

AGENDA

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GLASTONBURY BOARD OF FINANCE - AGENDA OF REGULAR MEETING

Wednesday, March 16, 2022, 4:00 PM

Town Hall, 2155 Main Street, Glastonbury, CT – Council Chambers

With an option for Zoom Video Conferencing (details on page 2)

Board Members: Constantine Constantine; Chairman, Jennifer Sanford; Vice Chairman, Susan Karp, Robert Lynn, James McIntosh, and James Zeller.

1. Public Comment Session: Comments pertaining to the call.
2. Communication – Chris Kachmar to attend (Feb. Flash Report, Russia Memo, Dynamic Bonds)
3. Communication:
 - a. Minutes of February 7, 2022 – Public Hearing & Unfinished Budget Related Items
 - b. Minutes of February 16, 2022 – BOF Regular Meeting
4. Communication: Pension Report (January 2022)
5. Communication: Month End Investments – January 2022
6. Communication: Financial Summary (Expenditures) for 8 months - February 2022
7. Communication: Capital Projects – February 2022
8. Communication: Self Insurance Reserve Fund – February 2022
9. Communication: Transfers Approved by Town Manager Since Last Meeting
 - a. \$4,000 Legal Services – Labor Account Reallocation
 - b. \$4,200 Town Manager – MAI Appraisal
10. **Action:** Transfers over \$5,000 (none)
11. Communication: Bank Collateralization Reports
12. Communication: Issuance of Bond
13. **Action:** Waiver of Competitive Bid Process for Road Resurfacing Program
14. Communication: Reminder – Must establish mill rate within 3 business days after Council adopts budget
15. Board of Finance Committee Reports, comments and remarks (no action to be taken)
16. Adjournment

THIS BOARD OF FINANCE REGULAR MEETING WILL BE CONDUCTED IN PERSON IN COUNCIL CHAMBERS OF TOWN HALL AT 2155 MAIN STREET, GLASTONBURY, WITH AN OPTION FOR ATTENDANCE THROUGH ZOOM VIDEO CONFERENCING.

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/83456913897?pwd=eFR6QmlycFIQRSt3b3dTZ25HaHZMQT09>

Passcode: 661482

Join by Phone:

Dial: +1 301 715 8592 **or** +1 312 626 6799

Webinar ID: 834 5691 3897

Passcode: 661482

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

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.*

**The Video On Demand page is accessible through any web browser EXCLUDING Internet Explorer. Please use Chrome, Edge, Firefox, Safari or any other web browser excluding IE to access meeting video content.*



Town of Glastonbury

March 2022 Meeting Materials

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

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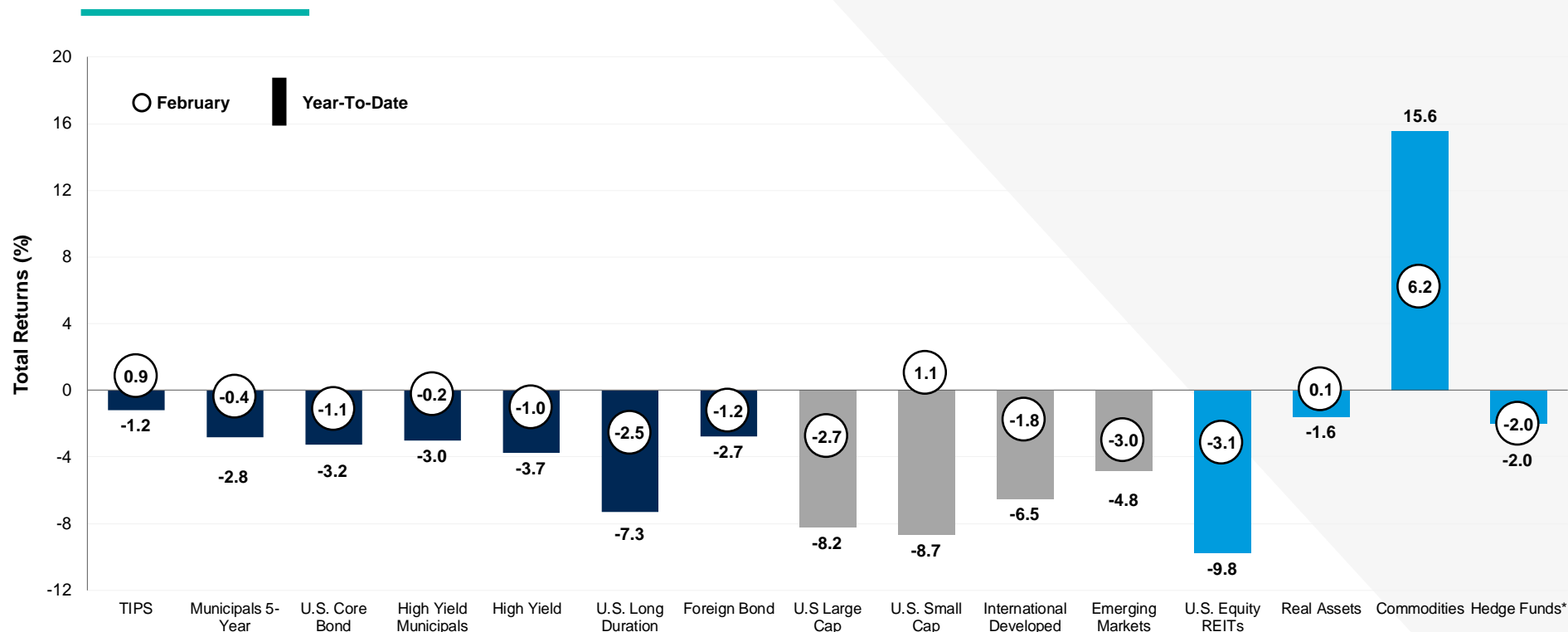
Section 1	February Flash Report
Section 2	Russia Memo
Section 3	Case for Dynamic Bonds



February Flash Report



Asset Class Performance



*Hedge fund returns are lagged 1 month. Sources: FactSet, Morningstar. As of February 28, 2022.

Fixed Income (February)

- Fixed income markets were largely negative on the back of rising interest rates early in the month.
- Spread sectors generally underperformed in the risk off environment.
- + Breakeven inflation levels moved higher, and real yields declined, providing a tailwind for the TIPS market.

Equity (February)

- The eruption of war between Russia and Ukraine and anticipation of tighter monetary policy roiled equity markets.
- + U.S. small-cap stocks were a bright spot in an otherwise challenged market. These companies are typically more domestic focused compared to their large-cap counterparts.
- Emerging markets were hardest hit driven by weakness in Russia, China and India.

Real Asset / Alternatives (February)

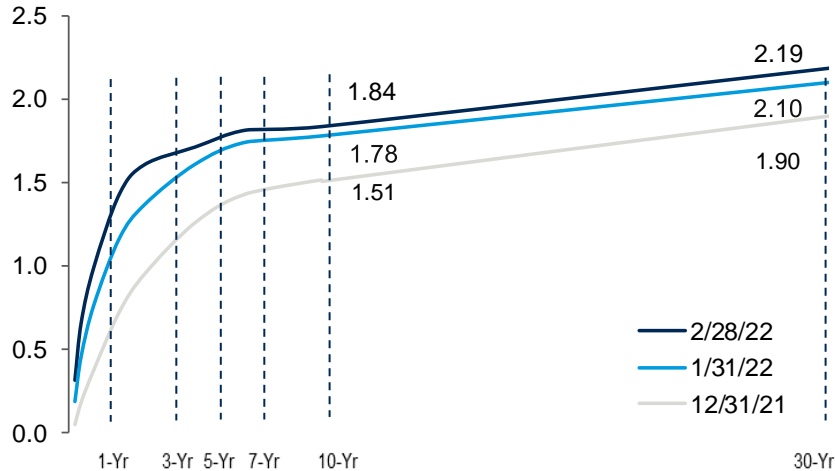
- Rising interest rates put pressure on the real estate market and sectors with higher valuations and longer lease terms struggled.
- + Commodities were among the top performers this quarter as tensions in Eastern Europe and continued global supply chain imbalances pushed commodity prices higher.



