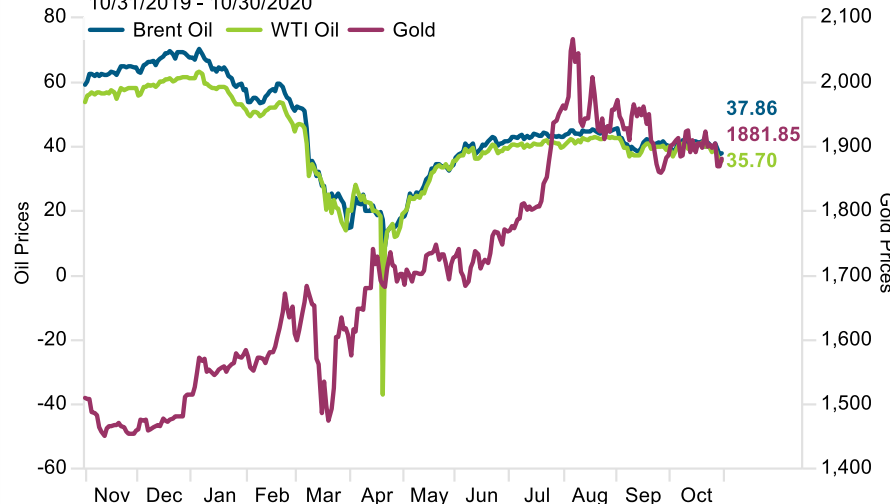
10/31/2019 - 10/30/2020



FactSet, Bloomberg Barclays

## Commodity Prices - Trailing 1 Year

10/31/2019 - 10/30/2020



FactSet

## Asset Allocation

As of October 31, 2020

	Asset Allocation (\$)	Asset Allocation (%)	Target Allocation (%)	Differences (%)
<b>Total Plan</b>	<b>174,439,324</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
<b>Short Term Liquidity</b>	<b>1,242,645</b>	<b>0.7</b>	<b>0.5</b>	<b>0.2</b>
Wells Fargo Government Money Market	1,242,645	0.7	0.5	0.2
<b>Fixed Income</b>	<b>58,149,216</b>	<b>33.3</b>	<b>33.5</b>	<b>-0.2</b>
Metropolitan West Total Return Bond Pl	24,790,554	14.2	14.3	0.0
BlackRock Total Return Fund K	24,851,111	14.2	14.3	0.0
Templeton Global Bond R6	8,507,552	4.9	5.0	-0.1
<b>Domestic Equity</b>	<b>71,541,132</b>	<b>41.0</b>	<b>40.0</b>	<b>1.0</b>
Vanguard Institutional Index Fund Instl	50,101,851	28.7	28.0	0.7
Jackson Square SMID-Cap Growth IS	10,773,273	6.2	6.0	0.2
Earnest Partners SMID Cap Value CIT	10,666,008	6.1	6.0	0.1
<b>International Equity</b>	<b>27,344,889</b>	<b>15.7</b>	<b>16.0</b>	<b>-0.3</b>
Vanguard International Growth Adm	9,510,187	5.5	5.5	0.0
Causeway International Value Instl	8,857,149	5.1	5.5	-0.4
Templeton Instl Foreign Smaller Companies Fund Adv	3,666,860	2.1	2.0	0.1
Cape Ann Global Developing Markets	5,310,693	3.0	3.0	0.0
<b>Real Estate</b>	<b>9,263,657</b>	<b>5.3</b>	<b>6.0</b>	<b>-0.7</b>
Barings Core Property Fund LP	9,263,657	5.3	6.0	-0.7
<b>Inflation Protection</b>	<b>6,897,784</b>	<b>4.0</b>	<b>4.0</b>	<b>0.0</b>
Vanguard Short-Term Inflation Protection Adm	3,252,288	1.9	2.0	-0.1
Parametric Commodity Strategy Instl	1,534,566	0.9	1.0	-0.1
iShares Gold Trust	2,110,931	1.2	1.0	0.2

Investments with a zero balance were held in the plan during the reporting period and will be removed once they no longer impact plan performance. Asset Allocation weightings may not add up to 100% due to rounding.

# Town of Glastonbury, CT Pension

## Performance Update As Of October 31, 2020

### Portfolio Performance

	Value	Performance(%)										
		1 Month	Jul-2020 To Oct-2020	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception *	Aug-2011 To Oct-2020	Inception Date
<b>Total Plan</b>	<b>174,439,324</b>	<b>-0.9</b>	<b>4.1</b>	<b>3.6</b>	<b>8.2</b>	<b>5.7</b>	<b>7.1</b>	<b>5.9</b>	<b>7.1</b>	<b>6.7</b>	<b>6.8</b>	<b>01/01/2003</b>
<i>Blended Benchmark</i>		<i>-1.3</i>	<i>3.8</i>	<i>2.9</i>	<i>6.5</i>	<i>5.9</i>	<i>7.0</i>	<i>5.9</i>	<i>6.8</i>	<i>7.0</i>	<i>6.4</i>	<i>01/01/2003</i>

### Calendar Year Performance

	2019	2018	2017	2016	2015	2014	2013
<b>Total Plan</b>	<b>18.8</b>	<b>-6.1</b>	<b>15.9</b>	<b>7.1</b>	<b>-1.8</b>	<b>3.7</b>	<b>15.1</b>
<i>Blended Benchmark</i>	<i>18.8</i>	<i>-5.3</i>	<i>14.9</i>	<i>7.4</i>	<i>-1.5</i>	<i>4.5</i>	<i>13.8</i>

### Allocation Mandate

	Weight (%)
<b>Jul-2020</b>	
90 Day U.S. Treasury Bill	0.50
Blmbg. Barc. U.S. Aggregate Index	28.50
FTSE World Government Bond Index	5.00
Russell 3000 Index	40.00
MSCI AC World ex USA (Net)	16.00
NCREIF Fund Index - ODCE (net)	6.00
Glatonbury Short Term Inflation Protection Benchmark	4.00

The Since Inception performance figure includes performance of prior consultant. FIA's performance inception date is 8/1/2011.

The allocation mandate represents the current benchmark composition for the portfolio. Please keep in mind that the investment objective may have changed over time.



# Manager Performance Overview

As of October 31, 2020

	1 Month	Jul-2020 To Oct-2020	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Aug-2011 To Oct-2020	Inception Date
<b>Total Plan</b>	<b>-0.9</b>	<b>4.1</b>	<b>3.6</b>	<b>8.2</b>	<b>5.7</b>	<b>7.1</b>	<b>5.9</b>	<b>7.1</b>	<b>6.7</b>	<b>6.8</b>	<b>01/01/2003</b>
<i>Blended Benchmark</i>	-1.3	3.8	2.9	6.5	5.9	7.0	5.9	6.8	7.0	6.4	
<b>Wells Fargo Government Money Market</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>0.6</b>	<b>1.4</b>	<b>1.0</b>	<b>0.7</b>	<b>N/A</b>	<b>0.6</b>	<b>0.6</b>	<b>08/01/2011</b>
<i>90 Day U.S. Treasury Bill</i>	0.0	0.1	0.6	0.9	1.7	1.2	0.9	0.6	0.7	0.7	
<b>Fixed Income</b>	<b>-0.2</b>	<b>1.0</b>	<b>4.5</b>	<b>5.0</b>	<b>4.1</b>	<b>3.8</b>	<b>3.3</b>	<b>3.5</b>	<b>4.3</b>	<b>3.7</b>	<b>01/01/2010</b>
<i>Fixed Income Benchmark</i>	-0.4	0.6	6.3	6.0	4.9	4.0	3.4	3.2	3.9	3.1	
<b>Metropolitan West Total Return Bond PI</b>	<b>-0.3 (46)</b>	<b>0.9 (84)</b>	<b>7.4 (20)</b>	<b>7.4 (22)</b>	<b>5.7 (14)</b>	<b>4.4 (48)</b>	<b>4.1 (37)</b>	<b>N/A</b>	<b>4.6 (14)</b>	<b>4.6 (14)</b>	<b>08/01/2011</b>
<i>Blmbg. Barc. U.S. Aggregate Index</i>	-0.4	0.2	6.3	6.2	5.1	4.1	3.8	3.6	3.6	3.6	
IM U.S. Broad Market Core+ Fixed Income (MF) Median	-0.3	1.3	6.0	6.1	4.9	4.4	3.9	3.9	3.9	3.9	
<b>BlackRock Total Return Fund K</b>	<b>-0.2 (17)</b>	<b>1.5 (34)</b>	<b>6.8 (36)</b>	<b>7.0 (28)</b>	<b>5.3 (31)</b>	<b>4.5 (41)</b>	<b>N/A</b>	<b>N/A</b>	<b>4.1 (33)</b>	<b>N/A</b>	<b>06/01/2015</b>
<i>Libor (3 month)</i>	0.0	0.1	1.1	1.4	2.0	1.5	1.2	0.9	1.4	1.0	
<i>Blmbg. Barc. U.S. Aggregate Index</i>	-0.4	0.2	6.3	6.2	5.1	4.1	3.8	3.6	3.8	3.6	
IM U.S. Broad Market Core+ Fixed Income (MF) Median	-0.3	1.3	6.0	6.1	4.9	4.4	3.9	3.9	3.9	3.9	
<b>Templeton Global Bond R6</b>	<b>0.2 (48)</b>	<b>-0.4 (100)</b>	<b>-4.6 (100)</b>	<b>-2.9 (100)</b>	<b>-1.1 (100)</b>	<b>1.2 (100)</b>	<b>0.9 (99)</b>	<b>N/A</b>	<b>1.6 (80)</b>	<b>1.6 (80)</b>	<b>08/01/2011</b>
<i>FTSE World Government Bond Index</i>	-0.2	2.8	6.9	6.0	4.5	3.9	2.1	1.7	1.5	1.5	
IM Global Fixed Income (MF) Median	0.1	2.6	4.5	4.9	3.8	3.8	2.6	2.6	2.5	2.5	
<b>Domestic Equity</b>	<b>-1.3</b>	<b>7.1</b>	<b>4.2</b>	<b>11.7</b>	<b>10.2</b>	<b>11.4</b>	<b>10.9</b>	<b>13.1</b>	<b>12.8</b>	<b>12.4</b>	<b>01/01/2010</b>
<i>Domestic Equity Benchmark</i>	-2.2	6.9	3.1	10.1	10.0	11.5	11.1	12.8	12.8	12.6	
<b>Vanguard Institutional Index Fund Instl</b>	<b>-2.7 (9)</b>	<b>6.0 (10)</b>	<b>2.8 (12)</b>	<b>9.7 (11)</b>	<b>10.4 (8)</b>	<b>11.7 (6)</b>	<b>11.5 (5)</b>	<b>N/A</b>	<b>12.9 (6)</b>	<b>12.9 (6)</b>	<b>08/01/2011</b>
<i>S&amp;P 500 Index</i>	-2.7	6.0	2.8	9.7	10.4	11.7	11.5	13.0	12.9	12.9	
IM S&P 500 Index (MF) Median	-2.7	5.9	2.5	9.4	10.1	11.3	11.1	12.5	12.4	12.4	
<b>Jackson Square SMID-Cap Growth IS</b>	<b>2.0 (40)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.0 (40)</b>	<b>N/A</b>	<b>10/01/2020</b>
<i>Russell 2500 Growth Index</i>	1.2	10.7	12.9	21.7	12.8	13.3	11.5	13.8	1.2	12.9	
IM U.S. SMID Cap Growth Equity (MF) Median	1.7	11.4	16.3	26.2	14.4	14.4	11.4	13.5	1.7	12.5	
<b>Earnest Partners SMID Cap Value CIT</b>	<b>2.1 (61)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.1 (61)</b>	<b>N/A</b>	<b>10/01/2020</b>
<i>Russell 2500 Index</i>	1.8	7.8	-4.1	2.1	4.5	8.2	7.5	10.6	1.8	9.8	
IM U.S. SMID Cap Value Equity (MF) Median	2.5	5.5	-17.2	-12.5	-3.2	2.4	3.4	7.2	2.5	6.7	

Returns for periods less than one year are not annualized. Returns are net of fees unless otherwise noted.

# Manager Performance Overview

As of October 31, 2020

	1 Month	Jul-2020 To Oct-2020	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Aug-2011 To Oct-2020	Inception Date
<b>International Equity</b>	<b>-1.8</b>	<b>6.2</b>	<b>-1.3</b>	<b>6.9</b>	<b>2.0</b>	<b>6.3</b>	<b>3.9</b>	<b>4.9</b>	<b>4.9</b>	<b>4.6</b>	<b>01/01/2010</b>
<i>MSCI AC World ex USA (Net)</i>	-2.1	4.0	-7.5	-2.6	-0.2	4.3	2.3	3.4	3.8	3.0	
<b>Vanguard International Growth Adm</b>	<b>-0.5 (1)</b>	<b>15.7 (1)</b>	<b>30.1 (1)</b>	<b>42.5 (1)</b>	<b>15.0 (1)</b>	<b>16.4 (1)</b>	<b>11.4 (1)</b>	<b>N/A</b>	<b>10.6 (1)</b>	<b>10.6 (1)</b>	<b>08/01/2011</b>
<i>MSCI AC World ex USA Growth (Net)</i>	-1.8	8.2	5.4	11.4	5.9	8.2	5.8	5.9	5.5	5.5	
IM International Large Cap Growth Equity (MF) Median	-2.7	5.8	0.7	7.3	3.4	5.7	4.2	5.2	5.0	5.0	
<b>Causeway International Value Instl</b>	<b>-4.6 (97)</b>	<b>-3.7 (98)</b>	<b>-21.1 (60)</b>	<b>-15.6 (57)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-8.2 (63)</b>	<b>N/A</b>	<b>04/01/2018</b>
<i>MSCI EAFE Value Index (Net)</i>	-4.0	-2.9	-21.6	-18.4	-7.4	-1.1	-1.5	1.3	-8.6	0.9	
IM International Large Cap Value Equity (MF) Median	-4.2	-2.5	-18.0	-14.2	-6.6	-1.2	-1.7	1.1	-7.7	0.4	
<b>Templeton Instl Foreign Smaller Companies Fund Adv</b>	<b>-2.3 (28)</b>	<b>10.2 (7)</b>	<b>-7.1 (23)</b>	<b>-1.1 (22)</b>	<b>-1.5 (27)</b>	<b>4.0 (36)</b>	<b>3.0 (45)</b>	<b>N/A</b>	<b>4.5 (32)</b>	<b>4.5 (32)</b>	<b>08/01/2011</b>
<i>MSCI AC World ex USA Small Cap (Net)</i>	-2.7	7.6	-6.2	0.1	-0.6	5.0	3.6	4.6	4.0	4.0	
IM International SMID Cap Core Equity (MF) Median	-2.9	5.7	-10.7	-4.6	-3.1	3.7	2.7	4.4	3.7	3.7	
<b>Cape Ann Global Developing Markets</b>	<b>1.0 (62)</b>	<b>3.1 (94)</b>	<b>-16.8 (95)</b>	<b>-9.6 (92)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-1.3 (90)</b>	<b>N/A</b>	<b>12/01/2018</b>
<i>MSCI Emerging Markets (Net) Index</i>	2.1	11.8	0.9	8.3	1.9	7.9	3.3	2.4	8.2	2.1	
IM Emerging Markets Equity (MF) Median	1.4	11.0	0.6	7.8	1.5	7.1	3.2	2.3	8.7	1.9	
<b>Real Estate</b>	<b>0.0</b>	<b>-1.5</b>	<b>-0.6</b>	<b>0.8</b>	<b>4.4</b>	<b>6.0</b>	<b>7.2</b>	<b>7.7</b>	<b>8.1</b>	<b>6.5</b>	<b>01/01/2010</b>
<i>NCREIF Fund Index - ODCE (net)</i>	0.0	0.3	-0.7	0.5	4.2	5.7	7.6	9.2	9.5	8.6	
<b>Barings Core Property Fund LP</b>	<b>0.0</b>	<b>-1.5</b>	<b>-0.6</b>	<b>0.8</b>	<b>4.4</b>	<b>6.0</b>	<b>7.2</b>	<b>N/A</b>	<b>7.5</b>	<b>N/A</b>	<b>07/01/2012</b>
<i>NCREIF Fund Index - ODCE (net)</i>	0.0	0.3	-0.7	0.5	4.2	5.7	7.6	9.2	8.1	8.6	
<b>Inflation Protection</b>	<b>-0.4</b>	<b>4.4</b>	<b>6.8</b>	<b>8.2</b>	<b>1.5</b>	<b>1.7</b>	<b>-2.3</b>	<b>N/A</b>	<b>-1.0</b>	<b>N/A</b>	<b>10/01/2011</b>
<i>Short Term Inflation Protection Benchmark</i>	0.2	5.1	4.7	6.0	2.6	2.4	-1.1	-0.2	0.0	-1.5	
<b>Vanguard Short-Term Inflation Protection Adm</b>	<b>-0.2 (18)</b>	<b>1.5 (94)</b>	<b>3.4 (85)</b>	<b>4.3 (83)</b>	<b>2.9 (80)</b>	<b>2.4 (86)</b>	<b>1.5 (86)</b>	<b>N/A</b>	<b>1.5 (86)</b>	<b>N/A</b>	<b>10/01/2013</b>
<i>Bloomberg Barclays US TIPS 0-5 Year Index</i>	-0.2	1.5	3.5	4.3	3.0	2.4	1.6	1.6	1.6	1.2	
IM U.S. TIPS (MF) Median	-0.5	2.4	7.0	7.7	4.5	3.6	2.3	2.5	2.3	2.0	

Returns for periods less than one year are not annualized. Returns are net of fees unless otherwise noted.

