

**GLASTONBURY BOARD OF FINANCE
REGULAR MEETING MINUTES
WEDNESDAY, SEPTEMBER 22, 2021**

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 Zoom video conferencing. The video was broadcast in real time and via a live video stream.

Also present were Narae McManus, Controller, and Chris Kachmar from Fiducient Advisors.

Roll Call

Members

Mr. Constantine “Gus” Constantine, Chairman
Ms. Jennifer Sanford, Vice Chairman
Mr. James McIntosh
Mr. Walter Cusson
Mr. Robert Lynn
Mr. James Zeller

1. Public Comment Session: Comments pertaining to the call. ***None***
2. Communication: Chris Kachmar from Fiducient Advisors
 - a. Communication: Market update and plan results through August

Mr. Kachmar explained that the markets have been resilient in the second quarter, and even into the third quarter. He reviewed the pension plan at the end of August, noting that allocations are close to targets, and all the managers are in good working order. Mr. Lynn asked if the Jackson Square Small and Mid-Cap Growth Fund is taking less risk than the index. Mr. Kachmar explained that it does not have big exposure to the non-profitable companies. Mr. Kachmar reviewed the new hires plan, stating that performance-wise, the year-to-date is in line with the benchmark.

- b. Communication: Inflation Stagflation Hedges

Mr. Kachmar noted that Ms. Sanford sent him information on an ETF strategy which predominantly uses TIPS (inflation-protected securities). The strategy seems interesting and is put forth by a credible investment team, but it does not yet have the three-year history required to make a recommendation. While FA does not recommend it today for the pension plan, they will keep tabs on it to see how it performs.

Ms. Sanford did not know that it was a hard rule that municipalities cannot consider a strategy unless it has been around for at least three years. She found the strategy interesting because it offers hedge fund exposure without charging 2 and 20. She noted that its 1% performance fee is active management of a sophisticated strategy. She also thought that the strategy would offer more diversification of the TIPS, which performed well with inflation scares. She is glad that the strategy is on FA’s radar. Ms. Sanford then asked if they would be able to look at the efficient

frontier work before the fall. Mr. Kachmar stated that their capital market working team is just now starting to do data analytics, which is typically not fine-tuned until Thanksgiving. They will release the information as soon as it is available.

3. Communication: Minutes of July 21, 2021 (Regular Meeting)

Minutes accepted as presented.

4. Action/Communication: Year-End Items

a. Communication: Preliminary Year End Review 2020-2021 After Year End Close

Ms. Twilley reviewed the report dated September 14, 2021. She reminded the Board that these are unaudited numbers which are subject to change, and many variances in the budget are the result of COVID-19. Ms. Sanford asked if they anticipate spending the estimated Unassigned Fund Balance in such a way that would bring it down from 18.6% to 15% of Expenditures. Ms. Twilley sees no reason to be concerned about dipping into it at this time. Mr. Zeller asked if the GFOA number has changed. Ms. Twilley explained that the GFOA policy still says 2 out of 12 months, which is 16.7%, and the Town is a little over \$3 million above that. Ms. Sanford asked if any of the federal monies coming in are included in this budget. Mr. Johnson stated no. The \$5.1 million from ARPA is in a Special Revenue Fund and would be handled separately from the General Fund, and the \$35,000 will offset police overtime and other expenses related to combating juvenile crimes.

b. Communication & **Action**: YE Contribution to Insurance Funds (and transfer)

Ms. Twilley reviewed the report dated September 14, 2021. She noted that the Employee Related Insurance accounts experienced an unusually large favorable variance, which was due to a few factors: unfilled vacancies; the supplemental \$100,000 that was budgeted to contribute at the end of the year; and a 6% rate increase from the consultants which came down to flat but is still in the budgeted numbers. Mr. Zeller asked if the same relative reduction was true for the BOE. Mr. Johnson stated that he does not know, but he will report back at the next meeting.

Ms. Twilley explained that there was a favorable budget variance: \$46,100 of that was Deductible Favorability and another \$1,100 in Casualty Insurance Favorability. Staff recommends that the Board allocate this total of \$47,200 into the Insurance Reserve Fund. Ms. Sanford asked what the fund's current balance is and whether a consultant provides guidance on how much should be in the fund. Ms. Twilley replied, the balance is about \$700,000. Mr. Johnson explained that, while they do not have a guideline as to how much should be in that fund, historically, they thought that it would be a good idea to use the fund as a safety net, in case there is a particularly challenging year with increasing deductibles. Mr. Zeller asked what the gross premiums are on the coverages. Ms. Twilley stated about \$2.5 million for some of the coverages. Ms. Sanford asked why they do not use the General Fund instead. Ms. Twilley stated that the Board could choose to do that.

Motion by: Mr. Zeller

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Glastonbury Board of Finance hereby recommends to the Town Council the transfer of \$47,200 from the General Fund — Insurance/Pensions — Casualty Insurance and Claims Service and Retroactive Charges to the Insurance Reserve Fund.

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

- c. Communication: Special Revenue Funds June 30, 2021 Reports
 - i.) Sewer Operating and Sewer Sinking Funds

Ms. Twilley reviewed the report dated August 3, 2021. Both funds are in good order. While there were a few unfavorable variances, they still ended the year with an almost \$100,000 surplus in the Sewer Operating Fund. There were no reported expenditures in the Sewer Sinking Fund.