Fixed Income Market Update

U.S. Treasury Yields Curve

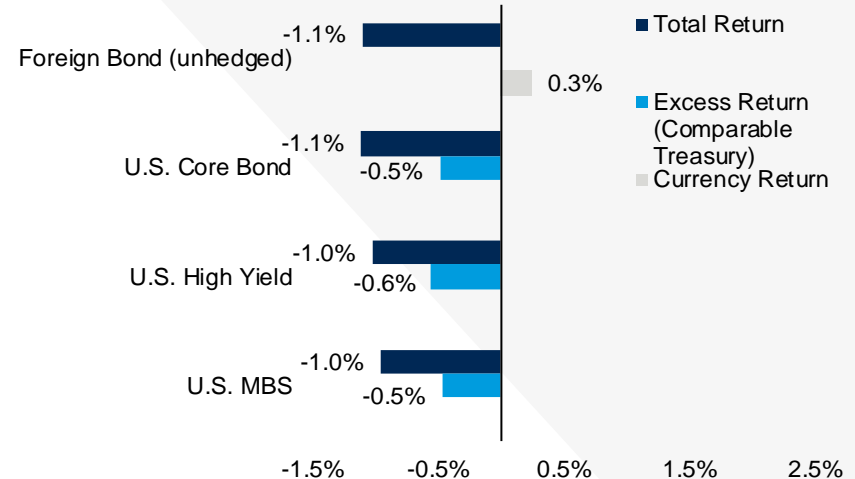
Interest rates rose early in the month as investors anticipated a 50 basis point increase at the Fed's March meeting but expectations eased following Russia's invasion of Ukraine.



Source: FactSet. As of February 28, 2022

Index Performance Attribution (February 2022)

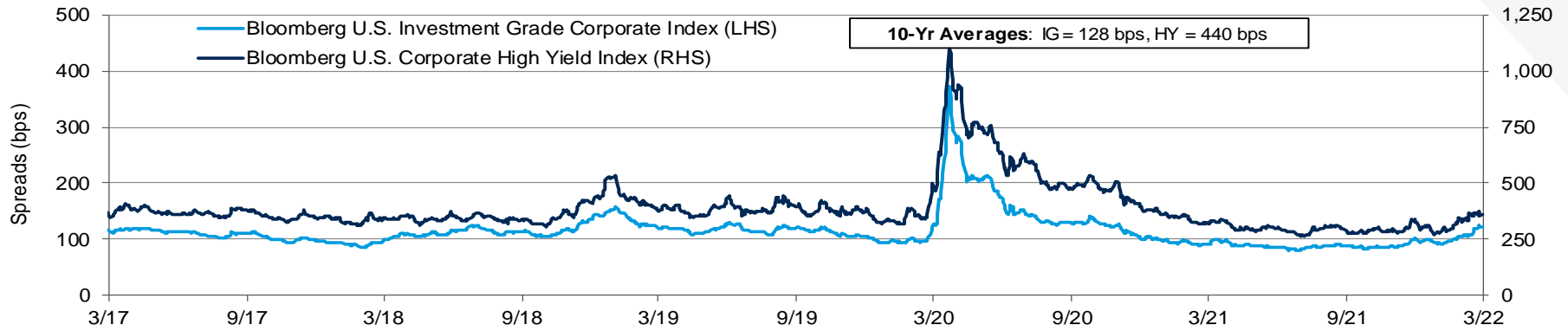
Spread sectors generally underperformed Treasuries in the risk off environment. The U.S. dollar fell early in the month but recovered ground later as geopolitical tensions grew in abroad.



Source: FactSet. As of February 28, 2022

Credit Market Spreads – Trailing 5 Years

Credit spreads moved wider during the risk-off trade in February. Investment grade spreads ended the period 16 basis points higher while high yield spreads experienced a 17 basis point move wider.



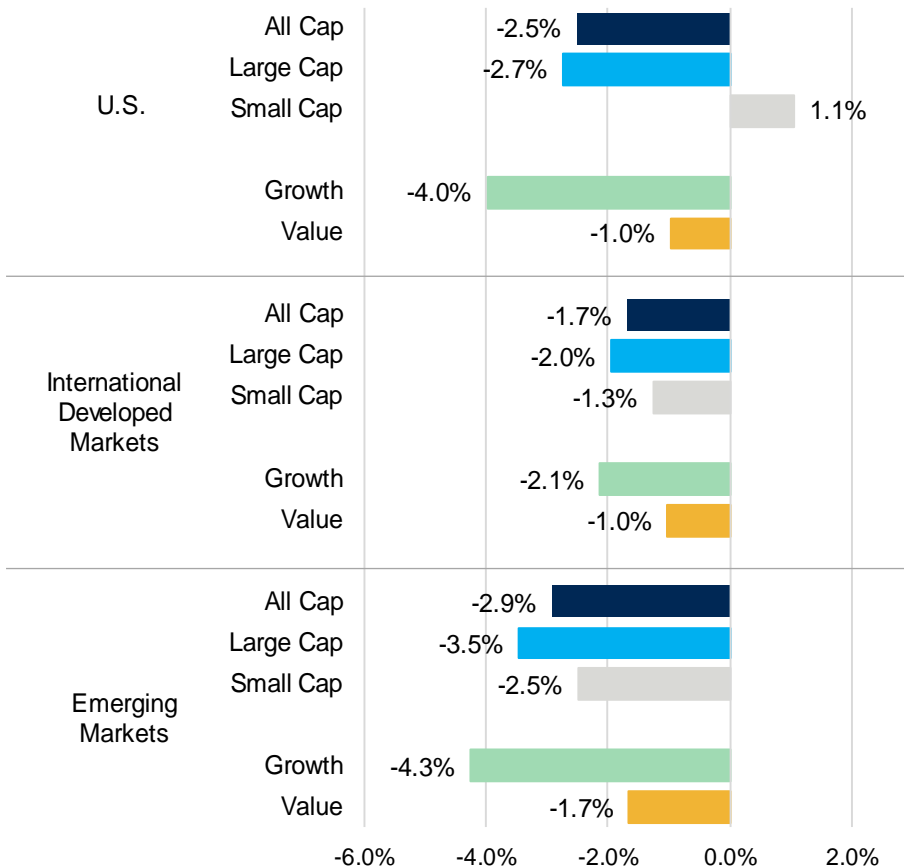
Source: FactSet. As of February 28, 2022



Equity Market Update

Market Capitalization & Style Performance (February 2022)

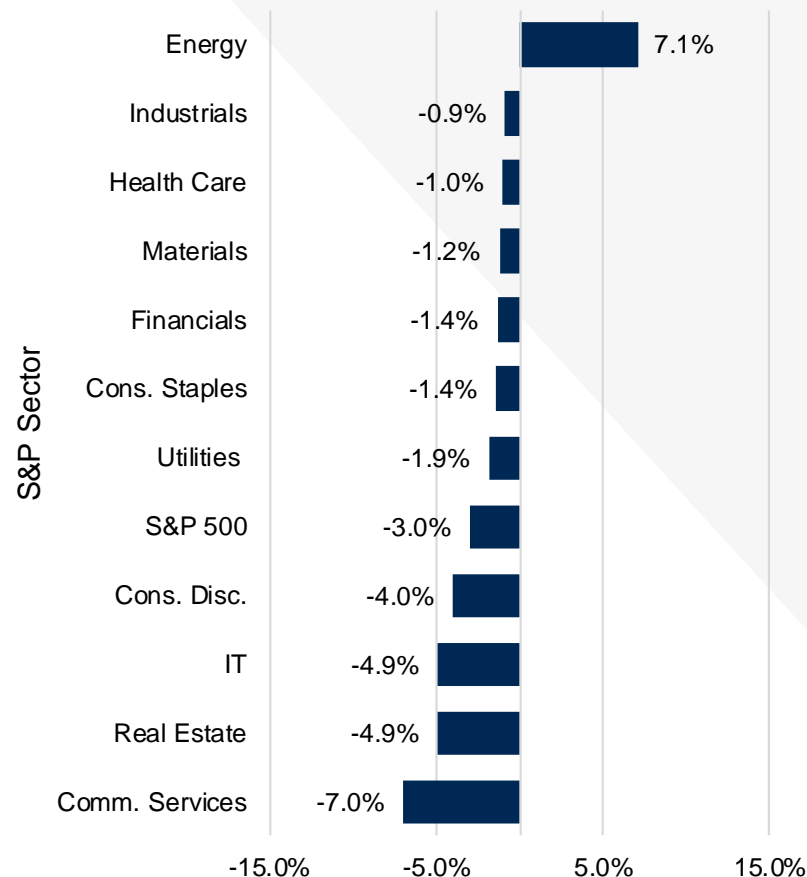
Large-cap stocks, which are traditionally thought of as more defensive compared to small-cap, underperformed in the month. Small-cap companies generally have less exposure to the global economy and as such were more insulated during the month. Value stocks outpaced their growth counterparts.