## Manager Performance Overview

As of October 31, 2020

	1 Month	Jul-2020 To Oct-2020	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Aug-2011 To Oct-2020	Inception Date
<b>Parametric Commodity Strategy Instl</b>	<b>-0.8 (62)</b>	<b>9.5 (44)</b>	<b>-4.1 (4)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.5 (3)</b>	<b>N/A</b>	<b>12/01/2019</b>
<i>Bloomberg Commodity Index Total Return</i>	1.4	10.6	-10.8	-8.7	-4.4	-2.7	-6.9	-6.4	-6.4	-7.9	
IM Commodities General (MF) Median	-0.6	9.1	-10.6	-8.1	-5.0	-2.6	-6.8	-6.4	-6.4	-7.7	
<b>iShares Gold Trust (IAU)</b>	<b>-0.3 (22)</b>	<b>6.3 (57)</b>	<b>23.3 (35)</b>	<b>24.2 (35)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>24.4 (48)</b>	<b>N/A</b>	<b>08/01/2019</b>
<i>LBMA Gold Price PM</i>	-0.3	6.4	23.6	24.5	14.0	10.5	5.2	3.4	24.7	1.6	
IM Commodities Precious Metals (MF) Median	-0.5	6.4	23.1	23.6	12.1	8.5	2.8	1.0	24.4	-1.5	

The inception date expressed on the Manager Performance Overview page(s) represents the first day of the first full month following the purchase of the investment. Performance figures shown at the fund level begin on this inception date. Your performance may differ slightly if the fund was purchased during the previous month. Actual performance is captured at the total plan level.

Investment returns are derived from custodian valuations and may deviate slightly from fund level returns displayed in other pages in your report which can result in minor differences in universe rankings. Mutual fund performance may differ from the current share class historical performance due to share class exchanges. ETF returns by convention can be different from the product return.

Barings Core Property is valued as of most recent quarter-end.

Returns for periods less than one year are not annualized. Returns are net of fees unless otherwise noted.

## Asset Allocation

As of October 31, 2020

	Asset Allocation (\$)	Asset Allocation (%)	Target Allocation (%)	Differences (%)
<b>Total Plan</b>	<b>1,233,878</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
<b>Short Term Liquidity</b>	<b>43,473</b>	<b>3.5</b>	<b>0.0</b>	<b>3.5</b>
Wells Fargo Government Money Market	43,473	3.5	0.0	3.5
<b>Fixed Income</b>	<b>721,265</b>	<b>58.5</b>	<b>60.0</b>	<b>-1.5</b>
Vanguard Total Bond Market Index Adm	721,265	58.5	60.0	-1.5
<b>Domestic Equity</b>	<b>293,723</b>	<b>23.8</b>	<b>25.0</b>	<b>-1.2</b>
Vanguard Total Stock Market Index Adm	293,723	23.8	25.0	-1.2
<b>International Equity</b>	<b>175,416</b>	<b>14.2</b>	<b>15.0</b>	<b>-0.8</b>
Vanguard Total International Stock Index Adm	175,416	14.2	15.0	-0.8

Investments with a zero balance were held in the portfolio during the reporting period and will be removed once they no longer impact portfolio performance. Asset Allocation weightings may not add up to 100% due to rounding.

# Town of Glastonbury, CT New Hires

## Performance Update As Of October 31, 2020

### Portfolio Performance

	Value	Performance(%)							Inception Date
		1 Month	Jul-2020 To Oct-2020	YTD	1 Year	3 Years	5 Years	Since Inception	
<b>Total Plan</b>	<b>1,233,878</b>	<b>-1.2</b>	<b>2.1</b>	<b>5.8</b>	<b>8.2</b>	<b>5.9</b>	<b>N/A</b>	<b>5.6</b>	<b>12/01/2015</b>
<i>New Hires Blended Benchmark</i>		<i>-1.1</i>	<i>2.5</i>	<i>3.5</i>	<i>6.0</i>	<i>5.4</i>	<i>N/A</i>	<i>6.1</i>	<i>12/01/2015</i>

### Calendar Year Performance

	2019	2018	2017	2016	2015	2014	2013
<b>Total Plan</b>	<b>15.0</b>	<b>-3.4</b>	<b>7.6</b>	<b>4.1</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>New Hires Blended Benchmark</i>	<i>15.7</i>	<i>-3.8</i>	<i>11.4</i>	<i>5.2</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

### Allocation Mandate

	Weight (%)
<b>Jun-2020</b>	
Blmbg. Barc. U.S. Aggregate Index	60.00
CRSP US Total Market Spliced Index	25.00
FTSE Global All Cap ex US Spliced Index	15.00

The allocation mandate represents the current benchmark composition for the portfolio. Please keep in mind that the investment objective may have changed over time.

# Manager Performance Overview

As of October 31, 2020

	1 Month	Jul-2020 To Oct-2020	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Total Plan</b>	<b>-1.2</b>	<b>2.1</b>	<b>5.8</b>	<b>8.2</b>	<b>5.9</b>	<b>N/A</b>	<b>5.6</b>	<b>12/01/2015</b>
<i>New Hires Blended Benchmark</i>	-1.1	2.5	3.5	6.0	5.4	N/A	6.1	
<i>New Hires Secondary Benchmark</i>	-0.9	1.8	3.1	4.9	4.7	N/A	5.0	
<b>Wells Fargo Government Money Market</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>0.6</b>	<b>1.4</b>	<b>N/A</b>	<b>1.0</b>	<b>12/01/2015</b>
<i>90 Day U.S. Treasury Bill</i>	0.0	0.1	0.6	0.9	1.7	N/A	1.2	
<b>Fixed Income</b>	<b>-0.6</b>	<b>0.0</b>	<b>6.4</b>	<b>6.1</b>	<b>5.0</b>	<b>N/A</b>	<b>4.2</b>	<b>12/01/2015</b>
<i>Blmbg. Barc. U.S. Aggregate Index</i>	-0.4	0.2	6.3	6.2	5.1	N/A	4.2	
<b>Vanguard Total Bond Market Index Adm</b>	<b>-0.6 (95)</b>	<b>0.0 (94)</b>	<b>6.4 (51)</b>	<b>6.1 (54)</b>	<b>5.0 (40)</b>	<b>N/A</b>	<b>4.2 (50)</b>	<b>12/01/2015</b>
<i>Blmbg. Barc. U.S. Aggregate Index</i>	-0.4	0.2	6.3	6.2	5.1	N/A	4.2	
IM U.S. Broad Market Core Fixed Income (MF) Median	-0.4	0.8	6.4	6.2	4.9	N/A	4.2	
<b>Domestic Equity</b>	<b>-2.1</b>	<b>6.9</b>	<b>3.2</b>	<b>10.2</b>	<b>10.0</b>	<b>N/A</b>	<b>11.6</b>	<b>12/01/2015</b>
<i>CRSP US Total Market Spliced Index</i>	-2.1	6.9	3.2	10.2	10.1	N/A	11.6	
<b>Vanguard Total Stock Market Index Adm</b>	<b>-2.1 (58)</b>	<b>6.9 (35)</b>	<b>3.2 (25)</b>	<b>10.2 (24)</b>	<b>10.0 (18)</b>	<b>N/A</b>	<b>11.6 (12)</b>	<b>12/01/2015</b>
<i>CRSP US Total Market Spliced Index</i>	-2.1	6.9	3.2	10.2	10.1	N/A	11.6	
IM U.S. Multi-Cap Core Equity (MF) Median	-2.0	6.0	0.1	5.8	7.3	N/A	9.0	
<b>International Equity</b>	<b>-2.2</b>	<b>4.1</b>	<b>-6.9</b>	<b>-1.9</b>	<b>-0.2</b>	<b>N/A</b>	<b>4.9</b>	<b>12/01/2015</b>
<i>FTSE Global All Cap ex US Spliced Index</i>	-2.2	4.4	-7.2	-2.1	-0.1	N/A	4.9	
<b>Vanguard Total International Stock Index Adm</b>	<b>-2.2 (21)</b>	<b>4.1 (19)</b>	<b>-6.9 (25)</b>	<b>-1.9 (28)</b>	<b>-0.2 (15)</b>	<b>N/A</b>	<b>4.9 (1)</b>	<b>12/01/2015</b>
<i>FTSE Global All Cap ex US Spliced Index</i>	-2.2	4.4	-7.2	-2.1	-0.1	N/A	4.9	
IM International Large Cap Core Equity (MF) Median	-4.0	1.6	-9.8	-5.4	-1.9	N/A	2.3	

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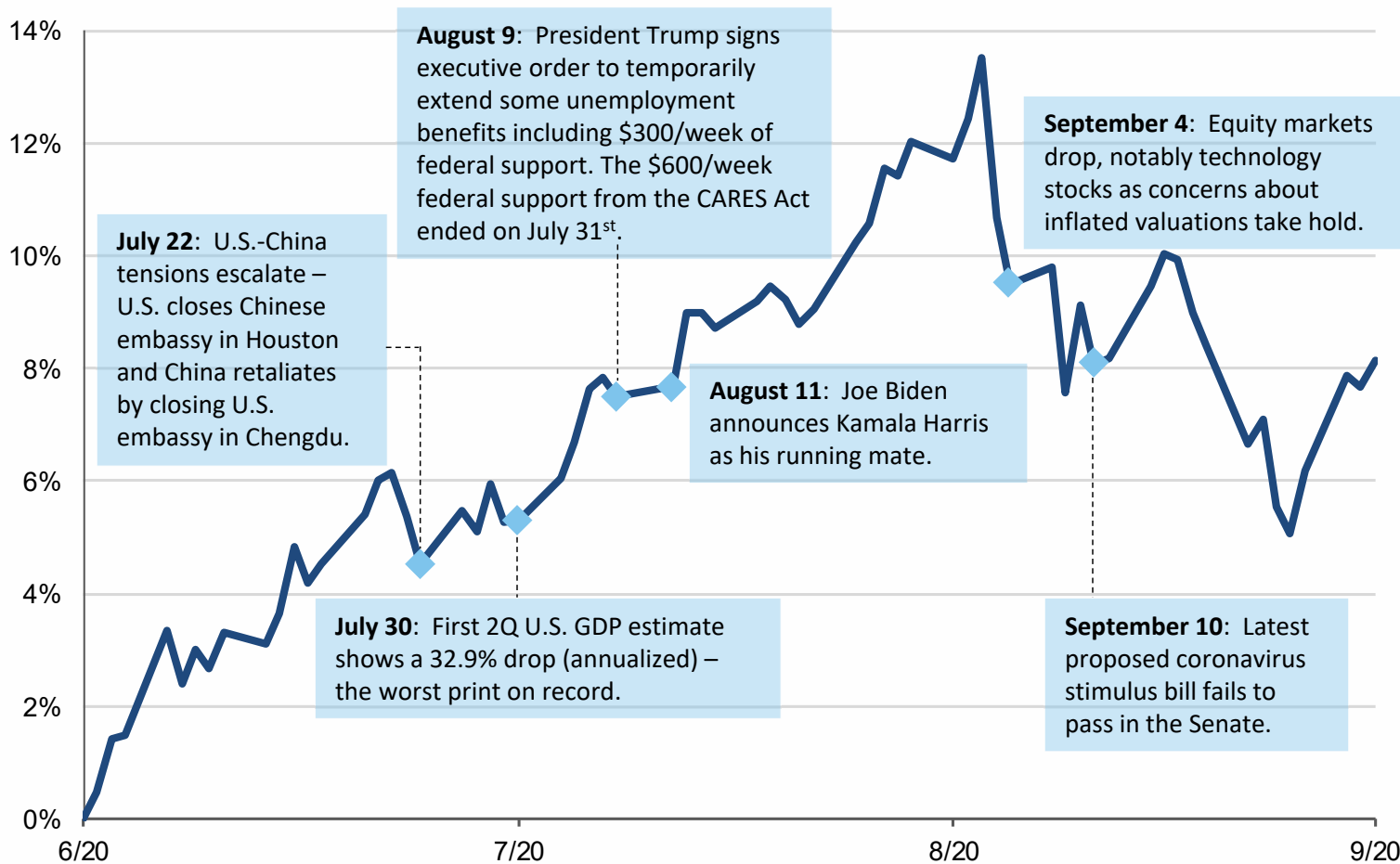
Investment returns are derived from custodian valuations and may deviate slightly from fund level returns displayed in other pages in your report which can result in minor differences in universe rankings. Mutual fund performance may differ from the current share class's historical performance due to share class exchanges.

The Secondary Benchmark consists of 20% 90 Day US Treasury Bill, 50% Bloomberg Barclays US Aggregate, 15% Russell 3000 Index, and 15% MSCI AC World ex USA (Net).

Returns for periods less than one year are not annualized. Returns are net of fees unless otherwise noted.

# 3Q 2020 Market Events

Global Equity Total Return (6/30/20 - 9/30/20)



Key 4Q 2020 Dates	
<u>October</u>	
<b>15:</b>	Second presidential debate
<b>22:</b>	Final presidential debate
<b>29:</b>	First estimate of 3Q U.S. GDP
<u>November</u>	
<b>3:</b>	U.S. Election Day
<b>4-5:</b>	FOMC Meeting
<u>December</u>	
<b>15-16:</b>	FOMC Meeting

Source: Bloomberg as of 9/30/20. Global Equity represented by MSCI ACWI Net Total Return USD Index. Past performance does not indicate future performance and there is a possibility of a loss.