- ii.) Recreation Activities and Police Private Duty Funds

Ms. Twilley reviewed the report dated September 14, 2021. Mr. Zeller stated that the Recreation Activities Fund expenses seems substantial, pushing towards \$1 million. Ms. Twilley explained that part of that is due to timing. On June 30, it tends to be higher than at other times during the year due to revenues received for programming for which the expenses have not yet been incurred, but that number will likely go down in the coming months.

- d. Communication: Review of Capital Outlay Carry Forwards

Ms. Twilley reviewed the report dated September 14, 2021.

- e. **Action:** Review and Approval of Encumbrance Carry Forwards

Ms. Twilley reviewed the report dated September 14, 2021. She explained that these carry forwards are for goods and services that were ordered before June 30 but were not received by that date.

Motion by: Mr. Zeller

Seconded by: Mr. McIntosh

BE IT RESOLVED, that the Glastonbury Board of Finance recommends to the Town Council the approval of the FY20/21 carry forward of encumbrances as appropriations from Fund Balance as follows:

- \$410,566.58 for the General Fund,
- \$31,668.16 for the Sewer Operating Fund,
- \$2,185.00 for Riverfront Park,
- \$5,250.00 for Minnechaug Golf, and
- \$3,065.00 for Special Gifts.

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

- f. Communication & **Action**: Review of Capital Projects to be Closed (and 3 transfers)

Ms. Twilley reviewed the report dated September 16, 2021. She noted that 14 projects will be closed, many of which have a balance of zero. There are also 3 projects which they would like to close and transfer their available balances to other open projects. The first two projects are under \$5,000, so the Town Manager approved them. The third project is over \$5,000, and therefore, requires the Board's approval.

Motion by: Mr. Zeller

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Glastonbury Board of Finance hereby transfers \$6,186 from the Capital Reserve Projects — Physical Services Sanitation — Town Center Traffic/Street Improvement to Capital Reserve Projects — Physical Services Sanitation — Town Center Streetscape Improvement account.

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

- g. Communication: Review of Intra-Department Transfers Under \$5,000

Ms. Twilley reviewed the report dated September 14, 2021.

- h. **Action**: Review and Approval of Intra-Department Transfers Over \$5,000

Ms. Twilley reviewed the report dated September 14, 2021. Mr. Zeller asked if they need to look at turning over certain equipment, more often on CIP as opposed to making major repairs on old equipment. Mr. Johnson stated that for the unit in question, they typically buy one unit a year. This year it was \$190,000. They can look at accelerating the purchase of vehicles, but it is expensive.

Motion by: Mr. Zeller

Seconded by: Mr. McIntosh

BE IT RESOLVED, that the Glastonbury Board of Finance hereby approves the June 30, 2021 intra-department transfers over \$5,000 in the amount of \$751,350.

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

- i. **Action**: FY2021 Year-end Inter-Departmental Transfers (None)

- 5. Communication: Pension Report – July 2021

Ms. Twilley reviewed the report dated August 26, 2021.

- 6. Communication: Month End Investments – July 2021

Ms. McManus reviewed the report dated August 23, 2021.

- 7. Communication: Financial Summary (Revenue & Expenditure) for 2 months - August 2021

Ms. Twilley reviewed the report dated September 15, 2021. She noted that some variances to the budget and prior year are due to the COVID-19 pandemic. Ms. Sanford asked if they received grants to pay for voter registration, since the number is low. Ms. Twilley explained that voter registration is only part-time employees, and only full-time wages are encumbered.

8. Communication: Capital Projects – August 2021

Ms. Twilley reviewed the report dated September 10, 2021.

9. Communication: Self Insurance Reserve Fund – August 2021

Ms. Twilley reviewed the report dated September 8, 2021. There have been no large loss claims thus far this year. Ms. Sanford asked if the consultants still expect future claims. Mr. Johnson stated that they have built in a COVID-19 assumption to the rates. One of the concerns is whether there will be a bump in procedures and office visits as the pandemic eases. There is some uncertainty, but consultants have done their best to account for it.

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

- a. Software Application for Supervisory Control and Data Acquisition (SCADA)
- b. Health Block Grant
- c. Library Furniture & Fixtures – Administrative Transfer (within Capital Account)

11. Action: Transfers over \$5,000

- a. Refuse Disposal – Storm Isaias Debris Removal

Mr. Johnson explained that the brush and debris from the storm was above expectations. They expect a 75% FEMA reimbursement. The recommendation is to transfer money from the General Fund, so that bulky waste operations can continue until the FEMA reimbursement is received. Mr. Zeller asked if the Town will once again sell mulch to residents. Mr. Johnson will double check and report back.

Motion by: Mr. Zeller

Seconded by: Mr. McIntosh

BE IT RESOLVED, that the Glastonbury Board of Finance hereby recommends to the Town Council the transfer of \$46,000 from the General Fund — Unassigned Fund Balance to Refuse Disposal — Contractual Services account.

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

12. Communication: Bank Collateralization Report

Ms. Twilley reviewed the report as of June 30, 2021.

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

Mr. Constantine stated that the PBC has not yet met. Mr. McIntosh asked that the candidates for the election in November be forwarded the materials for their October meeting. Mr. Johnson stated that all materials are listed on the Town website under the Board of Finance section. However, they can make the BOF candidates aware of that fact.

14. Adjournment

Motion by: Mr. McIntosh

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of September 22, 2021, at 5:21 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; click on Public Broadcast Video On Demand, and an audio recording is available in the Finance and Administrative Services Office.