Source: FactSet. As of February 28, 2022

U.S. Equities – Returns by Sector (February 2022)

Energy was the lone positive sector in February, driven by rising oil prices as the conflict in Eastern Europe broke out and supply/demand imbalances remain in the global economy.



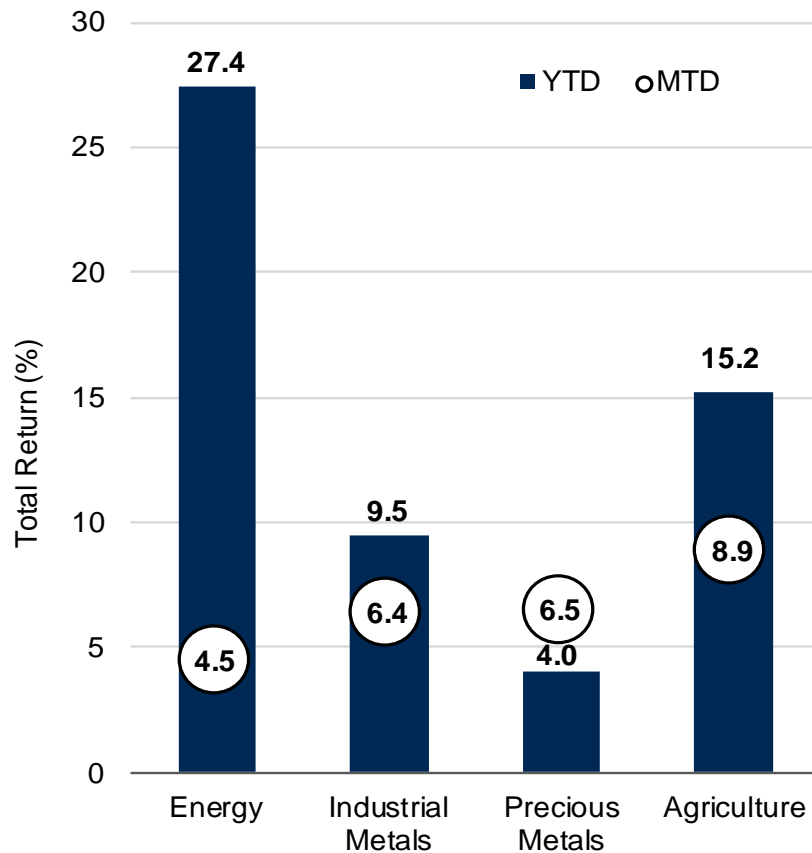
Source: FactSet. As of February 28, 2022



Real Asset Market Update

Real Assets Performance

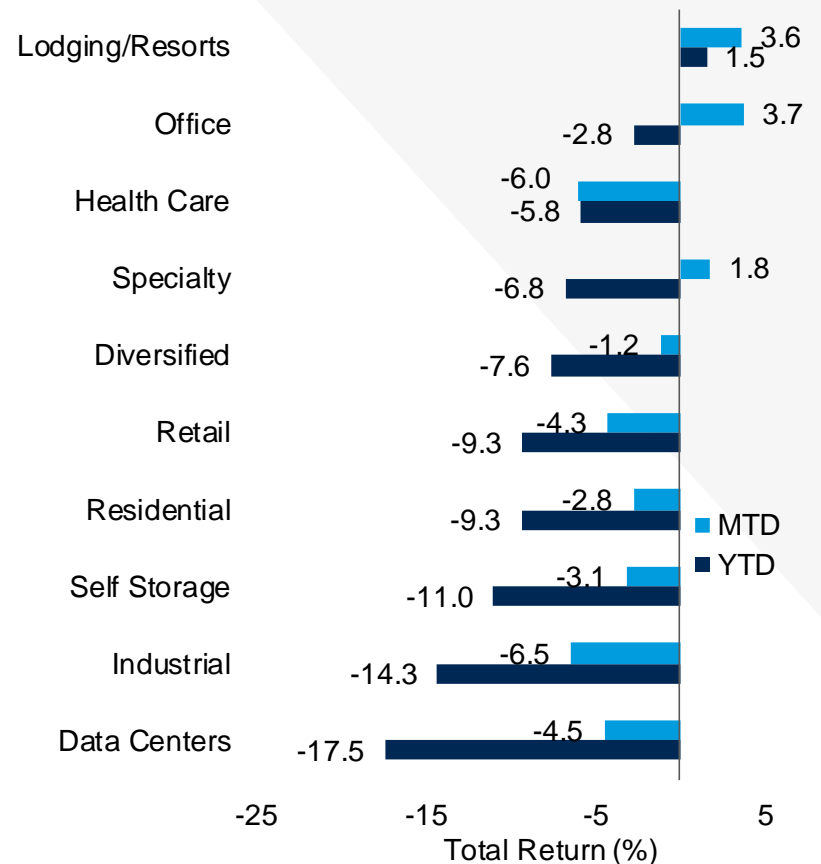
Conflict between Russia and Ukraine, coupled with continued supply chain backlogs, pushed commodity prices higher in February. Agriculture was a standout as Russia and Ukraine account for a significant portion of the world's trade in wheat and barley. Crude oil breached \$100/barrel for the first time since 2014 pushing Energy higher.



Source: FactSet. As of February 28, 2022

REIT Sector Performance

Real Estate was not immune to the broader equity market decline during the month. Industrial and Data Centers were among the weakest performers while Lodging/Resorts benefited from increased consumer travel and shorter lease durations, which are more insulated from rising interest rates.



Source: FactSet. As of February 28, 2022



Financial Markets Performance

Total Return as of February 28, 2022
Periods greater than one year are annualized
All returns are in U.S. dollar terms

Global Fixed Income Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg 1-3-Month T-Bill	0.0%	0.0%	0.0%	0.8%	1.1%	0.8%	0.6%	0.8%
Bloomberg U.S. TIPS	0.9%	-1.2%	6.1%	7.5%	4.8%	3.8%	2.8%	4.4%
Bloomberg Municipal Bond (5 Year)	-0.4%	-2.8%	-1.7%	1.9%	2.0%	1.9%	1.9%	3.2%
Bloomberg High Yield Municipal Bond	-0.2%	-3.0%	3.5%	6.2%	6.1%	5.4%	5.9%	4.9%
Bloomberg U.S. Aggregate	-1.1%	-3.2%	-2.6%	3.3%	2.7%	2.4%	2.5%	3.8%
Bloomberg U.S. Corporate High Yield	-1.0%	-3.7%	0.6%	5.3%	4.9%	5.1%	5.9%	6.6%
Bloomberg Global Aggregate ex-U.S. Hedged	-1.4%	-2.5%	-1.7%	2.0%	2.6%	2.6%	3.4%	3.7%
Bloomberg Global Aggregate ex-U.S. Unhedged	-1.1%	-3.0%	-7.1%	1.1%	2.0%	1.4%	0.3%	2.4%
Bloomberg U.S. Long Gov / Credit	-2.5%	-7.3%	-2.8%	7.3%	5.3%	4.1%	4.8%	6.3%
JPMorgan GBI-EM Global Diversified	-5.0%	-5.0%	-10.0%	-1.1%	1.0%	0.4%	-0.8%	3.1%
Global Equity Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	-3.0%	-8.0%	16.4%	18.2%	15.2%	13.2%	14.6%	10.1%
Dow Jones Industrial Average	-3.3%	-6.4%	11.6%	11.7%	12.7%	11.9%	12.7%	9.7%
NASDAQ Composite	-3.3%	-12.0%	4.9%	23.3%	19.9%	16.8%	17.9%	13.5%
Russell 3000	-2.5%	-8.3%	12.3%	17.6%	14.7%	12.7%	14.3%	9.9%
Russell 1000	-2.7%	-8.2%	13.7%	18.1%	15.1%	13.0%	14.5%	10.1%
Russell 1000 Growth	-4.2%	-12.5%	12.5%	23.2%	20.2%	16.5%	17.0%	12.7%
Russell 1000 Value	-1.2%	-3.5%	15.0%	12.2%	9.5%	9.1%	11.7%	7.3%
Russell Mid Cap	-0.7%	-8.0%	7.1%	14.3%	12.0%	10.3%	12.8%	9.4%
Russell Mid Cap Growth	-1.2%	-14.0%	-4.3%	14.7%	14.9%	11.7%	13.6%	10.3%
Russell Mid Cap Value	-0.5%	-4.7%	13.8%	12.7%	9.2%	8.8%	11.9%	8.2%
Russell 2000	1.1%	-8.7%	-6.0%	10.5%	9.5%	8.9%	11.2%	8.0%
Russell 2000 Growth	0.4%	-13.0%	-17.4%	9.2%	10.5%	8.7%	11.4%	8.8%
Russell 2000 Value	1.7%	-4.3%	6.6%	10.9%	8.0%	8.7%	10.7%	6.9%
MSCI ACWI	-2.6%	-7.4%	7.8%	13.4%	11.4%	9.1%	9.8%	6.5%
MSCI ACWI ex. U.S.	-2.0%	-5.6%	-0.4%	7.7%	7.3%	4.9%	5.4%	3.3%
MSCI EAFE	-1.8%	-6.5%	2.8%	7.8%	7.2%	4.8%	6.2%	3.0%
MSCI EAFE Growth	-2.2%	-12.5%	-0.9%	10.2%	9.4%	6.6%	7.4%	4.4%
MSCI EAFE Value	-1.4%	-0.3%	6.3%	4.8%	4.6%	2.7%	4.7%	1.5%
MSCI EAFE Small Cap	-1.3%	-8.5%	-1.5%	8.6%	7.9%	7.2%	8.3%	4.7%
MSCI Emerging Markets	-3.0%	-4.8%	-10.7%	6.0%	7.0%	4.8%	3.2%	4.2%
Alternatives	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Consumer Price Index*	0.6%	0.6%	7.5%	3.7%	3.0%	2.7%	2.2%	2.2%
FTSE NAREIT Equity REITs	-3.1%	-9.8%	24.1%	10.0%	7.8%	7.3%	9.7%	5.8%
S&P Real Assets	0.1%	-1.6%	11.6%	7.8%	6.5%	4.8%	5.1%	5.2%
FTSE EPRA NAREIT Developed	-2.6%	-6.9%	22.7%	6.6%	5.1%	5.0%	9.4%	4.6%
FTSE EPRA NAREIT Developed ex U.S.	-1.0%	-4.9%	2.5%	2.5%	5.0%	3.2%	5.5%	1.7%
Bloomberg Commodity Total Return	6.2%	15.6%	34.4%	12.9%	6.6%	2.3%	-1.9%	-1.9%
HFRI Fund of Funds Composite*	-2.0%	-2.0%	4.6%	6.8%	5.0%	3.7%	4.2%	2.5%
HFRI Fund Weighted Composite*	-2.0%	-2.0%	6.6%	8.8%	6.4%	5.3%	5.3%	4.4%
Alerian MLP	4.8%	16.4%	43.1%	3.2%	-0.7%	-2.8%	0.7%	4.9%