# Financial Market Performance

<b>Global Fixed Income Markets</b>	<b>QTD</b>	<b>YTD</b>	<b>1YR</b>	<b>3YR</b>	<b>5YR</b>	<b>7YR</b>	<b>10YR</b>	<b>15YR</b>
Bloomberg Barclays 1-3-Month T-Bill	0.0%	0.5%	1.0%	1.6%	1.1%	0.8%	0.6%	1.2%
Bloomberg Barclays U.S. TIPS	3.0%	9.2%	10.1%	5.8%	4.6%	3.4%	3.6%	4.2%
Bloomberg Barclays Municipal Bond (5 Year)	1.3%	3.5%	4.6%	3.3%	2.8%	2.8%	2.8%	3.7%
Bloomberg Barclays High Yield Municipal Bond	3.1%	0.4%	1.3%	5.8%	6.0%	6.1%	6.0%	5.2%
Bloomberg Barclays U.S. Aggregate	0.6%	6.8%	7.0%	5.2%	4.2%	4.0%	3.6%	4.5%
Bloomberg Barclays U.S. Corporate High Yield	4.6%	0.6%	3.3%	4.2%	6.8%	5.3%	6.5%	7.1%
Bloomberg Barclays Global Aggregate ex-U.S. Hedged	0.7%	3.0%	1.8%	4.9%	4.3%	4.5%	4.1%	4.3%
Bloomberg Barclays Global Aggregate ex-U.S. Unhedged	4.1%	4.8%	5.5%	3.1%	3.6%	1.3%	1.3%	3.2%
Bloomberg Barclays U.S. Long Gov / Credit	1.2%	14.2%	12.9%	10.2%	8.8%	8.5%	7.4%	7.4%
JPMorgan GBI-EM Global Diversified	0.6%	-6.3%	-1.4%	0.2%	4.8%	0.0%	0.5%	4.6%
<b>Global Equity Markets</b>	<b>QTD</b>	<b>YTD</b>	<b>1YR</b>	<b>3YR</b>	<b>5YR</b>	<b>7YR</b>	<b>10YR</b>	<b>15YR</b>
S&P 500	8.9%	5.6%	15.1%	12.3%	14.1%	12.7%	13.7%	9.2%
Dow Jones Industrial Average	8.2%	-0.9%	5.7%	10.0%	14.0%	11.7%	12.7%	9.4%
NASDAQ Composite	11.2%	25.4%	41.1%	21.1%	20.7%	18.2%	18.2%	12.9%
Russell 3000	9.2%	5.4%	15.0%	11.6%	13.7%	12.1%	13.5%	9.1%
Russell 1000	9.5%	6.4%	16.0%	12.4%	14.1%	12.5%	13.8%	9.3%
Russell 1000 Growth	13.2%	24.3%	37.5%	21.7%	20.1%	17.4%	17.3%	12.0%
Russell 1000 Value	5.6%	-11.6%	-5.0%	2.6%	7.6%	7.3%	9.9%	6.3%
Russell Mid Cap	7.5%	-2.3%	4.5%	7.1%	10.1%	9.4%	11.8%	8.6%
Russell Mid Cap Growth	9.4%	13.9%	23.2%	16.2%	15.5%	13.2%	14.5%	10.5%
Russell Mid Cap Value	6.4%	-12.8%	-7.3%	0.8%	6.4%	6.6%	9.7%	7.0%
Russell 2000	4.9%	-8.7%	0.4%	1.7%	8.0%	6.4%	9.8%	7.0%
Russell 2000 Growth	7.2%	3.9%	15.7%	8.1%	11.4%	9.2%	12.3%	8.9%
Russell 2000 Value	2.6%	-21.6%	-14.9%	-5.1%	4.1%	3.3%	7.1%	4.9%
MSCI ACWI	8.1%	1.4%	10.4%	7.1%	10.3%	7.8%	8.5%	6.5%
MSCI ACWI ex. U.S.	6.3%	-5.4%	3.0%	1.2%	6.2%	3.2%	4.0%	4.1%
MSCI EAFE	4.8%	-7.1%	0.5%	0.6%	5.3%	3.0%	4.6%	3.7%
MSCI EAFE Growth	8.4%	4.6%	13.4%	7.1%	9.2%	6.2%	7.0%	5.6%
MSCI EAFE Value	1.2%	-18.3%	-11.9%	-5.9%	1.1%	-0.3%	2.1%	1.8%
MSCI EAFE Small Cap	10.3%	-4.2%	6.8%	1.4%	7.4%	5.7%	7.3%	5.6%
MSCI Emerging Markets	9.6%	-1.2%	10.5%	2.4%	9.0%	3.7%	2.5%	5.8%
<b>Alternatives</b>	<b>QTD</b>	<b>YTD</b>	<b>1YR</b>	<b>3YR</b>	<b>5YR</b>	<b>7YR</b>	<b>10YR</b>	<b>15YR</b>
Consumer Price Index*	1.0%	0.5%	1.2%	1.8%	1.8%	1.5%	1.8%	1.8%
FTSE NAREIT Equity REITs	1.4%	-17.5%	-18.2%	0.2%	3.9%	6.1%	7.9%	5.9%
S&P Developed World Property x U.S.	4.8%	-16.7%	-12.3%	-0.3%	3.7%	2.7%	5.1%	4.3%
S&P Developed World Property	3.1%	-17.0%	-15.3%	-0.1%	3.6%	4.1%	6.2%	4.9%
Bloomberg Commodity Total Return	9.1%	-12.1%	-8.2%	-4.2%	-3.1%	-7.2%	-6.0%	-4.8%
HFRI Fund of Funds Composite*	4.5%	2.8%	6.0%	3.0%	3.1%	3.1%	2.9%	2.7%
HFRI Fund Weighted Composite*	5.3%	1.6%	5.3%	3.1%	4.3%	3.7%	3.7%	4.2%
Alerian MLP	-16.3%	-46.2%	-48.4%	-20.8%	-11.6%	-11.9%	-4.2%	1.2%

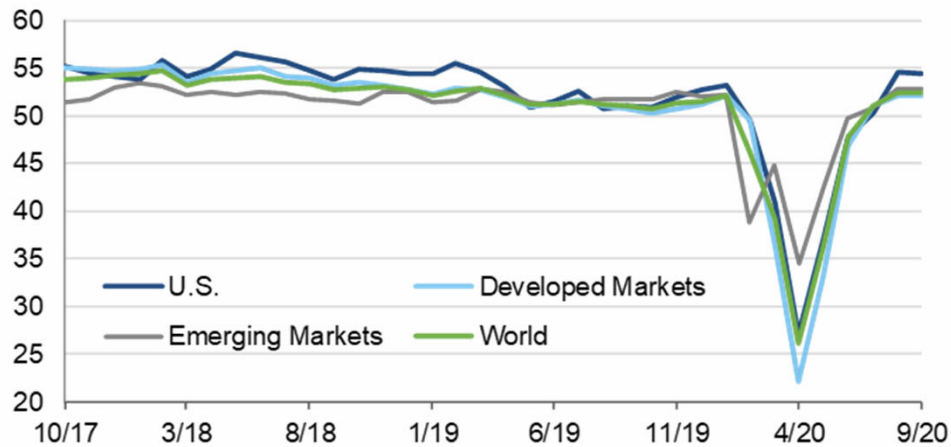
\*One-month lag. Source: Bloomberg as of 9/30/20. Total returns as of 9/30/20. Periods greater than 1 year are annualized. All returns are in U.S. dollar terms. Past performance does not indicate future performance and there is a possibility of a loss.



# Economic Review

## PMI Composites

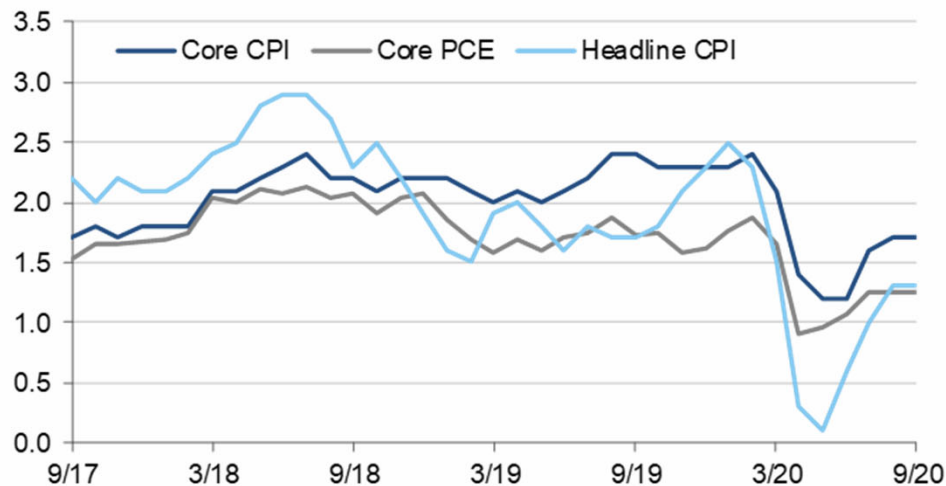
PMI data came in slightly above 50 indicating economic expansion. Investors will continue to closely monitor the trajectory of these reports.



Sources: Markit, JPMorgan. Subject to one-month lag.

## U.S Inflation

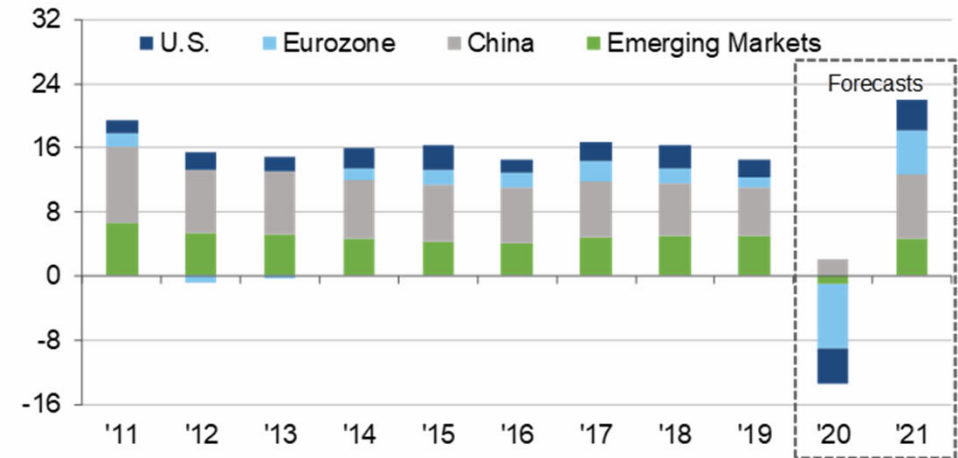
Inflation prints rose in the third quarter as consumer spending and business activity normalized further.



Sources: Bureau of Labor Statistics (BLS), Bureau of Economic Analysis (BEA)

## Real GDP Growth (YoY)

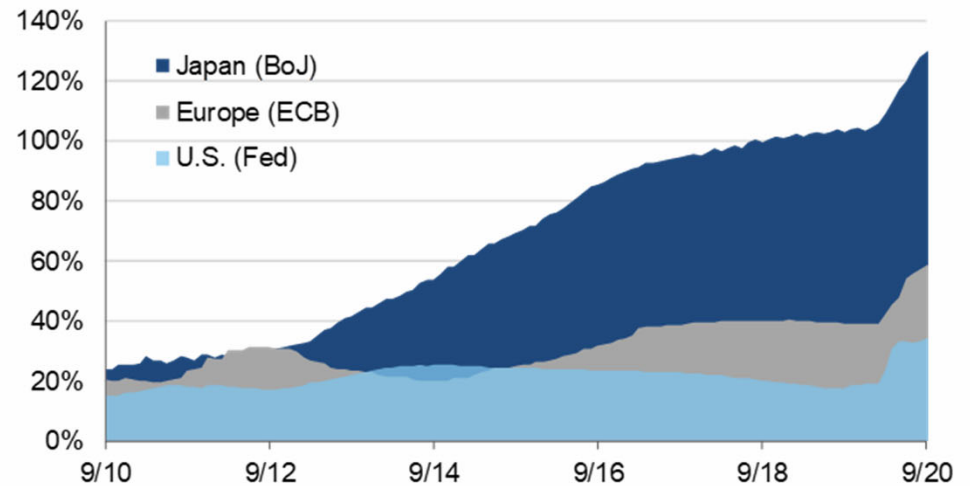
GDP growth forecasts for 2020 remain negative for most of the world except China; however, 2021 estimates are more optimistic.



Source: Bloomberg. Forecasts based on Bloomberg survey.

## Central Bank Balance Sheets as a Percentage of GDP

Despite unprecedented levels of monetary easing, the Fed has a lot more policy room to support economic activity.

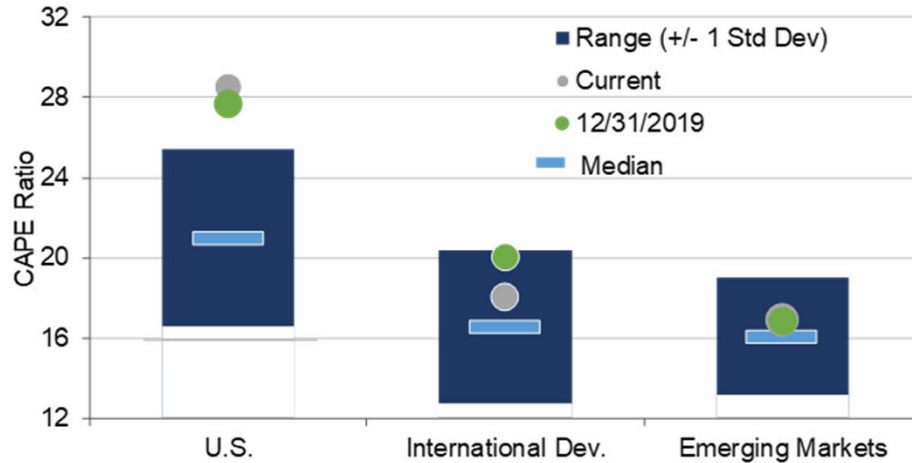


Source: Bloomberg

# Equity Market Update

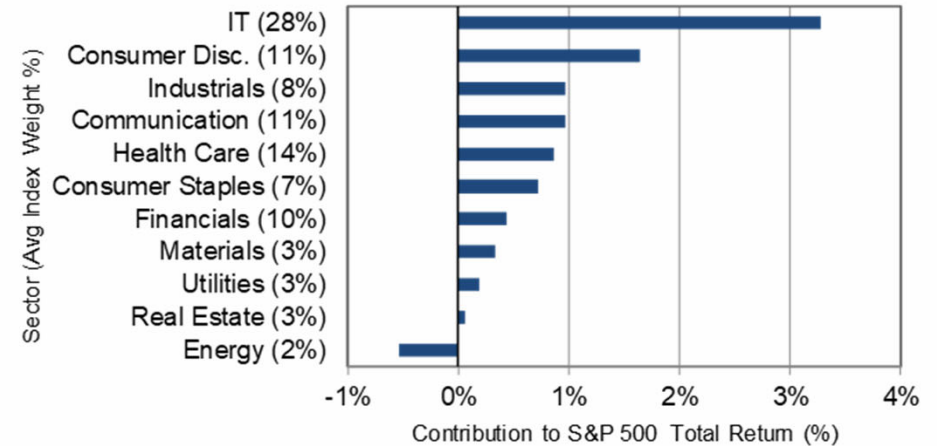
## Equity Valuations (Trailing 15 Years)

Strong third quarter performance pushed valuations higher, notably in the U.S. and emerging markets, which are now trading near pre-COVID levels.



## U.S. Equities – Contribution to Return by Sector (3Q20)

Technology contributed over one third of the 8.9% S&P 500 quarterly return, led by Apple, Nvidia, Microsoft and Salesforce.

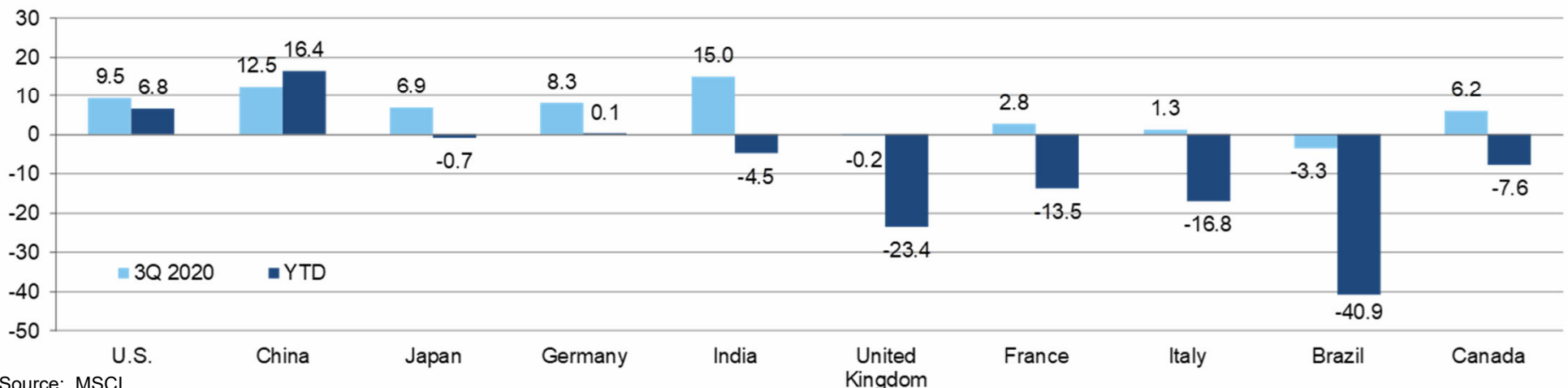


Source: S&P.

Source: MSCI as of 9/30/20. U.S = USA Price Return USD Index, Int. Dev = World Excluding United States Index, EM = Emerging Markets Index.

## Country Total Returns (%) – Top 10 Largest Economies

Global equity performance was mixed with India and China generating the largest positive returns and Brazil as the main laggard. Despite India's accelerating COVID case count, investor optimism and inflows supported that market. On the other hand, Brazil's political instability remains a headwind.



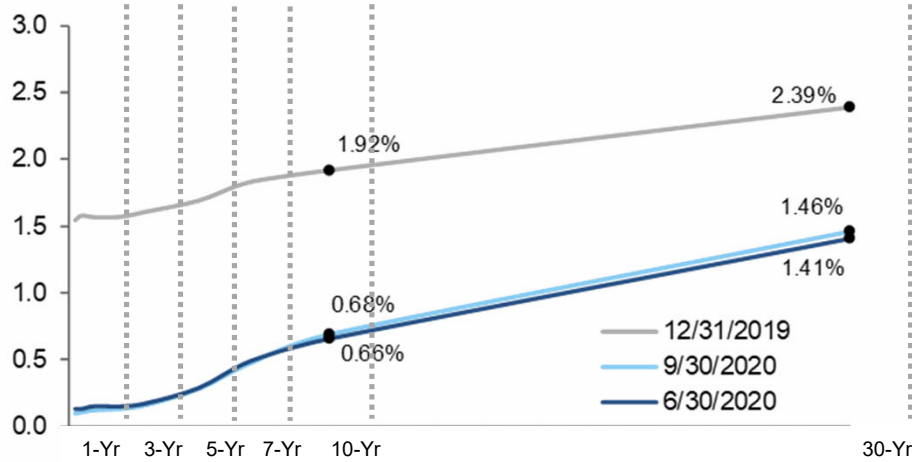
Source: MSCI.