*One month lag.

Source: FactSet, Morningstar. As of February 28, 2022. Periods greater than 1 year are annualized. All returns are in U.S. dollar terms.

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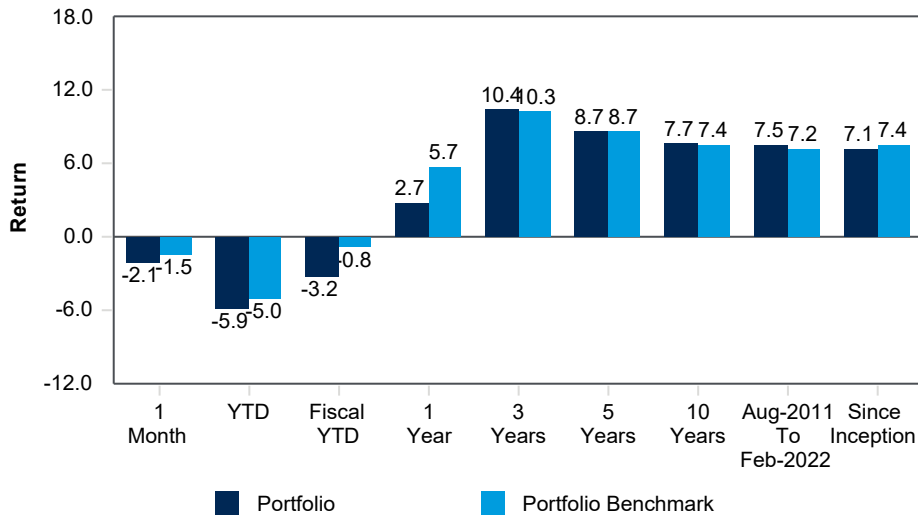


Portfolio Dashboard

Town Pension

As of February 28, 2022

Historical Performance



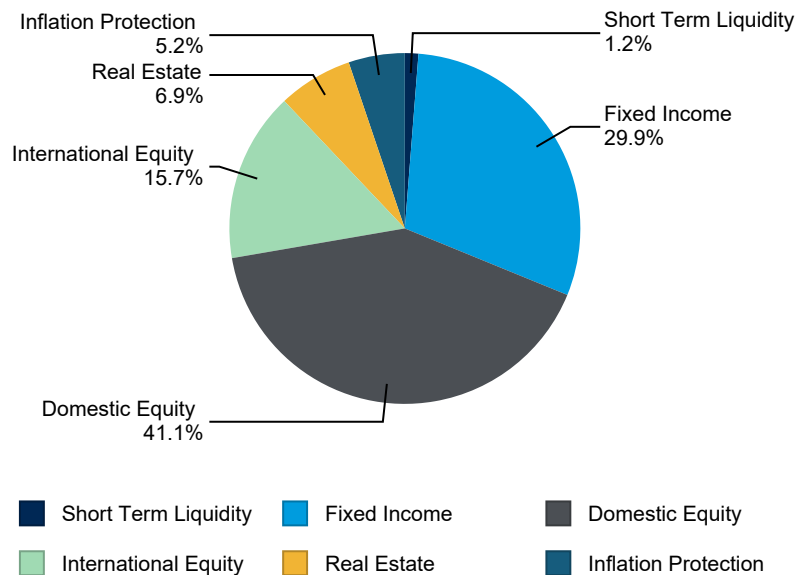
Summary of Cash Flows

	1 Month	YTD	Fiscal YTD	1 Year
Beginning Market Value	208,511,953	217,691,471	205,934,983	196,253,163
Net Cash Flows	-836,729	-1,690,695	3,948,227	1,618,861
Net Investment Change	-4,358,149	-12,683,701	-6,566,135	5,445,050
Ending Market Value	203,317,075	203,317,075	203,317,075	203,317,075

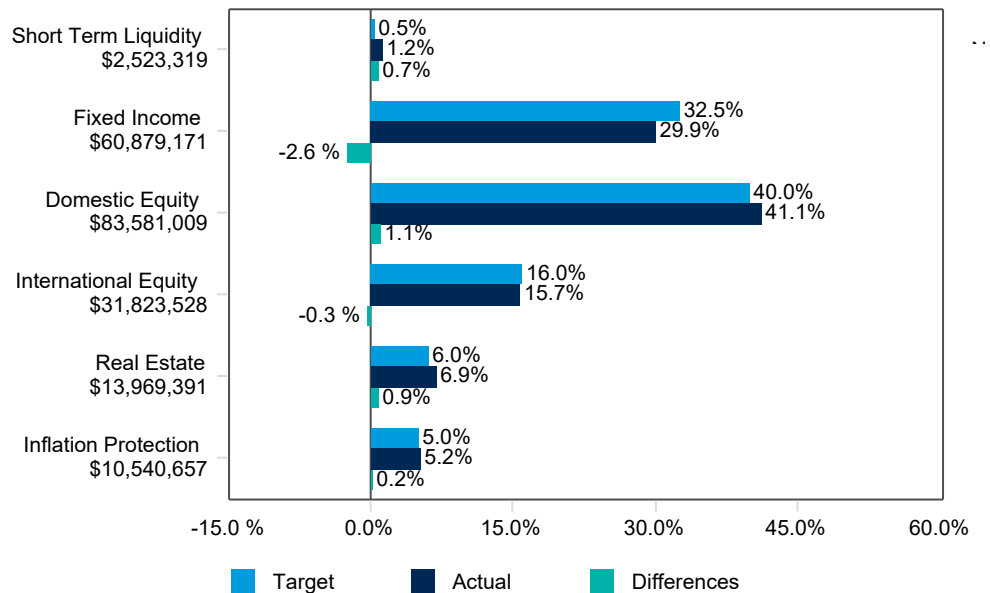
Current Benchmark Composition

From Date	To Date	Composition
04/2021	Present	0.5% 90 Day U.S. Treasury Bill, 27.5% Blmbg. U.S. Aggregate, 5% Blmbg. Global Aggregate, 40% Russell 3000 Index, 16% MSCI AC World ex USA (Net), 6% NCREIF Fund Index - ODCE (net), 5% Glattonbury Short Term Inflation Protection Benchmark

Portfolio Allocation



Actual vs. Target Allocations





Asset Allocation

Town Pension

As of February 28, 2022

	Asset Allocation (\$)	Asset Allocation (%)	Target Allocation (%)	Differences (%)
Town Pension	203,317,075	100.0	100.0	0.0
Short Term Liquidity	2,523,319	1.2	0.5	0.7
Wells Fargo Government Money Market	2,523,319	1.2	0.5	0.7
Fixed Income	60,879,171	29.9	32.5	-2.6
Metropolitan West Total Return Bond PI	25,725,193	12.7	13.8	-1.1
BlackRock Total Return Fund K	25,869,944	12.7	13.8	-1.0
PGIM Global Total Return R6	9,284,034	4.6	5.0	-0.4
Domestic Equity	83,581,009	41.1	40.0	1.1
Vanguard Institutional Index Fund Instl	61,034,834	30.0	28.0	2.0
Jackson Square SMID-Cap Growth IS	8,460,166	4.2	6.0	-1.8
Earnest Partners SMID Cap Value CIT	14,086,010	6.9	6.0	0.9
International Equity	31,823,528	15.7	16.0	-0.3
Causeway International Value Instl	11,266,413	5.5	5.5	0.0
Vanguard International Growth Adm	9,546,167	4.7	5.5	-0.8
Templeton Instl Foreign Smaller Companies Fund Adv	4,096,208	2.0	2.0	0.0
Cape Ann Global Developing Markets	6,914,740	3.4	3.0	0.4
Real Estate	13,969,391	6.9	6.0	0.9
Barings Core Property Fund LP	13,969,391	6.9	6.0	0.9
Inflation Protection	10,540,657	5.2	5.0	0.2
Vanguard Short-Term Inflation Protection Adm	5,191,591	2.6	2.5	0.1
Parametric Commodity Strategy Instl	2,710,708	1.3	1.3	0.1
iShares Gold Trust	2,638,357	1.3	1.3	0.0



Manager Performance

Town Pension

As of February 28, 2022

	Allocation		Performance(%)									
	Market Value (\$)	%	1 Month	YTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Aug-2011 To Feb-2022	Since Inception	Inception Date
Town Pension	203,317,075	100.0	-2.1	-5.9	-3.2	2.7	10.4	8.7	7.7	7.5	7.1	01/2003
<i>Blended Benchmark</i>			-1.5	-5.0	-0.8	5.7	10.3	8.7	7.4	7.2	7.4	
Wells Fargo Government Money Market	2,523,319	1.2	0.0	0.0	0.0	0.0	0.7	0.9	0.5	0.5	0.5	08/2011
<i>90 Day U.S. Treasury Bill</i>			0.0	0.0	0.0	0.0	0.9	1.1	0.6	0.6	0.6	
Fixed Income	60,879,171	29.9	-1.8	-4.1	-4.6	-3.9	2.0	2.1	2.7	2.8	3.5	01/2010
<i>Fixed Income Benchmark</i>			-1.1	-3.2	-3.4	-3.1	3.0	2.6	2.1	2.3	3.1	
Metropolitan West Total Return Bond PI	25,725,193	12.7	-1.3	-3.3	-3.2	-2.5	4.1	3.2	3.5	3.7	3.7	08/2011
<i>Blmbg. U.S. Aggregate</i>			-1.1	-3.2	-3.2	-2.6	3.3	2.7	2.5	2.7	2.7	
IM U.S. Broad Market Core+ Fixed Income (MF) Median			-1.3	-3.3	-3.3	-2.5	3.9	3.1	3.0	3.2	3.2	
Metropolitan West Total Return Bond PI Rank			45	46	44	53	40	40	22	20	20	
BlackRock Total Return Fund K	25,869,944	12.7	-1.5	-3.8	-3.8	-3.0	4.1	3.2	-	-	2.9	06/2015
<i>Blmbg. U.S. Aggregate</i>			-1.1	-3.2	-3.2	-2.6	3.3	2.7	2.5	2.7	2.5	
IM U.S. Broad Market Core+ Fixed Income (MF) Median			-1.3	-3.3	-3.3	-2.5	3.9	3.1	3.0	3.2	2.8	
BlackRock Total Return Fund K Rank			68	81	70	78	36	40	-	-	40	
PGIM Global Total Return R6	9,284,034	4.6	-4.2	-7.1	-8.8	-	-	-	-	-	-5.9	04/2021
<i>Blmbg. Global Aggregate</i>			-1.2	-3.2	-4.7	-5.3	2.2	2.4	1.3	1.3	-3.5	
IM Global Fixed Income (MF) Median			-1.6	-3.4	-4.6	-4.1	2.4	2.3	1.8	1.7	-3.1	
PGIM Global Total Return R6 Rank			98	99	98	-	-	-	-	-	94	
Domestic Equity	83,581,009	41.1	-2.3	-8.6	-2.6	7.6	17.3	14.5	14.0	13.7	13.9	01/2010
<i>Domestic Equity Hybrid</i>			-2.5	-8.3	0.2	12.3	17.6	14.7	14.3	14.1	14.1	
Vanguard Institutional Index Fund Instl	61,034,834	30.0	-3.0	-8.0	2.7	16.3	18.2	15.1	14.6	14.4	14.4	08/2011
<i>S&P 500</i>			-3.0	-8.0	2.7	16.4	18.2	15.2	14.6	14.5	14.5	
IM U.S. Large Cap Core Equity (MF) Median			-2.6	-7.7	1.5	14.7	16.6	13.8	13.3	13.1	13.1	
Vanguard Institutional Index Fund Instl Rank			66	59	33	31	27	23	12	12	12	
Jackson Square SMID-Cap Growth IS	8,460,166	4.2	-3.4	-20.9	-33.9	-34.1	-	-	-	-	-5.6	10/2020
<i>Russell 2500 Growth Index</i>			0.3	-12.9	-15.8	-13.7	12.6	13.2	12.8	12.5	10.5	
IM U.S. SMID Cap Growth Equity (MF) Median			-0.4	-14.0	-14.6	-11.7	13.4	14.2	12.7	12.4	10.8	
Jackson Square SMID-Cap Growth IS Rank			99	100	100	100	-	-	-	-	97	

Manager performance for mutual funds and ETFs is based on NAV and provided by Lipper. Performance for non-mutual fund or ETF investments is based on the returns provided by managers, calculations based on a manager statement, or calculations based on a statement or data from the client's custodian. Funds may include returns of an equivalent share class with a longer return history if period includes dates prior to the fund's inception. Returns are net of fees unless otherwise stated. The fund's inception date represents the first month the client made the investment. Composite performance includes all funds held in the composite since inception. Inception dates for asset class composites reflect the start date at which these returns could be calculated using historical and existing system capabilities and may vary from the inception dates of underlying component strategies.