See disclosures for list of indices representing each asset class, region or country. CAPE = cyclically adjusted price/earnings ratio. Past performance does not indicate future performance and there is a possibility of a loss.

# Fixed Income Market Update

## U.S. Treasury Curve

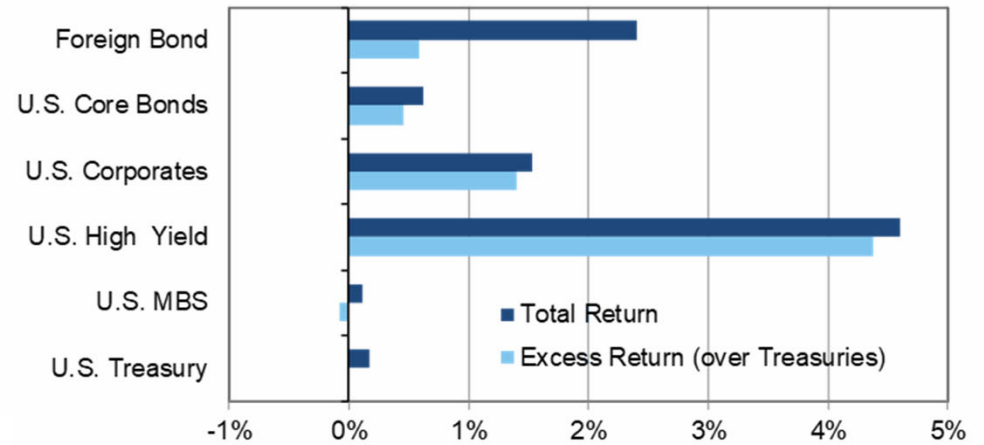
Similar to the second quarter, U.S. Treasury yields were rangebound and ended the quarter relatively flat.



Source: Bloomberg.

## Index Performance Attribution (3Q20)

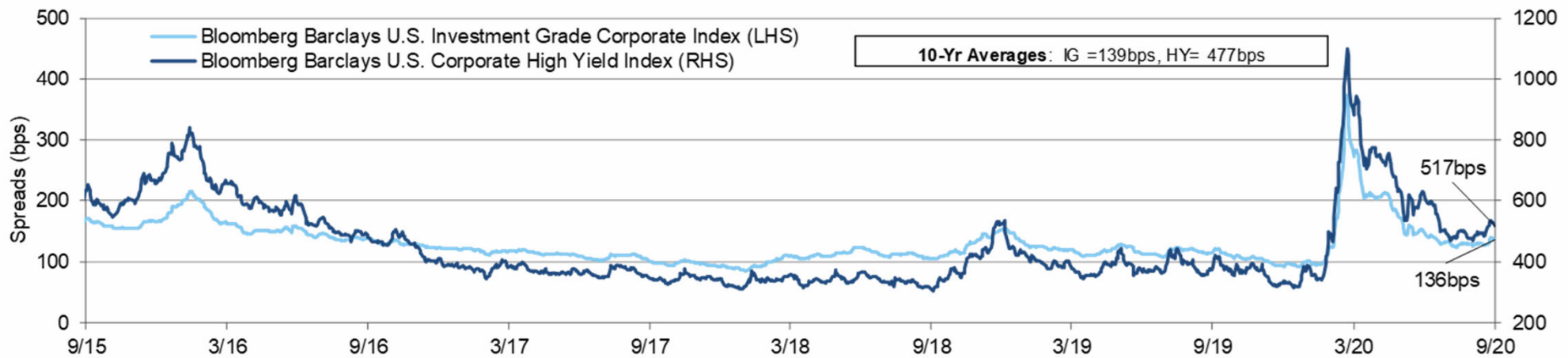
Spread tightening, particularly in riskier parts of the market, drove fixed income performance. U.S. dollar weakness benefitted foreign bonds.



Source: Bloomberg.

## Credit Market Spreads – Trailing 5 Years

Investment grade and high yield spreads tightened through much of the third quarter until late September when risk-off sentiment spurred modest widening. Investment grade spreads are trading near the 10-year average, whereas high yield valuations appear slightly more attractive than the 10-year average.



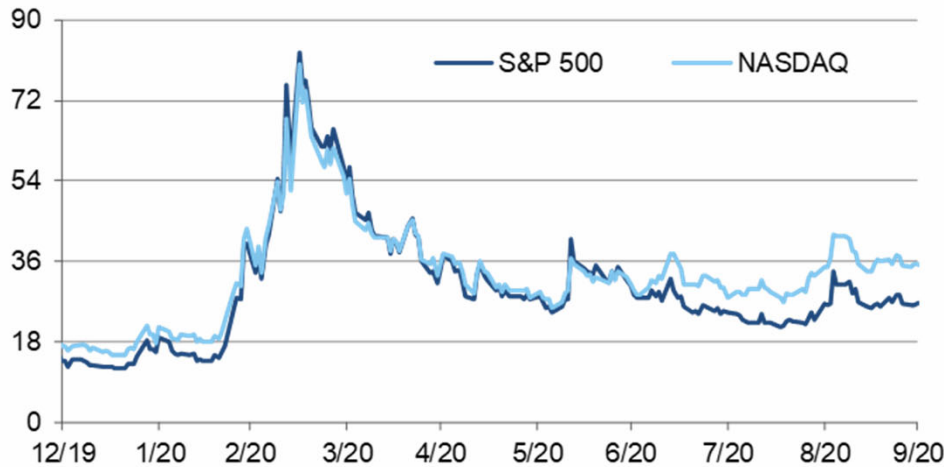
Source: Bloomberg.

See disclosures for list of indices representing each asset class.

# Market Themes

## Volatility – S&P 500 and NASDAQ

The tech-heavy Nasdaq Index led the equity rally since March but bottomed in August. Rising volatility may govern incremental valuation expansion.



Source: Bloomberg

## Equity – Growth vs. Value

Growth stocks' outperformance of value stocks persisted for much of the third quarter apart from a couple weeks in September.

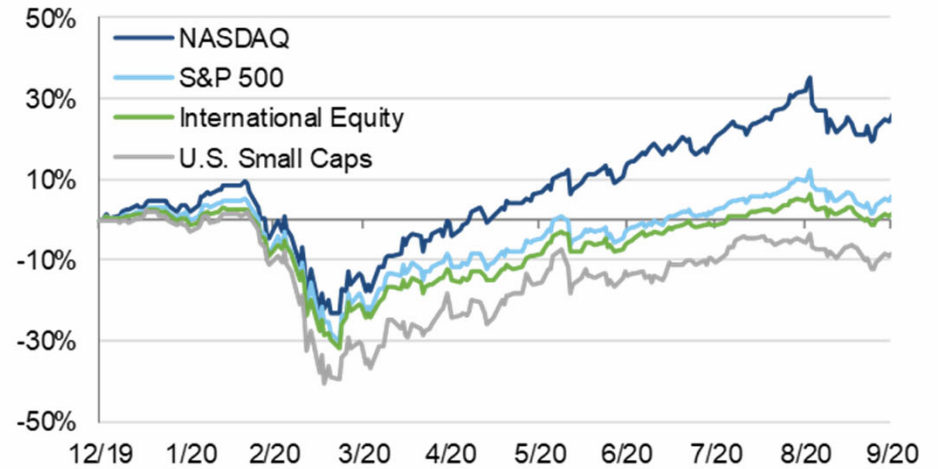


Source: S&P.

Past performance does not indicate future performance and there is a possibility of a loss.

## Equity Performance – Sector, Region, Market Cap

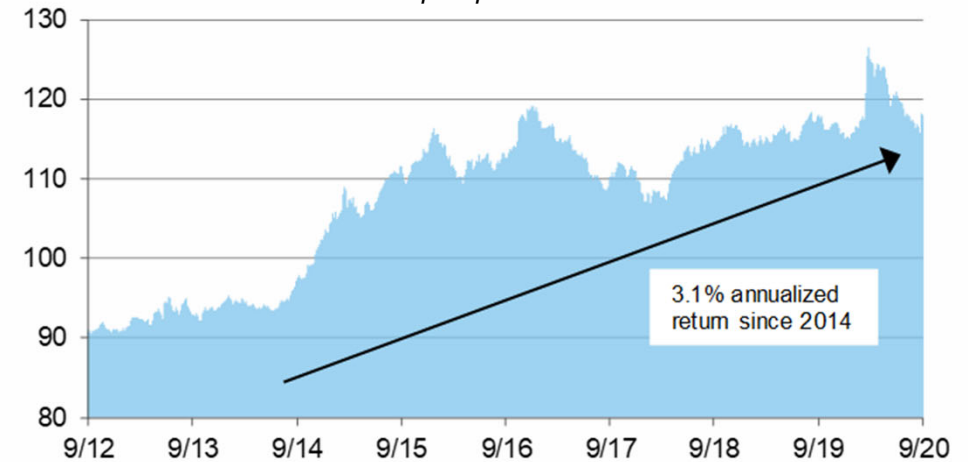
Equities pulled back in September led by weakness in technology, but the sector remains one of the strongest performers year-to-date.



Sources: NASDAQ, S&P, MSCI, Russell.

## Trade Weighted U.S. Dollar

The U.S. dollar weakened in 3Q amid heightened concerns about the containment of the virus and the prospects for more fiscal stimulus.

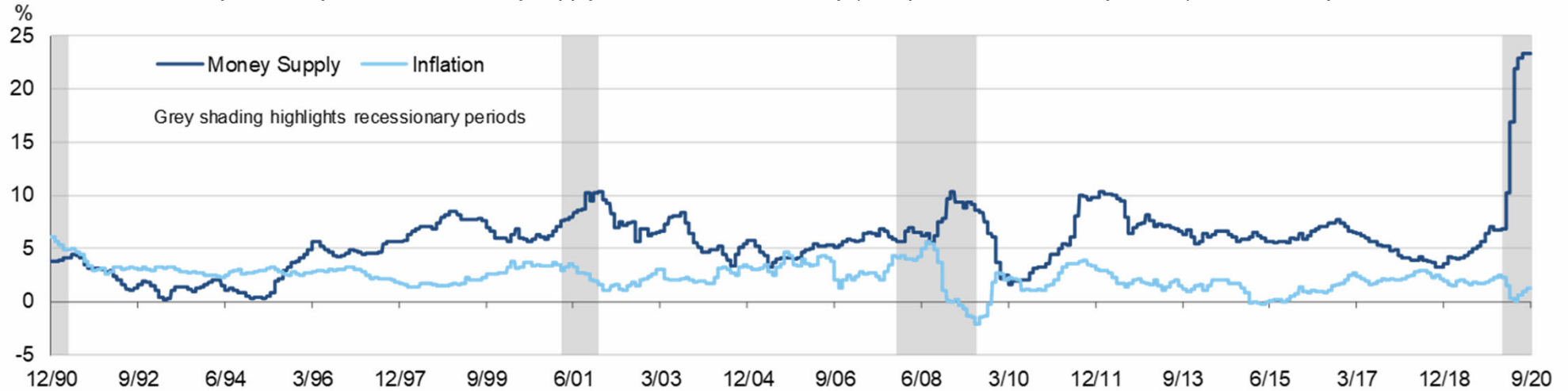


Source: Federal Reserve based on H.10 exchange rate data.

# Market Themes

## U.S. Money Supply and Inflation

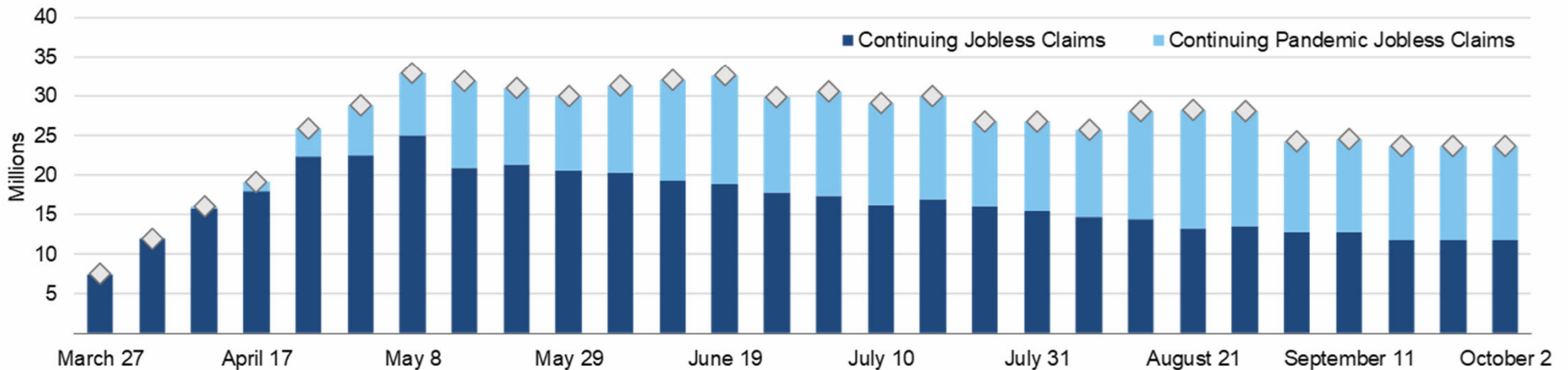
The unprecedented amount of stimulus has spurred some concerns about rising inflation, but recent history shows that increased money supply has coincided with lower year-over-year inflation. Money supply is one factor, but velocity (the speed at which money moves) is another key element.



Sources: Federal Reserve and U.S. Bureau of Labor Statistics (BLS).

## U.S. Unemployment Claims

While the unemployment rate has fallen to 7.9%, continuing claims for unemployment benefits remain stubbornly high (24 million as of 9/30/20). The Pandemic Unemployment Assistance (PUA) program, which extended benefits to a larger part of the population, is set to expire at year-end.

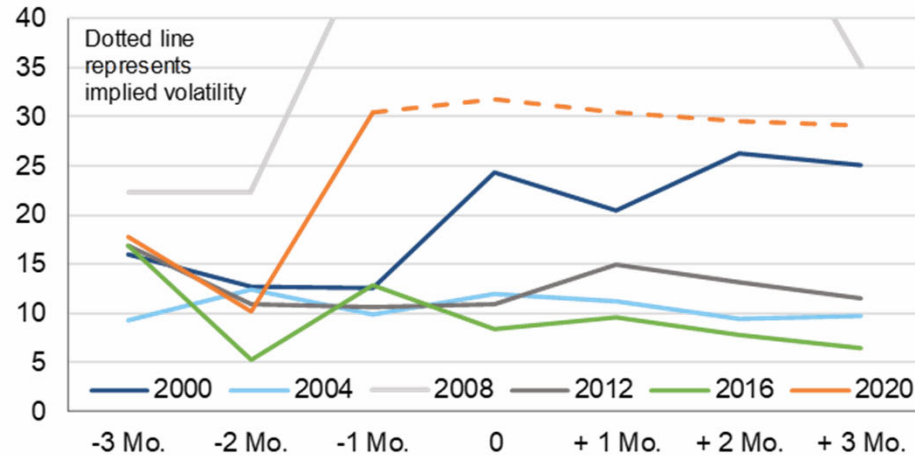


Source: U.S. Department of Labor, U.S. Bureau of Labor Statistics (BLS)

# Market Themes – U.S. Election

## S&P 500 Index Volatility around Elections

Realized volatility leading up to this election has been higher than most other years, and market indicators suggest it will remain elevated.



Source Bloomberg, CBOE Volatility Index (VIX) +/- 3 Mo. of the U.S. presidential election.

## Key Election Dates

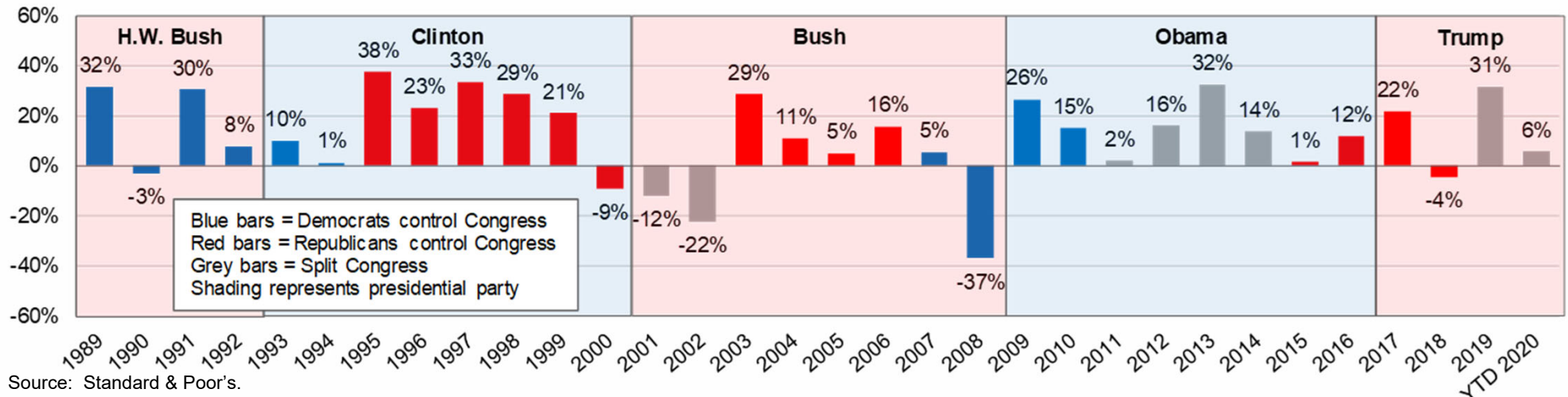
Concerns remain around the integrity of the election and timing of results given the circumstances, but below are the key dates to watch.

Date	Event
November 3	Election Day
December 8	Deadline for Election Disputes
December 14	Electoral College Casts Votes
January 6	Congress meets to count Electoral College votes
January 20	Inauguration Day

Source: DiMeo Schneider & Associates, L.L.C.

## Annual S&P 500 Index Performance by President

An evaluation of performance over the last century might show that a split government has coincided with strong equity returns, but more recent history suggests that party-control may be less important when reflecting on potential future market performance.

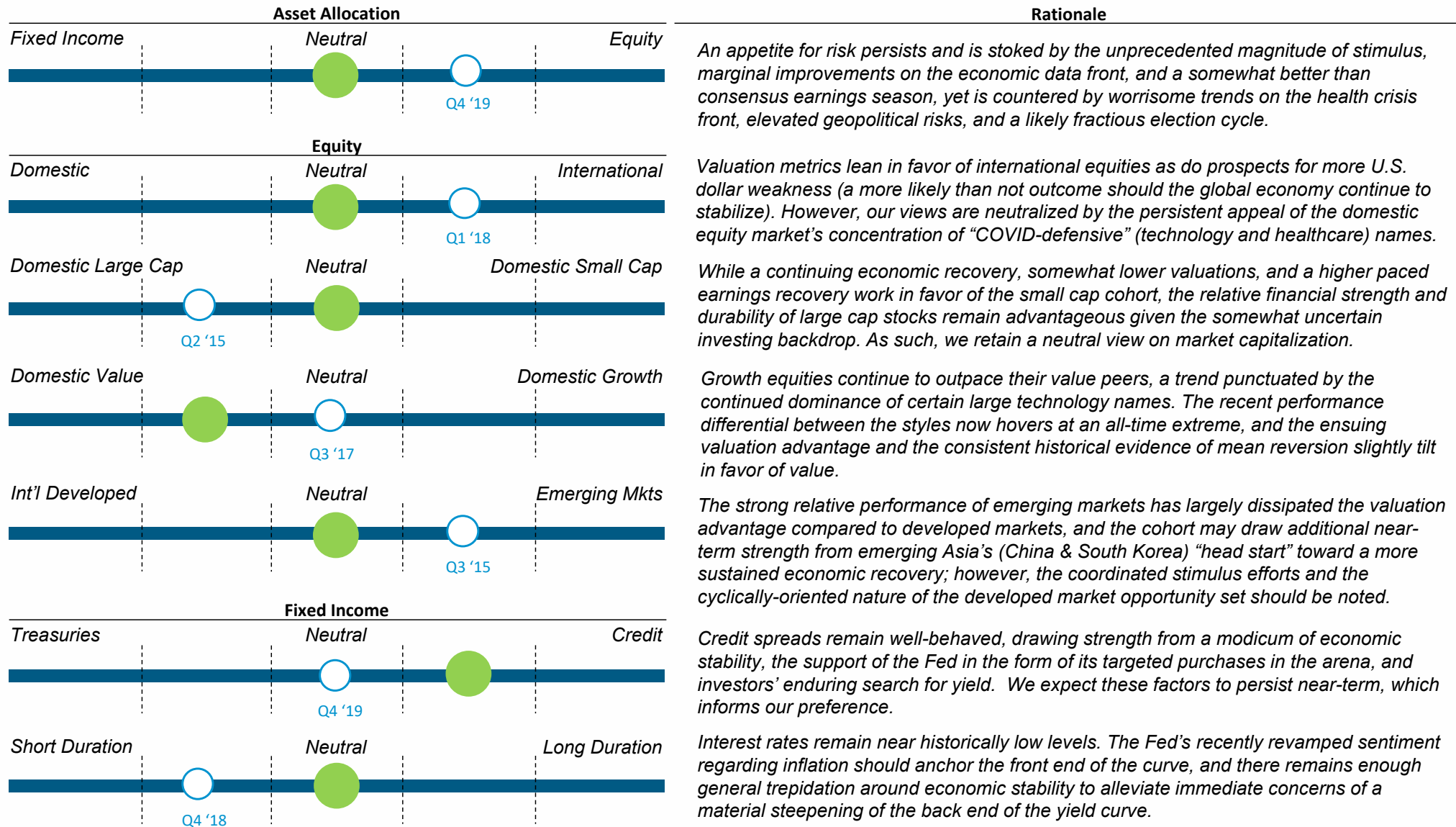


Source: Standard & Poor's.

Past performance does not indicate future performance and there is a possibility of a loss.

# Investing Viewpoints

- Current Stance
- Previous Stance (date indicates when we last changed our stance)



These viewpoints represent FIA's general assessment of the highlighted capital markets comparisons over the next 18 months. These opinions are subject to modification as conditions in the markets or forecasting periods change. Clients should utilize these rankings in conjunction with other considerations that may be relevant to their particular circumstances.

## Asset Allocation

As of September 30, 2020

	Asset Allocation (\$)	Asset Allocation (%)	Target Allocation (%)	Differences (%)
<b>Total Plan</b>	<b>176,755,123</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
<b>Short Term Liquidity</b>	<b>2,388,486</b>	<b>1.4</b>	<b>0.5</b>	<b>0.9</b>
Wells Fargo Government Money Market	2,388,486	1.4	0.5	0.9
<b>Fixed Income</b>	<b>58,264,460</b>	<b>33.0</b>	<b>33.5</b>	<b>-0.5</b>
Metropolitan West Total Return Bond Pl	24,873,440	14.1	14.3	-0.2
BlackRock Total Return Fund K	24,898,348	14.1	14.3	-0.2
Templeton Global Bond R6	8,492,672	4.8	5.0	-0.2
<b>Domestic Equity</b>	<b>72,486,090</b>	<b>41.0</b>	<b>40.0</b>	<b>1.0</b>
Vanguard Institutional Index Fund Instl	51,471,401	29.1	28.0	1.1
Jackson Square SMID-Cap Growth IS	10,566,567	6.0	6.0	0.0
Earnest Partners SMID Cap Value CIT	10,448,123	5.9	6.0	-0.1
Touchstone Growth Opportunities Instl	-	0.0	0.0	0.0
DFA US Vector Equity I	-	0.0	0.0	0.0
<b>International Equity</b>	<b>27,425,666</b>	<b>15.5</b>	<b>16.0</b>	<b>-0.5</b>
Vanguard International Growth Adm	9,553,581	5.4	5.5	-0.1
Causeway International Value Instl	9,288,153	5.3	5.5	-0.2
Templeton Instl Foreign Smaller Companies Fund Adv	3,753,036	2.1	2.0	0.1
Cape Ann Global Developing Markets	4,830,896	2.7	3.0	-0.3
<b>Real Estate</b>	<b>9,263,657</b>	<b>5.2</b>	<b>6.0</b>	<b>-0.8</b>
Barings Core Property Fund LP	9,263,657	5.2	6.0	-0.8
<b>Inflation Protection</b>	<b>6,926,765</b>	<b>3.9</b>	<b>4.0</b>	<b>-0.1</b>
Vanguard Short-Term Inflation Protection Adm	3,257,410	1.8	2.0	-0.2
Parametric Commodity Strategy Instl	1,546,625	0.9	1.0	-0.1
iShares Gold Trust	2,122,730	1.2	1.0	0.2

Investments with a zero balance were held in the plan during the reporting period and will be removed once they no longer impact plan performance.  
Asset Allocation weightings may not add up to 100% due to rounding.



## Total Plan Performance Summary

As of September 30, 2020

### Account Reconciliation

	QTR	YTD	Since Inception	Inception Date
<b>Total Plan</b>				<b>01/01/2003</b>
Beginning Market Value	161,100,758	166,630,184	75,547,799	
Net Contributions	7,279,065	2,793,165	9,260,421	
Total Gain/Loss	8,375,301	7,331,774	91,946,904	
Ending Market Value	176,755,123	176,755,123	176,755,123	
<p>** Data displayed in Since Inception column is as of as start date of 1/1/2010. Historical market value and flow information prior to 1/1/2010 was not available from prior consultant.</p> <p>The stated inception date of 1/1/2003 is the plan's performance inception date.</p>				

### Blended Benchmark Composition

Allocation Mandate	Weight (%)
<b>Jul-2020</b>	
90 Day U.S. Treasury Bill	0.50
Blmbg. Barc. U.S. Aggregate Index	28.50
FTSE World Government Bond Index	5.00
Russell 3000 Index	40.00
MSCI AC World ex USA (Net)	16.00
NCREIF Fund Index - ODCE (net)	6.00
Glatonbury Short Term Inflation Protection Benchmark	4.00

### Trailing Performance Summary

	QTR	YTD	Jul-2020 To Sep-2020	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
<b>Total Plan</b>	<b>5.1</b>	<b>4.6</b>	<b>5.1</b>	<b>11.1</b>	<b>6.4</b>	<b>8.2</b>	<b>6.5</b>	<b>7.4</b>	<b>6.8</b>	<b>01/01/2003</b>
<i>Blended Benchmark</i>	5.3	4.3	5.3	9.7	6.8	8.2	6.5	7.1	7.2	
Difference	-0.2	0.3	-0.2	1.4	-0.4	0.0	0.0	0.3	-0.4	

### Calendar Year Performance Summary

	2019	2018	2017	2016	2015	2014	2013	2012
<b>Total Plan</b>	<b>18.8</b>	<b>-6.1</b>	<b>15.9</b>	<b>7.1</b>	<b>-1.8</b>	<b>3.7</b>	<b>15.1</b>	<b>15.4</b>
<i>Blended Benchmark</i>	18.8	-5.3	14.9	7.4	-1.5	4.5	13.8	11.0
Difference	0.0	-0.8	1.0	-0.3	-0.3	-0.8	1.3	4.4

## Data Source Acknowledgements, Links and Disclaimers

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**GLASTONBURY BOARD OF FINANCE  
REGULAR MEETING MINUTES  
WEDNESDAY, OCTOBER 21, 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 Chris Kachmar from FIA and 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: Chris Kachmar from FIA**
  - a. **Communication: September Flash Report**

Chris Kachmar of FIA noted that while there has been some stability in the national health situation, they expect ongoing volatility and uncertainty in the market, due to several factors, including the pandemic, the upcoming election results, and the status of the next stimulus rollout. Mr. Kachmar noted that the portfolio at the end of September stood at about \$178 million. Last spring, the value was a little shy of \$135 million. He remarked that the Board took disciplined action to rebalance into equities, which has served the portfolio well. Mr. Kachmar stated that they purposelessly set short term liquidity aside for \$900,000 per month. It is not an asset allocation. He noted that, in terms of performance, the portfolio ran at benchmark, and the YTD is encouraging. Ms. Sanford asked about the performance net of fees. Mr. Kachmar stated that the bulk of the fees are investment management fees.

In regard to the hybrid plan, Mr. Zeller asked if the Board should, at some point, look to move into equities, in line with their legacy plan. Mr. Kachmar stated possibly, but timing is important, and they should discuss it with the actuaries. Mr. McIntosh stated that it seems that the hybrid plan should have younger demographics. Moving to an equities plan, the horizon is longer out. Mr. Johnson noted that the intent of the 5% assumption was to reduce the volatility of returns and to stay true to the actuarial model. Mr. Kachmar explained that he can provide some models with different asset allocations over the next few months.

**b. Communication: Fiduciary Governance Calendar**

Mr. Kachmar explained that their research team surveyed 166 municipal pension plans in Connecticut. He noted that Glastonbury's funded status is 67%, which is lower than some other

towns, but he reminded the Board that their assumed discount rate of 6.5% is lower than the state's, which is 6.75%. Mr. Zeller asked Mr. Kachmar to sort through the data to show where the two factors, funded status and discount rate, overlap. Mr. Kachmar stated that they will work on providing some of those comparisons.

Mr. Kachmar stated that the Town's 67% equity and 33% fixed income is a representative general profile for their peers across Connecticut. Ms. Sanford asked if the other Connecticut municipal pension plans also had a valuation and roll out in their mortality tables at the same time as Glastonbury. Mr. Kachmar stated that not every town has adopted mortality tables yet. Moreover, the mortality tables are not reflected in any of this data, including Glastonbury's.

**c. Communication: Alternatives Overview**

Mr. Kachmar asked the Board to consider what alternatives would entail and what they would try to achieve. As a general rule, alternatives tend to be more expensive, less transparent, and less liquid than what the Board is used to investing in. Across the state, on the local level, alternative strategies are not used very much. However, he included information for the Board on two major alternatives: private equity and hedge funds, as well as some private real estate.

Mr. Lynn stated that he is not too worried about the optics about it. This is a long-term deal. Through the years, private equity has provided better than average returns. He asked if there are other municipalities that have a portion in this space as part of their diversification. He is just looking at this as a fiduciary. Mr. Kachmar suggested they carve out a model showing a certain percentage for private equity to demonstrate how that could affect the Town's portfolio.

Mr. Kachmar left the meeting at 4:46 p.m.

**3. Communication: Minutes**

- a. **September 16, 2020 – Regular Meeting**     *Minutes accepted as presented.*
- b. **October 6, 2020 – Special Meeting**     *Minutes accepted as presented.*

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

Ms. Twilley reviewed the report dated September 14, 2020.

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

Ms. McManus reviewed the report dated September 16, 2020.

**6. Communication: Financial Summary (Revenues & Expenditures) for 3 months - September 2020**

Ms. Twilley reviewed the report dated October 14, 2020.

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

Ms. McManus reviewed the report dated September 30, 2020.

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

Ms. Twilley reviewed the report dated October 14, 2020.

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

Ms. Twilley reviewed the report dated October 7, 2020. She noted that there have been two large loss claims this year, both on the BOE's side. Ms. Sanford asked when the timing smooths itself through. Ms. Twilley explained that we are only three months in, and teachers have only been in school for one month, so that number will start coming down soon.

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

- a. Laptop for Contact Tracing (Health Dept.) \$1,200
- b. Temporary Staff to Process Absentee Ballot Applications (Town Clerk) \$4,000
- c. NeoGov Onboarding Software (HR) \$450

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

- a. 2157 Main Street - \$150,000

*Motion by:* Mr. Zeller

*Seconded by:* Mr. Lynn

*Disc:* Mr. Zeller stated that while he will support this, it may be the last time he supports something of this nature. He stated that the BOF's role is affordability, and the question becomes how to develop affordability. He questions putting \$150,000 into a house that is valued only at \$350,000, to provide a low rent option. If they really want affordable housing in town, it is the taxes that keep families down, not necessarily the mortgages or rents. Mr. Zeller suggested that perhaps the town think about that, instead of providing one family a long-term subsidy.

Mr. Constantine asked if the Council has considered selling the property. Mr. Johnson stated no, they would prefer to provide a general long-term affordable housing opportunity with the Housing Authority. Ms. Sanford brought up the concern of the integrity of the budget process. She noted that this item was not in the budget, but suddenly, it is a priority for the Council. She asked, if there is no urgency, why not put it through the budget process? Mr. McIntosh agreed with the notion that there has been no showing of any urgency here. He, too, asked why this is being done now, outside of the budget season, rather than next year? Mr. Johnson explained that there has been a great deal of interest in providing affordable housing in town and one of those options is providing affordable rental units. The property in question is owned by the town, and it is vacant but needs restoration before being rented out. The Council felt that this was a unique, time sensitive opportunity to provide affordable housing.

Ms. Sanford remarked that this is a two-step process. The second step that is being neglected is the priorities of the items/capital projects decided upon, negotiated, and discussed at length during the budget process. Mr. Johnson replied that the budget is often put together at least 18 months before the end of the fiscal year. Therefore, they cannot always predict projects and priorities 18 months in advance. He also noted that the Council has not deprioritized any of the capital projects discussed and voted on during the budget process.