Manager Performance

Town Pension

As of February 28, 2022

	Allocation		Performance(%)									
	Market Value (\$)	%	1 Month	YTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Aug-2011 To Feb-2022	Since Inception	Inception Date
Earnest Partners SMID Cap Value CIT	14,086,010	6.9	1.7	-1.8	3.1	13.0	-	-	-	-	37.6	10/2020
<i>Russell 2500 Index</i>			1.1	-7.3	-6.3	0.4	12.9	11.2	12.1	11.8	26.6	
IM U.S. SMID Cap Value Equity (MF) Median			2.7	-1.2	3.7	14.5	12.5	9.1	10.7	10.5	37.5	
Earnest Partners SMID Cap Value CIT Rank			64	55	64	58	-	-	-	-	50	
International Equity	31,823,528	15.7	-4.9	-7.9	-11.6	-6.4	10.3	9.5	6.7	6.0	6.1	01/2010
<i>MSCI AC World ex USA (Net)</i>			-2.0	-5.6	-6.7	-0.4	7.7	7.3	5.4	4.6	5.1	
Causeway International Value Instl	11,266,413	5.5	-4.6	-2.5	-2.5	2.4	6.3	-	-	-	3.4	04/2018
<i>MSCI EAFE Value Index (Net)</i>			-1.4	-0.3	-0.1	6.3	4.8	4.6	4.7	3.9	2.1	
IM International Large Cap Value Equity (MF) Median			-3.1	-2.6	-0.3	7.3	6.8	5.3	4.5	3.6	3.1	
Causeway International Value Instl Rank			93	46	78	83	55	-	-	-	40	
Vanguard International Growth Adm	9,546,167	4.7	-6.3	-15.0	-20.6	-17.5	16.2	15.4	10.7	9.6	9.6	08/2011
<i>MSCI AC World ex USA Growth (Net)</i>			-2.8	-10.6	-11.8	-6.3	9.8	9.2	6.6	5.7	5.7	
IM International Large Cap Growth Equity (MF) Median			-4.2	-9.8	-8.5	-2.0	10.0	8.8	6.4	5.6	5.6	
Vanguard International Growth Adm Rank			96	95	100	98	2	1	1	1	1	
Templeton Instl Foreign Smaller Companies Fund Adv	4,096,208	2.0	-3.4	-8.9	-10.5	-1.9	6.2	6.9	6.6	5.6	5.6	08/2011
<i>MSCI AC World ex USA Small Cap (Net)</i>			-1.3	-7.5	-6.9	1.0	9.9	8.1	7.0	5.9	5.9	
IM International SMID Cap Core Equity (MF) Median			-2.2	-6.4	-7.2	2.6	8.3	6.7	6.8	5.8	5.8	
Templeton Instl Foreign Smaller Companies Fund Adv Rank			84	89	95	98	75	48	54	57	57	
Cape Ann Global Developing Markets	6,914,740	3.4	-4.3	-4.8	-11.7	-4.8	4.8	-	-	-	6.9	12/2018
<i>MSCI Emerging Markets (Net)</i>			-3.0	-4.8	-13.7	-10.7	6.0	7.0	3.2	2.7	7.5	
IM Emerging Markets Equity (MF) Median			-5.4	-7.3	-15.5	-12.9	6.3	6.5	3.2	2.4	7.6	
Cape Ann Global Developing Markets Rank			32	28	26	20	70	-	-	-	62	

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Manager Performance

Town Pension

As of February 28, 2022

	Allocation		Performance(%)									
	Market Value (\$)	%	1 Month	YTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Aug-2011 To Feb-2022	Since Inception	Inception Date
Real Estate	13,969,391	6.9	0.0	0.0	13.3	18.9	7.9	7.3	8.5	7.5	8.7	01/2010
<i>NCREIF Fund Index - ODCE (net)</i>			<i>0.0</i>	<i>0.0</i>	<i>14.6</i>	<i>21.0</i>	<i>8.2</i>	<i>7.7</i>	<i>9.4</i>	<i>9.5</i>	<i>10.2</i>	
Barings Core Property Fund LP	13,969,391	6.9	0.0	0.0	13.3	18.9	7.9	7.3	-	-	8.4	07/2012
<i>NCREIF Fund Index - ODCE (net)</i>			<i>0.0</i>	<i>0.0</i>	<i>14.6</i>	<i>21.0</i>	<i>8.2</i>	<i>7.7</i>	<i>9.4</i>	<i>9.5</i>	<i>9.2</i>	
Inflation Protection	10,540,657	5.2	3.5	5.0	9.1	13.8	9.0	3.6	-0.5	-	0.7	10/2011
<i>Glatonbury Short Term Inflation Protection Benchmark</i>			<i>3.7</i>	<i>5.3</i>	<i>8.9</i>	<i>13.4</i>	<i>8.6</i>	<i>4.7</i>	<i>0.6</i>	<i>0.2</i>	<i>1.6</i>	
Vanguard Short-Term Inflation Protection Adm	5,191,591	2.6	1.0	0.5	2.9	5.1	4.9	3.2	-	-	2.1	10/2013
<i>Blmbg. U.S. TIPS 0-5 Year</i>			<i>1.0</i>	<i>0.5</i>	<i>3.0</i>	<i>5.2</i>	<i>4.9</i>	<i>3.3</i>	<i>1.8</i>	<i>1.8</i>	<i>2.2</i>	
IM U.S. TIPS (MF) Median			0.8	-1.1	2.5	5.1	6.6	4.1	2.1	2.4	2.7	
Vanguard Short-Term Inflation Protection Adm Rank			26	9	21	55	92	87	-	-	84	
Parametric Commodity Strategy Instl	2,710,708	1.3	6.2	13.3	21.3	34.3	-	-	-	-	25.4	12/2019
<i>Bloomberg Commodity Index Total Return</i>			<i>6.2</i>	<i>15.6</i>	<i>21.2</i>	<i>34.4</i>	<i>12.9</i>	<i>6.6</i>	<i>-1.9</i>	<i>-2.7</i>	<i>19.6</i>	
IM Commodities General (MF) Median			6.2	14.6	21.2	35.6	13.7	7.2	-1.3	-2.0	20.9	
Parametric Commodity Strategy Instl Rank			45	79	49	62	-	-	-	-	6	
IShares:Gold Trust (IAU)			6.4	4.9	8.1	9.3	12.9	8.5	0.5	1.3	11.6	08/2019
<i>LBMA Gold Price PM</i>			<i>6.4</i>	<i>4.9</i>	<i>8.3</i>	<i>9.6</i>	<i>13.1</i>	<i>8.7</i>	<i>0.7</i>	<i>1.5</i>	<i>11.8</i>	

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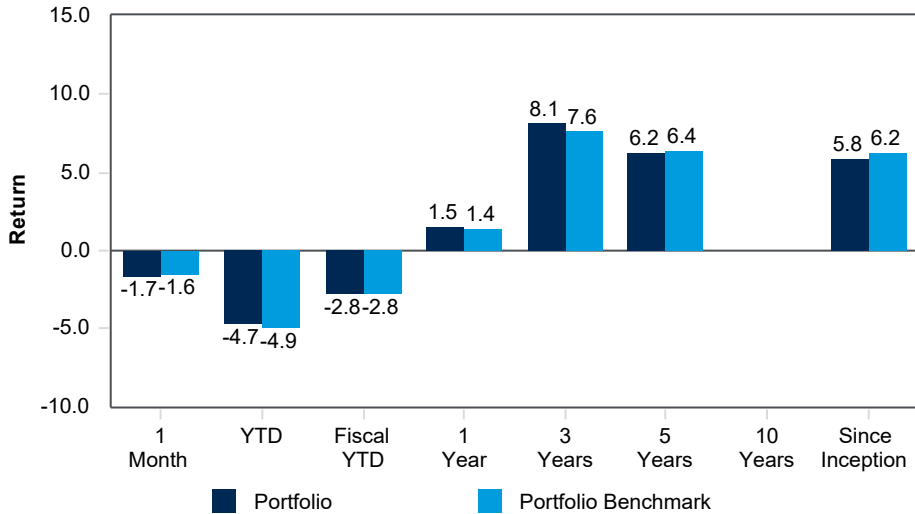


Portfolio Dashboard

New Hires Plan

As of February 28, 2022

Historical Performance



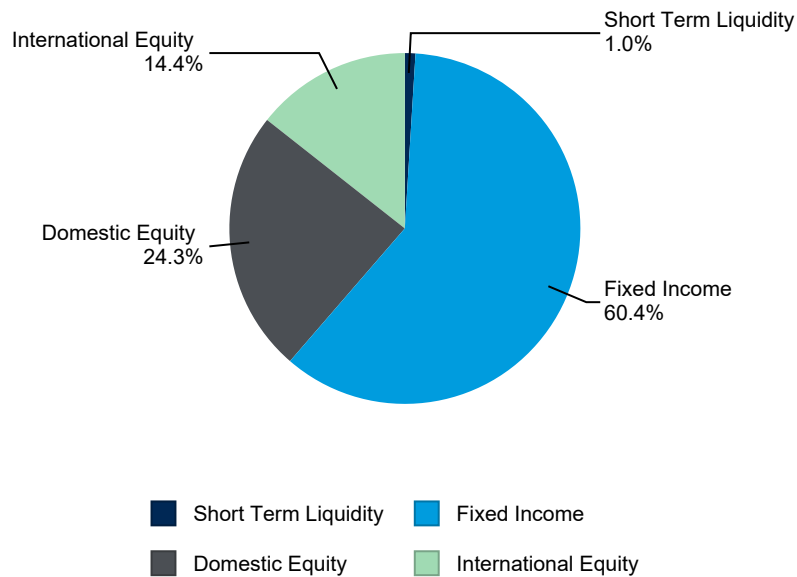
Summary of Cash Flows

	1 Month	YTD	Fiscal YTD	1 Year
Beginning Market Value	1,833,821	1,873,703	1,515,137	1,372,634
Net Cash Flows	18,547	37,047	362,036	441,017
Net Investment Change	-30,591	-88,972	-55,395	8,127
Ending Market Value	1,821,778	1,821,778	1,821,778	1,821,778