Mr. Zeller asked what they anticipate this property would rent for. Mr. Johnson stated that it depends on how many people are in the home, but assuming a family of four, in broad strokes, about \$1,600 a month. Mr. Zeller stated that if they are to start providing affordable housing in town, he would like to see this become a part of the budget process. Mr. McIntosh stated that the \$350,000 value of the home plus the \$150,000 renovations makes this a \$500,000 investment. That is a very serious costly investment to provide affordable housing. He also agreed with Mr. Zeller's point, that with enough of these types of investments, the Town would be pushing up the taxes of the other homes in the area.

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

## **12. Communication: Pension Valuation Report (July 1, 2019)**

Ms. Twilley noted this is an annual report. Ms. Sanford stated that the BOF would really benefit from a dialogue with the actuaries because she is trying to understand the charts and investments. Mr. Lynn agreed, stating that it would be great to have those who put together this report speak to the Board about it. Mr. Johnson stated that it may be a good idea for Becky, the actuary, to walk the Board through her assumptions. He explained that the valuation is generally a snapshot of data that is available from the previous June 30/July 1. It is an actuarial assumption looking out over the next 20-30 years, with an aggregate assumption of a 3% change. It is not literally to say that people are receiving these levels of increase.

Mr. Zeller asked to clarify if the BOE does not want to sit with the Board and the actuaries. Mr. Johnson explained that he reached out with the suggestion of the Board and staff meeting to discuss this topic. The feedback he received was that if the BOF has specific questions, suggestions, or items to look at, they should forward them to the BOE, and they will look at them accordingly.

Ms. Sanford stated that her takeaway from this pension report is that the more active members in the hybrid plan, versus the defined benefit plan, the more the funded status rises. This validates her position that the defined benefit plan is an outlier as a successful prudent program. As the town pension plan becomes more and more hybrid, it flattens out in the growth rate of liabilities and unfunded status. She asked, if her takeaway is correct, it is worth having a meaningful discussion with other stakeholders.

Mr. Zeller stated that they should set up a meeting with Milliman. Mr. Johnson explained that the actuary will tell the Board that at year 10 of 14, they will look at a different way to have laddered amortizations. However, he acknowledged that the Board will be more at ease if the actuary explains it to the Board. He suggested Becky attend the BOF's next meeting. Mr. McIntosh agreed and requested that next month's meeting packet include a copy of this report. Ms. Twilley stated that she will include it.

Mr. Zeller asked Mr. Johnson to contact Milliman and to express the BOF's concern about what the BOE's approach is versus what Mr. Johnson has done with the hybrid plan. He cannot figure out how that all interplays. Mr. Johnson stated that the actuaries may disagree, but he likes the 5% investment assumption because the biggest challenge to the payment is the past service cost. The 5% investment assumption is not incorporated when one simply increases the employee's contribution under the legacy 6.5% investment assumption. Ms. Sanford would love to hear that as the Town plan moves into the hybrid as a component of the overall plan, how and what does

that impact. There is a driver there, and the actuary may be able to see it and provide some quantitative data.

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

Mr. Constantine noted that the PBC has not met yet. Mr. Cusson stated that he was considering retiring from the BOF to spend more time on the road, but he has been encouraged to remain on the Board. Therefore, he is reconsidering his decision to retire.

**14. Adjournment**

*Motion by:* Mr. McIntosh

*Seconded by:* Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of October 21, 2020, at 4:50 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.*

## DEPARTMENT OF FINANCE &amp; ADMINISTRATIVE SERVICES

October 27, 2020

TO: Board of Finance & Richard J. Johnson, Town Manager  
 FROM: *JBT* Julie Twilley, Director of Finance & Administrative Services  
 RE: Pension Investment Review – **September 2020**

As of September 30, 2020 the pension asset value is \$178,031,107, a net increase of \$16,005,715 from July 1, 2020. Through the month of September, the fund experienced an unrealized gain of \$9,161,974, which is indicative of the current market and there were realized losses of \$1,326,740. Investment income through September totaled \$640,072.

July 1, 2020 Balance	\$	162,025,392
<b>Revenues:</b>		
Employer Contributions	\$	9,880,190
Employee Contributions	\$	466,653
Total Contributions	\$	10,346,843
Investment Income	\$	640,072
Realized Gains/Losses	\$	(1,326,740)
Unrealized Gains/Losses	\$	9,161,974
Total Revenues	\$	18,822,149
<b>Expenditures:</b>		
Benefit Payments	\$	2,723,619
Administrative Fees	\$	44,481
Investment Management Fees	\$	48,335
Total Expenditures	\$	2,816,434
<b>Net Increase/Decrease</b>	<b>\$</b>	<b>16,005,715</b>
<b>Ending Balance September 30, 2020</b>	<b>\$</b>	<b>178,031,107</b>

Assuming a 6.5% long-term return on the plan's investments, the July 1, 2019 Unfunded Accrued Liability is \$74.9 million (GASB 68 financial reporting basis) and the corresponding funded ratio is 67.3%. The Town's policy for paying off the unfunded liability is such that there are 14 years remaining in our amortization schedule.

cc: Narae McManus, Controller  
 Karen Bonfiglio, Finance Manager, Glastonbury Public Schools



**Town of Glastonbury**

**Administrative Services**  
**Accounting Division**

October 16, 2020

**To:** Board of Finance  
Richard J. Johnson, Town Manager  
**From:** Narae L. McManus, Controller  
**Subject:** Monthly Investment Status

**Pooled Investments**

The Town's pooled cash investment balances at September 30, 2020 were \$109,861,179. As of month-end, the investment balances for all funds combined were as follows:

<b>Type of Investment</b>	<b>Amount</b>	<b>Rate</b>	
STIF	\$ 27,563,564	0.08	
Citizens Bank	1,222,781	0.15	
Northern Capital Investment Account	11,605,408	0.25-3.40	Est. current accrued interest \$29,038
Northern Capital Sewer Funds	9,363,673	0.25-3.15	Est. current accrued interest \$12,210
People's United Investments	40,615,766	0.20	
Liberty Bank Investments	6,001,199	0.24	
TD Bank Investments	488,788	0.15	
Liberty Bank CD	5,000,000	0.30	Matures 10/15/20
TD Bank CD	<u>8,000,000</u>	0.27	Matures 10/15/20
<b>Total</b>	<b><u>\$109,861,179</u></b>		

**General Fund Earnings**

- The General Fund portion of pooled investments at September 30 was \$74.8 million.
- As of September 30, the General Fund has realized investment earnings of \$41,470.
- As of September 30, Sewer Sinking funds totaling \$9,345,000 were invested in fully-insured CDs with terms varying from 6 months to seven years, with current-year realized investment earnings of \$26,304.

Comparative information concerning General Fund earnings follows.

<b>Fiscal Year</b>	<b>Budget</b>	<b>Realized Investment Earnings July-September</b>	<b>Percent of Budget</b>
2020	\$1,500,000	357,384	23.83%
2021	838,000	41,470	4.95

cc: Julie B. Twilley, Director of Finance

**TOWN OF GLASTONBURY**  
ADMINISTRATIVE SERVICES - Financial Administration

November 5, 2020

TO: Board of Finance and  
Richard J. Johnson, Town Manager

FROM: *QBT* Julie Twilley, Director of Finance & Administrative Services

RE: Financial Summary for the Four Months Ended October 31, 2020 (FY 2020/21)

**Note that some of the variances to budget and prior year mentioned below are a result of the COVID-19 pandemic. Efforts are on-going to reduce non-business critical expenditures to help offset reductions in revenues.**

**Expenditure Summary:**

Through October 31, 2020, encumbrances total \$75.8m and expenditures total \$56.5m. Combined, this represents 77% of the Town's revised general fund budget of \$171.4m. This compares to \$77.9m and \$50.6m respectively, or 77%, for the same period in the prior year.

The expenditure increase of \$5.9m is largely driven by timing of payroll; October 2020 included three payrolls whereas October 2019 only included one. Also impacting the variance is the annual Pension contribution, which increased largely due to the implementation of the PUB-2010 Mortality Tables. The year-over-year increase in Pension contribution for the Town was \$1.1m and for Education was \$0.5m. Note that the assumed long-term rate of return on investments was held at 6.5% in FY2020/2021 and the amortization period set at 14-years.

Below is an Expenditure & Transfer summary report through October 31, 2020.

**FINANCIAL COMPARISONS**

*The below comparison includes Education encumbrance amounts not reflected in the Town's system Reports.*

Fiscal Year	Amend/Budget	Expended	Encumbered	Comit %
<b><u>2019/2020</u></b>				
Town	\$ 43,592,562	\$ 16,603,810	\$ 14,165,596	71%
Education	108,699,846	25,675,899	58,602,352	78%
Debt/Transfers	13,973,755	8,369,060	5,168,828	97%
<b><u>2020/2021</u></b>				
Town	\$ 45,731,755	\$ 18,873,920	\$ 14,322,781	73%
Education	111,754,046	29,224,805	56,511,240	77%
Debt/Transfers	13,931,799	8,418,082	4,980,559	96%

Expenditure comparisons of the three major Town Departments are presented below:

	2019/2020	%	2020/2021	%
<b>ADMIN SERVICES</b>	\$ 2,453,164	39%	\$ 3,517,685	52%
<b>PUBLIC SAFETY</b>	6,119,927	42%	7,069,736	45%
<b>PHYSICAL SERVICES</b>	2,480,146	33%	2,568,581	34%

cc: Karen Bonfiglio, Finance Manager; Narae McManus, Controller

**TOWN OF GLASTONBURY**  
**CURRENT YEAR EXPENDITURES BY DIVISION**  
**FY 2021 THROUGH OCTOBER 31 2020**

**FUND 010 - GENERAL FUND**

Description	2021 ORIGINAL BUDGET	2021 REVISED BUDGET	FY2021 THRU OCTOBER	2021 ENCUMB	AVAILABLE BALANCE	2021 % USED
<b>GENERAL GOVERNMENT</b>						
TOWN COUNCIL	141,507	146,007	83,627	5,208	57,173	60.8%
CUSTOMER SERVICE	63,179	63,179	19,697	588	42,894	32.1%
TOWN MANAGER	638,161	798,586	234,762	256,887	306,937	61.6%
HUMAN RESOURCES	549,746	549,746	199,484	190,712	159,550	71.0%
FACILITIES MAINTENANCE	1,961,262	1,992,177	699,551	581,397	711,229	64.3%
<b>TOTAL GENERAL GOVERNMENT</b>	<b>3,353,855</b>	<b>3,549,695</b>	<b>1,237,121</b>	<b>1,034,790</b>	<b>1,277,784</b>	<b>64.0%</b>
<b>COMMUNITY DEVELOPMENT</b>						
COMMUNITY DEVELOPMENT	600,358	601,558	224,068	246,964	130,527	78.3%
BUILDING INSPECTION	554,679	587,854	215,825	256,431	115,598	80.3%
FIRE MARSHAL	375,905	374,705	155,156	127,143	92,407	75.3%
HEALTH	755,234	755,234	260,059	237,754	257,421	65.9%
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>2,286,176</b>	<b>2,319,351</b>	<b>855,107</b>	<b>868,291</b>	<b>595,952</b>	<b>74.3%</b>
<b>ADMINISTRATIVE SERVICES</b>						
FINANCIAL ADMINISTRATION	645,603	664,843	221,606	316,376	126,860	80.9%
INFORMATION TECHNOLOGY	1,018,641	1,026,641	429,217	247,716	349,708	65.9%
ACCOUNTING	427,845	428,505	143,433	189,572	95,500	77.7%
PROPERTY ASSESSMENT	630,733	630,733	270,731	216,039	143,963	77.2%
REVENUE COLLECTION	489,616	489,616	377,000	207,247	(94,631)	119.3%
TOWN CLERK	545,271	602,271	273,592	249,143	79,536	86.8%
VOTER REGISTRATION	179,867	179,867	76,565	559	102,744	42.9%
LEGAL SERVICES	300,000	300,000	94,201	-	205,799	31.4%
PROBATE SERVICES	24,800	24,800	3,094	13,386	8,320	66.5%
INSURANCE/PENSIONS	2,361,331	2,361,331	1,628,246	216,079	517,006	78.1%
<b>TOTAL ADMINISTRATIVE SERVICES</b>	<b>6,623,707</b>	<b>6,708,607</b>	<b>3,517,685</b>	<b>1,656,118</b>	<b>1,534,805</b>	<b>77.1%</b>
<b>PUBLIC SAFETY</b>						
POLICE	14,156,194	14,409,232	6,603,066	4,923,383	2,882,784	80.0%
VOLUNTEER AMBULANCE	-	-	5,504	-	(5,504)	0.0%
FIRE	1,224,288	1,225,463	455,196	157,584	612,682	50.0%
CIVIL PREPAREDNESS	33,732	33,732	5,969	322	27,440	18.7%
<b>TOTAL PUBLIC SAFETY</b>	<b>15,414,214</b>	<b>15,668,427</b>	<b>7,069,736</b>	<b>5,081,289</b>	<b>3,517,403</b>	<b>77.6%</b>
<b>PHYSICAL SERVICES</b>						
ENGINEERING	1,613,071	1,613,071	664,712	641,572	306,787	81.0%
HIGHWAY	4,559,588	4,559,588	1,477,920	1,536,677	1,544,991	66.1%
FLEET MAINTENANCE	1,287,972	1,287,972	425,948	365,806	496,218	61.5%
<b>TOTAL PHYSICAL SERVICES</b>	<b>7,460,631</b>	<b>7,460,631</b>	<b>2,568,581</b>	<b>2,544,055</b>	<b>2,347,995</b>	<b>68.5%</b>

**TOWN OF GLASTONBURY**  
**CURRENT YEAR EXPENDITURES BY DIVISION**  
**FY 2021 THROUGH OCTOBER 31 2020**

**FUND 010 - GENERAL FUND**

Description	2021 ORIGINAL BUDGET	2021 REVISED BUDGET	FY2021 THRU OCTOBER	2021 ENCUMB	AVAILABLE BALANCE	2021 % USED
<b>SANITATION</b>						
REFUSE DISPOSAL	996,357	997,082	292,640	408,238	296,203	70.3%
<b>TOTAL SANITATION</b>	<b>996,357</b>	<b>997,082</b>	<b>292,640</b>	<b>408,238</b>	<b>296,203</b>	<b>70.3%</b>
<b>HUMAN SERVICES</b>						
CONTRIBUTORY GRANTS	32,577	32,577	12,409	11,168	9,000	72.4%
YOUTH/FAMILY SERVICES	1,553,103	1,553,103	536,962	409,615	606,527	60.9%
SENIOR & COMMUNITY SERVICES	1,465,253	1,503,653	482,512	390,212	630,929	58.0%
<b>TOTAL HUMAN SERVICES</b>	<b>3,050,933</b>	<b>3,089,333</b>	<b>1,031,883</b>	<b>810,995</b>	<b>1,246,456</b>	<b>59.7%</b>
<b>LEISURE/CULTURE</b>						
PARKS/RECREATION	3,950,817	4,080,016	1,628,317	1,270,895	1,180,804	71.1%
WELLES TURNER LIBRARY	1,843,614	1,843,614	657,851	647,811	537,952	70.8%
SOUTH GLASTONBURY LIBRARY	7,500	7,500	7,500	-	-	100.0%
EAST GLASTONBURY LIBRARY	7,500	7,500	7,500	-	-	100.0%
<b>TOTAL LEISURE/CULTURE</b>	<b>5,809,431</b>	<b>5,938,630</b>	<b>2,301,167</b>	<b>1,918,706</b>	<b>1,718,756</b>	<b>71.1%</b>
<b>OTHER:Debt &amp; Transfers</b>						
DEBT SERVICE	7,076,799	7,076,799	1,600,736	4,980,559	495,504	93.0%
TRANSFERS	6,605,000	6,855,000	6,817,346	-	37,654	99.5%
<b>TOTAL OTHER:Debt &amp; Transfers</b>	<b>13,681,799</b>	<b>13,931,799</b>	<b>8,418,082</b>	<b>4,980,559</b>	<b>533,158</b>	<b>96.2%</b>
<b>EDUCATION</b>						
EDUCATION	111,754,046	113,267,802	29,453,206	750	83,813,846	26.0%
<b>TOTAL EDUCATION</b>	<b>111,754,046</b>	<b>113,267,802</b>	<b>29,453,206</b>	<b>750</b>	<b>83,813,846</b>	<b>26.0%</b>
<b>TOTAL 010 - GENERAL FUND</b>	<b>170,431,149</b>	<b>172,931,356</b>	<b>56,745,208</b>	<b>19,303,790</b>	<b>96,882,358</b>	<b>44.0%</b>

# GLASTONBURY PUBLIC SCHOOLS

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TO: Board of Education  
Board of Finance  
FROM: Alan B. Bookman, Superintendent  
Karen Bonfiglio, Finance Manager  
DATE: October 21, 2020  
RE: Reconciliation  
Education General Fund Total Expenditures &  
Checking Accounts for All Programs

- 1) The Education and Town staff has agreed as to the total expenditures for the Education Budget, in concert with the Town's control totals.  
The year to date General Fund expenditures through September 2020 are \$17,738,451.
- 2) Checking Account Reconciliations:

<b><u>ACCOUNT TITLE</u></b>	<b><u>Date Completed By Education</u></b>	<b><u>Date Reviewed By Town</u></b>
<b><u>General Fund:</u></b>		
Accounts Payable	10/08/2020	10/15/2020
Payroll	10/08/2020	10/15/2020
<b><u>Other Funds:</u></b>		
Educational Grants	10/08/2020	10/15/2020
Student Activities	10/20/2020	10/20/2020
School Foods	10/20/2020	10/20/2020
Dependent Care	10/20/2020	10/20/2020
Planetarium	10/20/2020	10/20/2020

cc: Narae McManus, Controller

Note: Reconciliation of checking accounts will generally follow a two month time frame after the applicable month for which the report is being prepared. We would suggest that we do not expect to complete reconciliations until that time. In completion of various accounting functions, administrative assignments will also stagger the work for those reconciliations.

TOWN OF GLASTONBURY

ADMINISTRATIVE SERVICES - Financial Administration

November 4, 2020

TO: Board of Finance  
FROM: *JBT* Julie Twilley, Director of Finance & Administrative Services  
RE: Capital Projects Fund Expenditures Report  
For the Period Ended October 31, 2020 (FY 2020/2021)

The funding presented on this statement has been authorized by referendum, the annual Capital Improvement Program and additional appropriations from the Capital Reserve Fund balance as noted below. The Capital Program designation includes funding resources of the Capital Reserve Fund, Sewer Assessments Fund, or Sewer Operating Fund and grants. In some cases, funding resources may also be provided from General Fund fund balance.

Current appropriated funding for all Capital projects as indicated on the October 31, 2020 report is **\$92.6m**.

Expenditures for current projects since inception through October 31, 2020 total **\$77.0m**. Encumbrances outstanding total **\$3.6m**. The most significant encumbrances are for Road Overlay (\$0.8m), Main Street Sidewalks Phase 3 (\$0.7m) and Bridge Replacement/Rehabilitation (\$0.5m).

Capital expenditures through the month of October totaled **\$4.6m** and were for the GHS Kitchen Upgrades, Bridge Replacement / Rehabilitation, Glastonbury Blvd paving, Bridge Replacement/Rehabilitation, the Multi-Use Trail, and other capital projects.

Attachment

Cc: Richard J. Johnson, Town Manager  
Narae McManus, Controller  
Karen Bonfiglio, Finance Manager, Board of Education

**TOWN OF GLASTONBURY**  
**CAPITAL PROJECTS FUND**  
**FY 2021 THROUGH OCTOBER 31 2020**

Description	REVISED BUDGET	EXPENDITURES INCEPTION TO DATE	FY2021 THRU OCTOBER	2021 ENCUMB	AVAILABLE BALANCE
<b>FUND 301 - CAPITAL RESERVE PROJECTS</b>					
<b>GenGovt/Public Safety (31006)</b>					
51825 Academy Re-Use Phase One	2,221,238	2,219,672	-	-	1,566
51827 Town Buildings Security	675,000	514,928	5,482	26,315	133,757
51828 Facilities Study	70,000	-	-	-	70,000
51833 Disaster Prep/Recovery Resourc	884,000	883,866	-	-	134
51835 Fire Co Renovations/Code Compl	510,960	262,820	238	25,754	222,385
51836 Self Containd Breath Apparatus	120,000	-	-	-	120,000
51849 Public Safety Communications	890,000	397,516	-	-	492,484
51854 Police Building Windows	142,500	88,301	80,085	55,852	(1,653)
51854 Police Building Windows (Pol Bthrm Ren)	110,000	87,963	32,224	1,950	20,087
51855 Fiber Optic Network-School/Twn	1,167,000	1,116,058	-	-	50,942
51873 Land Acquisition	1,253,639	1,167,184	2,500	-	86,455
51875 Town Facilities Shop/Storage	1,195,000	1,046,182	-	-	148,818
51888 Property Revaluation	1,851,500	1,547,791	2,324	-	303,709
51890 Townwide Boiler/HVAC Replaceme	557,323	556,812	-	-	511
51892 Document Management System	460,000	268,821	-	63,066	128,113
51911 Telephone System	175,000	173,630	-	-	1,370
51912 Tn Hall Improvements	1,717,283	1,712,342	12,495	-	4,941
51914 Townwide Roof Replacement	800,000	657,532	1,715	-	142,468
51915 Clean Renewable Energy In	1,437,044	1,275,555	1,115	792	160,697
<b>Total GenGovt/Public Safety</b>	<b>16,237,487</b>	<b>13,976,973</b>	<b>138,178</b>	<b>173,730</b>	<b>2,086,784</b>
<b>PhyServices Sanitation (31007)</b>					
51834 Bulky Waste Scale	91,000	91,523	-	-	(522)
52827 Dam Maintenance/Replacement	22,624	22,624	-	-	-
52827 Dam Maintenance/Replacement (Blackledge Dam)	592,907	592,907	-	-	-
52827 Dam Maintenance/Replacement (Slocumb Dam)	-	-	-	-	-
52830 Bridge Replacement/Rehabil	5,150,000	4,163,146	660,936	493,899	492,955
52841 Bulky Waste Closure Fund	-	-	-	-	-
52847 Douglas/Sycamore Str Alignment	235,000	28,811	-	1,089	205,100
52848 Main Street Sidewalks Phase 3	1,040,000	50,015	4,373	729,957	260,029
52871 Parking/Access Drive Improvmnt	800,000	596,889	-	-	203,111
52872 Hebron Avenue Resurfacing	1,276,806	1,072,994	14,186	28,459	175,353
52879 Sidewalk Construction Townwide (CapRes 2020)	75,488	75,488	-	-	-
52879 Sidewalk Construction Townwide ()	199,522	3,928	3,928	-	195,595
52881 Cedar Ridge Public Water	250,000	50,000	-	-	200,000
52882 Sidewalk Repair and Maintenanc	350,000	299,948	125,140	49,860	192
52883 Townwide Drainage Solutions	200,000	-	-	-	200,000
52884 Town Center Streetscape Improv	200,000	-	-	-	200,000
52886 Old Maids Lane-Public Water	175,000	-	-	-	175,000
52946 Road Overlay (CapRes 2020)	1,433,257	1,433,257	-	-	-

**TOWN OF GLASTONBURY**  
**CAPITAL PROJECTS FUND**  
**FY 2021 THROUGH OCTOBER 31 2020**

Description	REVISED BUDGET	EXPENDITURES INCEPTION TO DATE	FY2021 THRU OCTOBER	2021 ENCUMB	AVAILABLE BALANCE
52946 Road Overlay ()	1,396,735	118,933	118,933	835,482	442,319
52949 Gen Bicycle/pedestrian Imprvmt	89,262	-	-	-	89,262
52951 Heavy Equipment	439,070	163,702	-	-	275,368
52951 Heavy Equipment (San Wheel Loadr)	235,000	195,049	-	-	39,951
52958 Glastonbury Blvd Paving	2,200,000	1,466,937	1,466,635	371,227	361,836
52959 Traffic Calming	100,000	-	-	-	100,000
52960 Renovation andSite Restoration	1,573,189	1,576,344	-	-	(3,155)
52960 Renovation andSite Restoration (Slocumb Dam)	275,000	35,372	21,639	200,909	38,719
52961 Town Center Traffic/Street Imp	2,125,000	2,118,814	-	-	6,186
52963 Hebron Ave/House St Improvemen	1,975,000	1,515,716	-	236,763	222,521
52964 Public Water Service - Uranium	50,000	-	-	-	50,000
52965 Mill St Bridge Replacement	180,000	-	-	-	180,000
<b>Total PhyServices Sanitation</b>	<b>22,729,859</b>	<b>15,672,397</b>	<b>2,415,769</b>	<b>2,947,644</b>	<b>4,109,819</b>
<b>Culture/Parks &amp;Recreation (31008)</b>					
53825 Addison Park Renovations	225,000	-	-	9,382	215,618
53832 Aquatics Facility	125,000	112,896	-	-	12,104
53837 Minnechaug Golf Improvements	512,500	356,106	360	2,006	154,388
53838 Library Exterior Renovations	94,624	-	-	-	94,624
53839 Multi-Use Trail	1,228,000	806,858	591,677	229,358	191,785
53841 Splash Pad	500,000	-	-	21,400	478,600
53853 Mower 16' Rotary Mower Rplcmnt	120,000	113,415	113,415	-	6,585
53856 Parks Facility Renov/Expansion	1,067,500	1,002,736	-	23,391	41,373
53856 Parks Facility Renov/Expansion ()	-	925	925	-	(925)
53857 Riverfront Park Extension	803,973	777,023	-	-	26,950
53860 Library Upgrade/Redesign	450,000	247,561	-	-	202,439
53861 Library Windows	156,376	156,376	-	-	-
53872 Salmon Bk PkStudy	-	-	-	-	-
53873 Grange Pool	350,000	344,572	-	-	5,428
53874 Tree Management	250,000	154,214	34,756	16,244	79,542
53875 Cider Mill	80,000	39,926	-	-	40,074
53920 Open Space Access	540,000	337,421	-	1,000	201,579
53921 Winter Hill	125,000	100,000	-	13,000	12,000
53930 Library Space Planning Study	39,485	39,485	-	-	-
<b>Total Culture/Parks &amp;Recreation</b>	<b>6,667,458</b>	<b>4,589,513</b>	<b>741,133</b>	<b>315,780</b>	<b>1,762,164</b>
<b>Education (31009)</b>					
55836 HVAC/Boilers Study K-6	-	-	-	-	-
55836 HVAC/Boilers (CAP RES-GID WEL)	1,414,178	1,358,077	-	51,199	4,902
55839 Energy Audit--All Schools	275,500	241,303	-	-	34,197
55847 GHS Fieldhouse	1,965,000	101,335	14,020	14,524	1,849,141
55858 Schools Air Conditioning	2,175,000	2,175,000	-	1	(1)
55859 School Code Compliance	190,000	186,996	-	-	3,004
55860 GHS Kitchen Upgrades	1,675,000	1,540,185	1,256,828	114,570	20,245



**TOWN OF GLASTONBURY**  
**CAPITAL PROJECTS FUND**  
**FY 2021 THROUGH OCTOBER 31 2020**

Description	REVISED BUDGET	EXPENDITURES INCEPTION TO DATE	FY2021 THRU OCTOBER	2021 ENCUMB	AVAILABLE BALANCE
55863 GHS Parking and Access Drives	365,000	365,616	-	-	(616)
55868 Smith Middle School Gym Floor	506,664	306,663	-	3,000	197,001
55870 School Roofs	50,000	14,788	-	3,600	31,612
<b>Total Education</b>	<b>8,616,342</b>	<b>6,289,964</b>	<b>1,270,848</b>	<b>186,894</b>	<b>2,139,483</b>
<b>TOTAL 301 - CAPITAL RESERVE PROJECTS</b>	<b>54,251,146</b>	<b>40,528,847</b>	<b>4,565,928</b>	<b>3,624,049</b>	<b>10,098,250</b>
<b>FUND 302 - SEWER SINKING PROJECTS</b>					
<b>PhySer Sewer Sinking (32007)</b>					
52888 WPC Emergency Power	202,500	154,104	2,154	-	48,396
52889 WPC Energy Conservation Prog	315,000	92,247	-	12,021	210,731
52893 Cider Mill Pump Station	1,791,000	1,660,892	-	9,800	120,308
52894 Sewer Forced Main Evaluation	-	-	-	-	-
<b>Total PhySer Sewer Sinking</b>	<b>2,308,500</b>	<b>1,907,243</b>	<b>2,154</b>	<b>21,821</b>	<b>379,435</b>
<b>TOTAL 302 - SEWER SINKING PROJECTS</b>	<b>2,308,500</b>	<b>1,907,243</b>	<b>2,154</b>	<b>21,821</b>	<b>379,435</b>
<b>FUND 303 - LAND ACQUISITION</b>					
<b>Land / Open Space (33157)</b>					
78827 Land 2009	2,233,000	2,233,000	-	-	-
78828 Land 2012	4,700,000	4,700,000	-	-	-
78829 Land 2016	3,000,000	3,000,000	-	-	-
78830 Land 2017	4,000,000	3,187,938	-	-	812,062
<b>Total Land / Open Space</b>	<b>13,933,000</b>	<b>13,120,938</b>	<b>-</b>	<b>-</b>	<b>812,062</b>
<b>TOTAL 303 - LAND ACQUISITION</b>	<b>13,933,000</b>	<b>13,120,938</b>	<b>-</b>	<b>-</b>	<b>812,062</b>
<b>FUND 304 - TOWN AID</b>					
<b>PhySer Conn Grant (33207)</b>					
52942 Town Aid Improved Rds (Town Aid 2020)	707,691	707,691	-	-	-
52942 Town Aid Improved Rds ()	626,034	-	-	-	626,034
52943 Town Aid Unimproved Rds (Town Aid 2020)	19,740	19,740	-	-	-
52943 Town Aid Unimproved Rds ()	18,387	-	-	-	18,387
<b>Total PhySer Conn Grant</b>	<b>1,371,852</b>	<b>727,431</b>	<b>-</b>	<b>-</b>	<b>644,421</b>
<b>TOTAL 304 - TOWN AID</b>	<b>1,371,852</b>	<b>727,431</b>	<b>-</b>	<b>-</b>	<b>644,421</b>
<b>FUND 314 - RIVERFRONT PARK</b>					
<b>Riverfront Park - Phase I (34560)</b>					
66805 Administrative	147,738	147,737	-	-	1
66810 Engineering	121,418	121,417	-	-	1
66824 Machinery & Equipment	196,373	196,373	-	-	-
66825 Construction	3,784,471	3,784,470	-	-	1
66829 Contingency	-	-	-	-	-
<b>Total Riverfront Park - Phase I</b>	<b>4,250,000</b>	<b>4,249,998</b>	<b>-</b>	<b>-</b>	<b>2</b>

**TOWN OF GLASTONBURY**  
**CAPITAL PROJECTS FUND**  
**FY 2021 THROUGH OCTOBER 31 2020**

Description	REVISED BUDGET	EXPENDITURES INCEPTION TO DATE	FY2021 THRU OCTOBER	2021 ENCUMB	AVAILABLE BALANCE
<b>RIVERFRONT PARK - PHASE II (34561)</b>					
66805 Administrative	18,000	17,962	-	-	38
66810 Engineering	863,500	844,120	-	74	19,306
66825 Construction	14,680,000	14,712,305	-	-	(32,305)
66829 Contingency	48,500	30,833	-	-	17,668
<b>Total RIVERFRONT PARK - PHASE II</b>	<b>15,610,000</b>	<b>15,605,220</b>	<b>-</b>	<b>74</b>	<b>4,706</b>
<b>TOTAL 314 - RIVERFRONT PARK</b>	<b>19,860,000</b>	<b>19,855,218</b>	<b>-</b>	<b>74</b>	<b>4,708</b>
<b>FUND 316 - GATEWAY PROJECT</b>					
<b>Gateway Corporate Park (35357)</b>					
52845 Gateway Corp. Park	888,541	869,410	-	-	19,131
<b>Total Gateway Corporate Park</b>	<b>888,541</b>	<b>869,410</b>	<b>-</b>	<b>-</b>	<b>19,131</b>
<b>TOTAL 316 - GATEWAY PROJECT</b>	<b>888,541</b>	<b>869,410</b>	<b>-</b>	<b>-</b>	<b>19,131</b>
<b>GRAND TOTAL</b>	<b>92,613,039</b>	<b>77,009,087</b>	<b>4,568,082</b>	<b>3,645,944</b>	<b>11,958,008</b>

**TOWN OF GLASTONBURY**

**MEMORANDUM**

**DEPARTMENT OF ADMINISTRATIVE SERVICES**

**FINANCIAL ADMINISTRATION**

TO: Board of Finance  
Richard J. Johnson, Town Manager

FROM: *JST* Julie Twilley, Director of Finance & Administrative Services

DATE: November 5, 2020

SUBJECT: Self Insurance Reserve Update October 2020

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The attached report summarizes the Self Insurance Reserve fund through October 31, 2020. The total reserve is \$9,884,492 allocated \$2,063,388 and \$7,821,104 between Town and Board of Education, respectively. As of October the fund is experiencing a \$143,043 gain for the fiscal year.