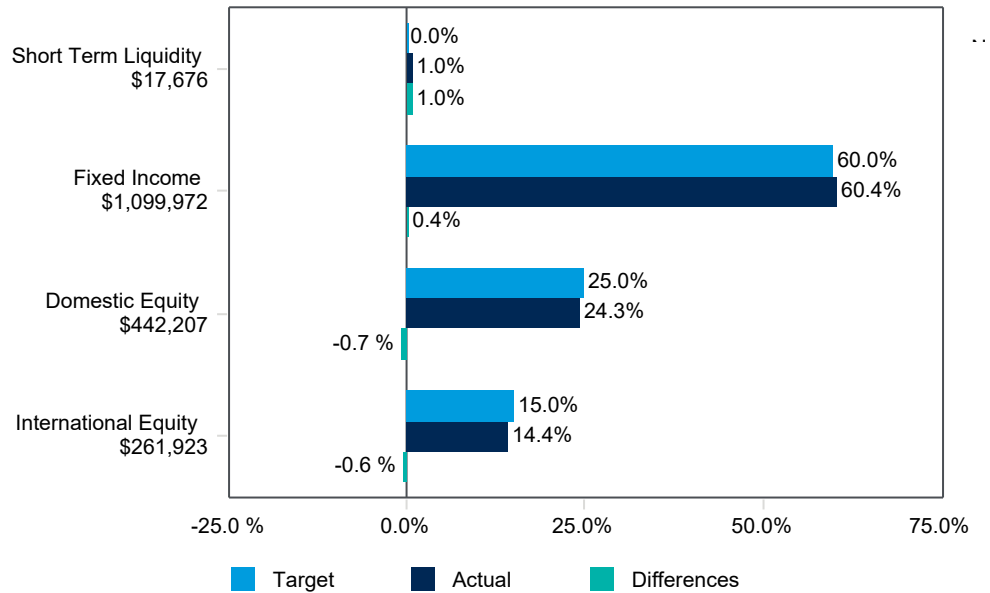
Current Benchmark Composition

From Date	To Date	Composition
06/2020	Present	60% Blmbg. U.S. Aggregate, 25% CRSP US Total Market Spliced Index, 15% FTSE Global All Cap ex US Spliced Index

Portfolio Allocation



Actual vs. Target Allocations





Asset Allocation

New Hires Plan

As of February 28, 2022

	Asset Allocation (\$)	Asset Allocation (%)	Target Allocation (%)	Differences (%)
New Hires Plan	1,821,778	100.0	100.0	0.0
Short Term Liquidity	17,676	1.0	0.0	1.0
Wells Fargo Government Money Market	17,676	1.0	0.0	1.0
Fixed Income	1,099,972	60.4	60.0	0.4
Vanguard Total Bond Market Index Adm	1,099,972	60.4	60.0	0.4
Domestic Equity	442,207	24.3	25.0	-0.7
Vanguard Total Stock Market Index Adm	442,207	24.3	25.0	-0.7
International Equity	261,923	14.4	15.0	-0.6
Vanguard Total International Stock Index Adm	261,923	14.4	15.0	-0.6



Manager Performance

New Hires Plan

As of February 28, 2022

	Allocation		Performance(%)									
	Market Value (\$)	%	1 Month	QTD	YTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
New Hires Plan	1,821,778	100.0	-1.7	-4.7	-4.7	-2.8	1.5	8.1	6.2	-	5.8	12/2015
<i>New Hires Blended Benchmark</i>			-1.6	-4.9	-4.9	-2.8	1.4	7.6	6.4	-	6.2	
<i>New Hires Secondary Benchmark</i>			-1.0	-3.0	-3.0	-2.0	0.5	5.0	4.4	-	4.2	
Short Term Liquidity	17,676	1.0	0.0	0.0	0.0	0.0	0.0	0.7	1.0	-	0.8	12/2015
<i>90 Day U.S. Treasury Bill</i>			0.0	0.0	0.0	0.0	0.0	0.9	1.1	0.6	1.0	
Wells Fargo Government Money Market	17,676	1.0	0.0	0.0	0.0	0.0	0.0	0.7	1.0	-	0.8	12/2015
<i>90 Day U.S. Treasury Bill</i>			0.0	0.0	0.0	0.0	0.0	0.9	1.1	0.6	1.0	
Fixed Income	1,099,972	60.4	-1.1	-3.3	-3.3	-3.2	-2.7	3.3	2.7	-	2.6	12/2015
<i>Blmbg. U.S. Aggregate</i>			-1.1	-3.2	-3.2	-3.2	-2.6	3.3	2.7	2.5	2.7	
Vanguard Total Bond Market Index Adm	1,099,972	60.4	-1.1	-3.3	-3.3	-3.2	-2.7	3.3	2.7	-	2.6	12/2015
<i>Blmbg. U.S. Aggregate</i>			-1.1	-3.2	-3.2	-3.2	-2.6	3.3	2.7	2.5	2.7	
Domestic Equity	442,207	24.3	-2.6	-8.4	-8.4	-0.1	11.9	17.5	14.6	-	14.3	12/2015
<i>CRSP US Total Market Spliced Index</i>			-2.5	-8.4	-8.4	-0.1	11.9	17.5	14.7	14.2	14.4	
Vanguard Total Stock Market Index Adm	442,207	24.3	-2.6	-8.4	-8.4	-0.1	11.9	17.5	14.6	-	14.3	12/2015
<i>CRSP US Total Market Spliced Index</i>			-2.5	-8.4	-8.4	-0.1	11.9	17.5	14.7	14.2	14.4	
International Equity	261,923	14.4	-2.9	-5.7	-5.7	-6.6	0.2	8.2	7.5	-	7.3	12/2015
<i>FTSE Global All Cap ex US Spliced Index</i>			-1.7	-5.6	-5.6	-6.4	0.4	8.3	7.5	5.8	7.4	
Vanguard Total International Stock Index Adm	261,923	14.4	-2.9	-5.7	-5.7	-6.6	0.2	8.2	7.5	-	7.3	12/2015
<i>FTSE Global All Cap ex US Spliced Index</i>			-1.7	-5.6	-5.6	-6.4	0.4	8.3	7.5	5.8	7.4	

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Benchmark History

Town Pension

As of February 28, 2022

Account Name	From Date	To Date	Benchmark Composition
Town Pension	04/2021	Present	0.5% 90 Day U.S. Treasury Bill, 27.5% Blmbg. U.S. Aggregate, 5% Blmbg. Global Aggregate, 40% Russell 3000 Index, 16% MSCI AC World ex USA (Net), 6% NCREIF Fund Index - ODCE (net), 5% Glatonbury Short Term Inflation Protection Benchmark
	02/2021	04/2021	0.5% 90 Day U.S. Treasury Bill, 28.5% Blmbg. U.S. Aggregate, 5% Blmbg. Global Aggregate, 40% Russell 3000 Index, 16% MSCI AC World ex USA (Net), 6% NCREIF Fund Index - ODCE (net), 4% Glatonbury Short Term Inflation Protection Benchmark
	07/2020	02/2021	0.5% 90 Day U.S. Treasury Bill, 28.5% Blmbg. U.S. Aggregate, 5% FTSE World Government Bond Index, 40% Russell 3000 Index, 16% MSCI AC World ex USA (Net), 6% NCREIF Fund Index - ODCE (net), 4% Glatonbury Short Term Inflation Protection Benchmark
	08/2019	07/2020	0.5% 90 Day U.S. Treasury Bill, 26% Blmbg. U.S. Aggregate, 7.5% FTSE World Government Bond Index, 40% Russell 3000 Index, 16% MSCI AC World ex USA (Net), 6% NCREIF Fund Index - ODCE (net), 4% Glatonbury Short Term Inflation Protection Benchmark
	02/2019	08/2019	25% Blmbg. U.S. Aggregate, 7.5% FTSE World Government Bond Index, 36.5% Russell 3000 Index, 20% MSCI AC World ex USA (Net), 5% NCREIF Fund Index - ODCE (net), 6% Short Term Inflation Protection Index
	10/2013	02/2019	25% Blmbg. U.S. Aggregate, 7.5% FTSE World Government Bond Index, 32.5% Russell 3000 Index, 24% MSCI AC World ex USA (Net), 5% NCREIF Fund Index - ODCE (net), 6% Short Term Inflation Protection Index
	07/2012	10/2013	25% Blmbg. U.S. Aggregate, 7.5% FTSE World Government Bond Index, 32.5% Russell 3000 Index, 24% MSCI AC World ex USA (Net), 5% NCREIF Fund Index - ODCE (net), 6% Inflation Protection Index
	10/2011	07/2012	25% Blmbg. U.S. Aggregate, 7.5% FTSE World Government Bond Index, 32.5% Russell 3000 Index, 24% MSCI AC World ex USA (Net), 5% 90 Day U.S. Treasury Bill, 6% Inflation Protection Index
	08/2011	10/2011	25% Blmbg. U.S. Aggregate, 7.5% FTSE World Government Bond Index, 32.5% Russell 3000 Index, 24% MSCI AC World ex USA (Net), 5% NCREIF Property Index, 6% Inflation Protection Index
	01/2003	08/2011	5% 90 Day U.S. Treasury Bill, 16% Blmbg. U.S. Aggregate, 14% Blmbg. U.S. Long Government/Credit, 36% Russell 1000 Index, 5% Russell Midcap Index, 5% Russell 2000 Index, 14% MSCI EAFE (Net), 5% NCREIF Property Index