There are 2 large loss claims which are defined as any claims that exceed \$50,000. BOE has 2 while the Town has no large loss claims. None have exceeded the individual Stop Loss limit. The Individual Stop Loss limit is \$200,000 for BOE and \$150,000 for the Town

Enc.

cc: Dr. Alan Bookman, Superintendent  
Karen Bonfiglio, Business Manager  
Rose Brown, Human Resources Manager

**SELF INSURANCE RESERVE FUND**

YTD Balances As of: October 31, 2020

	Town	Education	Total
<b>Contributions</b>			
Employer	2,005,532	\$3,013,794	\$5,019,326
Employee	421,645	708,470	1,130,115
Stop Loss Reimbursement	31,657	33,689	65,346
<b>Total Revenues</b>	<b>\$2,458,834</b>	<b>\$3,755,953</b>	<b>\$6,214,788</b>
<b>Expenditures</b>			
<b>Anthem</b>			
ASO Fees	\$31,168	\$108,787	\$139,955
Claims	557,347	2,940,557	3,497,903
	\$588,515	\$3,049,344	\$3,637,858
<b>CTCare</b>			
ASO Fees	\$3,006	\$11,362	\$14,369
Claims	396,345	1,022,003	1,418,348
	\$399,351	\$1,033,365	\$1,432,717
<b>Delta Dental</b>			
ASO Fees	\$5,811	-	\$5,811
Claims	62,778	-	62,778
	\$68,589	-	\$68,589
Bank Fees/PCORI Fee	\$1,098	\$3,753	\$4,851
CT Prime	241,111	641,618	\$882,729
OneDigital Consultant Fees	9,000	36,000	45,000
	\$251,208	\$681,371	\$932,580
<b>Total Expenditures</b>	<b>\$1,307,664</b>	<b>\$4,764,080</b>	<b>\$6,071,744</b>
Current Year Revenues Less Expenses	\$1,151,170	(\$1,008,127)	\$143,043
Reserve July 1, 2020	\$912,218	\$8,829,231	\$9,741,449
Reserve at end of month	\$2,063,388	\$7,821,104	\$9,884,492

	Town		BOE		Total
Reserve at end of month	\$ 2,063,388	\$	7,821,104	\$	9,884,492
Recommended Minimum Reserve	\$ 1,277,857	\$	4,444,757	\$	5,722,614
Variance Over/(Under) Reserved	\$ 785,531	\$	3,376,347	\$	4,161,878

TOWN OF GLASTONBURY  
BUDGET TRANSFERS AND AMENDMENTS

FUND	GENERAL FUND
SOURCE OF FUNDS	WITHIN DEPARTMENT
ACTION REQUIRED	TOWN MANAGER & BOARD OF FINANCE

REASON FOR TRANSFER

Additional funding needed for 2020 Series B bonds (issued on July 24, 2020) interest payment. The actual interest for the new debt is higher than estimated.

TRANSFER FROM	ACCOUNT CODE	AMOUNT
Debt Service – Debt Temporary Notes	06085-45767	\$26,500

TRANSFER TO	ACCOUNT CODE	AMOUNT
Debt Service – Debt General Town	06085-45761	\$26,500

Date 10-28-2020 Town Manager 

Date \_\_\_\_\_ Board of Finance \_\_\_\_\_

**TOWN OF GLASTONBURY  
TRANSFER OF FUNDS**

FUND	General Fund
SOURCE OF FUNDS	General Fund – Unassigned Fund Balance
ACTION REQUIRED	Capital Projects – Self Contained Breathing Apparatus

**REASON FOR TRANSFER**

This is a proposal to allocate \$400,000 in the current year to purchase replacement self-contained breathing apparatus (SCBA) for the fire service to achieve a savings estimated at \$80,000 for this equipment. Background information as follows:


- July 1, 2020 capital budget allocates \$120,000 for purchase of air bottle component of SCBA equipment for fire fighters.
- Other SCBA system components to be funded through July 1, 2021 Capital Program.
- SCBA components to be funded subject to grant applications in 2019 and 2020. Unfortunately, Glastonbury proposal does not satisfy grant priorities.
- Opportunity to reduce cost of this equipment by some \$80,000± through purchasing before calendar year end 2020.
- Equipment available through state cooperative purchasing contract.

The proposal is to allocate \$400,000 from the General Fund to achieve the estimated \$80,000 in cost savings. Like the elementary school air conditioning project several years ago, the General fund will be reimbursed through the Capital Program over one-two years. By action at its meeting of Tuesday, November 10, 2020, the Council unanimously voted to refer this matter to the Board of Finance for a funding report and recommendation and schedule a public hearing for its meeting of Tuesday, December 1, 2020.

TRANSFER FROM	ACCOUNT CODE	AMOUNT
General Fund – Unassigned Fund Balance	00100-09241	\$400,000.00

TRANSFER TO	ACCOUNT CODE	AMOUNT
Capital Projects – Self Contained Breathing Apparatus	31006-51836	\$400,000.00

11-17-2020  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Town Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board of Finance

\_\_\_\_\_  
Date

\_\_\_\_\_  
Town Council



**TOWN OF GLASTONBURY  
CAPITAL IMPROVEMENT PROGRAM CRITERIA**

**Purpose**

In recognition that buildings, infrastructure, technology and major equipment are the physical foundation for providing services to the residents of the Town of Glastonbury, a multi year Capital Improvement Program (CIP) is prepared and reviewed annually. The purpose of the CIP is to budget for the acquisition, replacement or renovation of major capital/fixed assets. These items are generally not of a recurring nature and not included in the regular operating budget process. Careful planning during this process is critical to the procurement, construction, and maintenance of capital assets to meet the needs and activities of the Town.

A comprehensive capital plan will help ensure the future financial health of the Town and the continued delivery of public services to citizens and businesses.

Capital/Fixed Assets are categorized as follows:

- Land
- Land Improvements
- Buildings and Improvements
- Machinery and Equipment
- Infrastructure

The following Capital/Fixed Asset items may be included in the Town's annual operating budget:

- Fixed assets that cost less than \$75,000
- Fixed assets that are of a recurring nature and acquired each year

The following Capital/Fixed Asset items are to be included in the Town's CIP:

- The acquisition of and improvements to assets that cost \$75,000 or more and,
- The Capital/Fixed Assets, or improvements, that have an anticipated life expectancy of ten years or more. Most non-recurring major expenditures are the result of the Town's acquisition of capital items that form the physical foundation for municipal services such as land, buildings, infrastructure improvements, machinery and equipment. However, there can be major expenditures for non-capital items that can be anticipated on a recurring and periodic basis and require significant funding. In addition to the above items, the following proposed expenditures may be considered in the CIP, although they may not constitute capital/fixed assets with useful lives of ten years or more.
- Property revaluation required by the Connecticut General Statutes
- Technology programs and systems
- The annual road paving program can be anticipated on a recurring basis; however, it requires funding of significantly more than \$75,000 and should be included in the CIP process.

The above items and other similar items that may require significant funding of \$75,000 or more, and are not anticipated to be acquired each year, may be appropriate to be included in the CIP process.

This CIP provides for a five-year plan of acquisition, renovation, replacement and construction of the items included in the CIP and includes a planning, budgetary and financing process.

**CAPITAL IMPROVEMENT PLANNING PROCESS**

**Identification of Needs**

Annually, each department, board or agency shall submit a proposed five year CIP to the Town Manager in accordance with the CIP schedule. Requested items shall include acquisition of capital assets, new construction, major renovations and improvements to municipal facilities, purchase of machinery and equipment and other items that satisfy the CIP criteria. Capital improvement proposals received outside of the formal CIP process from departments, citizens, agencies or organizations shall be forwarded to the Town



Manager for review and recommendation to the Town Council as applicable.

Items that are to be included in the Capital Improvement Program include the following with an estimated cost of \$75,000 or more and have a useful life of not less than ten years:

- Purchase of Land and Development Rights
- Construction of New Buildings
- Land and Building Improvements and Renovations
- Machinery and Equipment
- Infrastructure Improvements (streets, sewers, sidewalks, etc.)
- Vehicles and Construction equipment
- Feasibility Analysis/Design/Cost estimates and other professional services relative to anticipated major projects
- In addition to the above items, the CIP may include certain recurring expenditures/projects that due to their nature and anticipated cost are best appropriated through the CIP (e.g. revaluation or major software acquisition)

**Capital Improvement Program Timing/Schedule**

Capital Improvement items are considered on the basis of need and value to the community. In general, the CIP will be prepared, presented and acted upon in accordance with the following schedule:

No later than January 29	Town Manager shall provide a five year planning document to the Town Council summarizing department proposals for capital improvements, a recommendation of items to be included in the CIP, project priorities for the following fiscal year and proposed method/sources of funding for all recommended projects.
On or about February 1	Town Council shall recommend preliminary capital improvement priorities to the Board of Finance
On or about February 15	Board of Finance shall recommend CIP to Town Council
No later than March 27	Town Council adopts capital program for the following fiscal year

The Town Manager will provide the Town Council periodic status reports throughout the year and present detailed project status reports or design plans on an as needed basis in accordance with the applicable project schedule.

**Estimated Costs**

Costs shall be estimated for all items requested as part of the five-year Capital Improvement Program. Costs for items requested in years two through five shall anticipate an escalation rate to be determined by the Town Manager at the beginning of the CIP process.

The steps for **major** construction projects, those estimated to exceed \$250,000, shall be recommended by the Town Manager and will generally include the following:

- A. Evaluation/feasibility phase, as necessary
- B. Preliminary design and cost estimating phase
- C. Final Design and construction

Subject to the specifics of the project, funding for steps A and B may be combined in the initial request. Cost estimates should include preliminary design fees, final design fees, architectural fees, construction management fees, construction costs, acquisition costs, contingency, escalation, legal and financing fees, including short term interest, and any other costs applicable to the project. The scope and estimated costs of in kind services shall be identified and presented along with the initial cost estimates for the project.

## **CAPITAL IMPROVEMENT BUDGETARY PROCESS**

### **Funding**

The Town Council, as part of the annual operating and capital budget process, will review the capital projects recommended by the Town Manager. The Town Manager will develop a recommended financing plan, with options, based on total project costs, cash flow, projected method(s) of financing the projects, Capital Reserve fund projections, mill rate and debt service impact on future operating budgets. The Town Council shall review these projections when developing project priorities and the recommended capital program for the following year. The goal is to effectively balance the total of the annual Capital Reserve Transfer and Debt Service requirements to minimize fluctuations in the mill rate in accordance with established guidelines set forth in this document.

An annual financing plan for the multi-year capital improvement plan is critical to the CIP process. Factors to be considered shall include:

- Anticipated revenue and expenditure trends and the relationship to multi-year financial plans
- Cash flow projections of the amount and timing of the capital improvement projects
- Compliance with all established financial policies
- Legal constraints imposed by Town charter or State statute
- Evaluation of various funding alternatives
- Reliability and stability of identified funding sources
- Evaluation of the affordability of the financing strategy, including debt ratios, future budgets and mill rate.

The Capital Improvement Program shall generally be funded as follows:

**A. Capital Reserve Fund –** The Town will use the Capital Reserve Fund as the primary funding source for CIP projects to be funded on a cash basis.

Based on factors referenced herein the Town Council shall review the following when considering the annual general fund appropriation and transfer to the Capital Reserve Fund:

- Capital projects proposed for funding on a cash basis through the 5 year CIP.
- Annual depreciation for Capital/Fixed Assets including but not limited to buildings, machinery and equipment, vehicles, improvements with a depreciation schedule of less than 50 years
- Appropriations for acquisition, replacement and renovation of Capital/Fixed Assets not part of the CIP (Capital Outlay) through the Town and Education operating budgets.
- Unassigned fund balance in the Capital Reserve Fund and potential reserve for future large scale capital projects to be funded on a “cash” basis.

Other factors to be considered for funding the CIP include:

- Debt Service requirements for projects authorized pursuant to referendum
- Approved state and federal grants for authorized and proposed capital projects
- Opportunity to transfer funds from the General Fund unassigned fund balance for “one time” capital projects through the sale of assets (e.g. land, buildings).
- The Town’s bond rating
- Other factors influencing the annual budget and mill rate with the goal of minimizing significant fluctuations in the mill rate
- Funding available through the Sewer Sinking and Sewer Operating Funds

The minimum annual funding for the CIP shall equal the annual depreciation of assets deemed

appropriate for CIP funding as defined herein.

Annually the Board of Finance shall review the General Fund unassigned fund balance, Capital Reserve Fund unassigned fund balance and other funding sources and may recommend a transfer of additional funds to the Capital Reserve. The goal of the Town is to maintain an unreserved and undesignated balance in the Capital Reserve Fund of an amount equivalent to \$1,000,000, except as needed to meet emergencies. The reserve policy will be reviewed annually and adjusted accordingly as part of the CIP process. Factors to be considered include evaluation of the projects in the multi-year plan, the method of financing and their effect on projected mill rates.

**B. Donations/Grants/Loans** – Anticipated grants and contributions from various organizations, groups or individuals for CIP projects shall be used to reduce the estimated cost to the Town.

**C. General Obligation Bonds** – CIP projects of a significant cost and not reasonably funded on a cash basis may be considered for funding through the issuance of general obligation bonds to be authorized and issued in accordance with Section 312 of the Glastonbury Town Charter.

### **Debt Limitations**

Subject to referendum approval, the Town may issue bonds for projects of a scope and cost not reasonably funded on a cash basis from current revenues. Debt Service is typically issued for major improvements and renovations. When considering debt service, a strong credit rating is a valuable asset. The following general guidelines and standards shall be used to preserve the Town's strong credit rating and effectively manage ongoing debt service requirements.

- Ratio of net debt to equalized full value of Grand List not to exceed 2.5%
- Debt Service as a percent of budgeted expenditures not to exceed 10%
- Long-term debt will be repaid within a period not to exceed the expected useful life of capital improvements financed by such debt.
- Bonds will be issued to keep the average life of the general obligation bonds at or below ten years and to retire sixty-five percent of the debt at or below approximately ten years
- Standards published by bond rating agencies

### **Referendum Threshold – Expenditures of Cash Resources**

In accordance with Section 312 of the Glastonbury Town Charter projects involving the issuance of debt require authorization at public referendum.

The purpose of this section is to establish a Council policy for approval of Capital projects involving the appropriation of significant cash resources. Such funding would typically be appropriated from the General Fund and Capital Reserve Fund and could involve grants, community donations and other funding sources. A referendum threshold is established under this section as a general Council policy for cash funded Capital projects.

The referendum threshold shall be defined as cash funded projects which exceed two percent (2%) of the adopted Town, Education, and Debt & Transfers budget, rounded to the next highest \$50,000. Generally, projects exceeding the Town's referendum threshold will be submitted to public referendum. However, in establishing this policy, the Council recognizes there will be circumstances and conditions for which a public referendum is not practical or in the best interests of the community. Examples include Capital Improvements involving:

- exigent circumstances affecting the health or safety of the community;
- grant funding and community donations which reduce the net project cost below the applicable threshold;
- care and maintenance of Town buildings, roads, bridges, facilities, sanitary sewers and other infrastructure;
- projects that are of a recurring nature and may be funded on an annual basis for which cumulative

funding could exceed the referendum threshold. Examples include the annual road paving program; technology systems and upgrades; infrastructure improvements; and other projects and items.

Projects will not be phased over a number of years to circumvent the referendum threshold with the exceptions noted herein.

### **Annual Review**

The Capital Improvement Program Criteria will be reviewed annually and may be amended by action of the Town Council upon recommendations by the Board of Finance

Date Last Revised: December 6, 2016

Date Last Reviewed by Board of Finance: January 16, 2020

Date Adopted by Town Council: January 28, 2020

**TOWN OF GLASTONBURY  
MEMORANDUM**

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**DEPARTMENT OF ADMINISTRATIVE SERVICES  
Financial Administration**

TO: BOARD OF FINANCE  
FROM: Julie Twilley, Director of Finance  
DATE: November 5, 2020  
SUBJECT: JANUARY 1, 2021 THROUGH JANUARY 31, 2022 MEETING SCHEDULE

JANUARY 21, 2021*	REGULAR MEETING
FEBRUARY 17, 2021	REGULAR MEETING
MARCH 17, 2021	REGULAR MEETING
APRIL 21, 2021	REGULAR MEETING
MAY 19, 2021	REGULAR MEETING
JUNE 16, 2021	REGULAR MEETING
JULY 21, 2021	REGULAR MEETING
<b>AUGUST 2021</b>	<b>No Regular Meeting</b>
SEPTEMBER 22, 2021	REGULAR MEETING
OCTOBER 20, 2021	REGULAR MEETING
NOVEMBER 17, 2021	REGULAR MEETING
DECEMBER 15, 2021	REGULAR MEETING
JANUARY 20, 2022*	REGULAR MEETING

All meetings held in Town Hall Meeting Room A, second level or via Zoom at 4:00 p.m. unless otherwise indicated.

\*Meeting to occur at the Riverfront Community Center at 4:00 p.m.

Signed \_\_\_\_\_  
**Chairman/Secretary**

Date \_\_\_\_\_

Telephone # During the Day:  
\_\_\_\_\_