Benchmark History

New Hires Plan

As of February 28, 2022

Account Name	From Date	To Date	Benchmark Composition
New Hires Plan	06/2020	Present	60% Blmbg. U.S. Aggregate, 25% CRSP US Total Market Spliced Index, 15% FTSE Global All Cap ex US Spliced Index
	12/2015	06/2020	60% Blmbg. U.S. Aggregate, 20% CRSP US Total Market Spliced Index, 20% FTSE Global All Cap ex US Spliced Index



Russia Memo

In Focus

Investment Insights into Current Events

Russian Invasion of Ukraine

Current Update, Implications & Outlook

by Bradford L. Long, CFA, Partner, Deputy Chief Investment Officer

February 2022

Key Observations

- *Russia launched a series of coordinated attacks on Ukraine causing increased volatility in global markets and raising investor concern.*
- *Risk assets retreated on the unfortunate news as risk-off havens and global commodity markets rallied.*
- *While Russia is a strategic geological player, their presence in capital markets and influence of global economic growth is limited.*
- *Past precedents set by other geopolitical events, although tragic humanitarian occurrences, do not often have lasting effects on global economies and market prices.*
- *At this point, Russia's recent actions do not change our outlook. However, we will monitor the situation closely for further developments.*

Why is Russia Invading Ukraine?

Officially, Russia claims to be taking action to protect Russian citizens, especially those in the self-proclaimed Russian republics of Donetsk and Luhansk who declared independence in 2014 (when Russia last invaded Ukraine). However, Russian interests go much deeper. The collapse of the Soviet Union in 1991 left Russia vastly depleted from its former days of empire building. Security analysts believe this “one people, single whole” mentality is the true root of the invasion.

What is happening in Ukraine?

On February 23, 2022, Russia launched a series of coordinated attacks on key military targets across Ukraine including air, ground and amphibious assaults. The situation remains fluid.

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How have markets reacted?

Risk assets retreated given this unfortunate news. Equities, even those with little connection to any activities in the region, broadly sold off in sympathy. Gold, treasuries and other risk-off havens gained in value. Commodity markets also reacted, with oil prices jumping to over \$100 a barrel. European natural gas contracts increased as much as 50 percent based on the news, particularly because Russia is a major supplier to Europe. This type of reaction in energy markets is common with an increase in geopolitical risk, but the timing also comes on the heels of limited global energy supplies, recent underinvestment in production and continued supply chain disruptions. Even before recent actions, Russian equity markets have seen significant downward pressure. As of February 22, 2022, the Russian equity market was down over 22 percent year to date.¹ Globally, currency markets are reacting as well. The Russian Ruble fell materially relative to the U.S. dollar and Ukraine suspended its currency operations under martial law.²

How does this impact portfolios?

Most acutely, Russia is 3.29 percent¹ of the MSCI Emerging Markets Index. While it is an important geopolitical player in Europe and on the global stage, it is less impactful in global markets. Additionally, it is important to remember the Emerging Markets are a collection of countries with different economic and geographical realities. While the Russian invasion is most likely to hurt the country itself and its immediate neighbors, other countries may benefit. For example, Brazil benefited from higher oil prices globally and if tensions keep prices up, it may continue to do so in the future. Brazil is 4.32 percent¹ of the index today and increased materially in 2022. Additionally, companies outside of Russia may experience more nuanced impacts. For example, French car manufacturer Renault has a subsidiary in Russia and its stock traded off materially based on the news.¹ Within global fixed income markets, Russia accounts for 0.25 percent³ of the Bloomberg Global Aggregate Index and therefore is a modest contributor to overall risk of the index.

Does this impact the Fed's decision on interest rates?

Central banks globally, including the Fed, are in a difficult position. With an interest to keep prices under control while not smothering economic growth, they are walking a fine line. Markets largely expect a 0.25 percent increase from the Fed after its mid-March meeting. However, conversation has drifted to a 0.50 percent increase given recent headline inflation numbers. The invasion adds fuel to the inflation fire with higher energy prices, but it may provide the Fed cover to raise rates at a more modest 0.25 percent level based on greater uncertainty. Futures markets imply that a 0.50 percent rate hike is less likely post-invasion than it was the day before, reflecting this change in sentiment as shown below.

¹ MSCI EM NR USD February 23, 2022

² WSJ: Russian Attacks on Ukraine Roils Markets

³ PGIM January 31, 2022

TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 23 FEB 2022	1 WEEK 17 FEB 2022	1 MONTH 24 JAN 2022
0-25 (Current)	0.0%	0.0%	0.0%	14.2%
25-50	82.8%	66.3%	64.4%	82.6%
50-75	17.2%	33.7%	35.6%	3.2%

* Data as of 24 Feb 2022 07:11:27 CT

Source: CME Fed Watch Tool, February 24, 2022

What can history tell us about such events?

Sadly, such tragic humanitarian events are not unprecedented. While the social impact cannot be understated, the impact on economies and markets have historically been modest following other similar actions.

Below is a selection of several geopolitical events and market returns following such events. Those highlighted in light green overlap with a recession. Barring a major escalation to conflict, we do not believe Russia's actions will materially change the likelihood of recession.

Date	Select Geopolitical Events	1-Month Later	3-Months Later	6-Months Later	12-Months Later
12/7/1941	Pearl Harbor	-3.4%	-12.7%	-9.1%	0.4%
10/31/1956	Suez Canal Crisis	-2.8%	3.8%	-0.1%	-11.5%
10/20/1962	Cuban Missile Crisis	8.7%	17.7%	25.1%	32.0%
10/17/1973	Arab Oil Embargo	-7.0%	-13.2%	-14.4%	-36.2%
11/3/1979	Iranian Hostage Crisis	4.2%	11.6%	3.8%	24.3%
12/25/1979	U.S.S.R in Afghanistan	5.6%	-7.9%	6.9%	25.7%
8/3/1990	Iraq Invades Kuwait	-8.2%	-13.5%	-2.1%	10.1%
1/17/1991	Gulf War	15.2%	23.5%	20.6%	33.1%
8/17/1991	Gorbachev Coup	0.0%	3.0%	7.0%	8.9%
2/26/1993	World Trade Center Bombing	1.2%	2.5%	4.0%	6.4%
9/11/2001	9/11	-0.2%	2.5%	6.7%	-18.4%
3/20/2003	Iraq War	2.2%	15.6%	17.4%	28.4%

Source: Truist, February 14, 2022

What is the response from the U.S. and other allies?

The situation remains fluid. On February 22, 2022, President Biden (as well as the EU, UK, Australia and Japan) signed an executive order that bars Americans from investing in, trading with or lending to these regions. This order prohibits 1) new investments in these regions by a U.S. person 2) import of any goods, services, or technologies 3) export of any goods, services, or technologies from the U.S. to these regions.⁴ It is worth noting, this does not prohibit the purchase and sale of public market securities in the regions. As a

⁴ The White House, February 22, 2022

result of more aggressive actions, the U.S. Senate and other allies are proposing additional sanctions that are likely to target Russian banking institutions and the distribution of natural gas to the European region. Strategic action from the United Nations (UN) and North Atlantic Treaty Organization (NATO) may be hampered given Russia's involvement with both organizations and the fact that Russia is the current President of the UN Security Council.

How does this impact our outlook?

While this is a very unfortunate humanitarian event, we believe this war has limited global significance to broader themes built into our portfolios and our forward-looking capital market assumptions. As a reminder, we entered the year believing market volatility would be elevated. Additionally, our outlook looks beyond the immediate future and seeks to allocate based on expectations over the next 10 years. While this invasion is a material headline event today, we believe the impact over the next 10 years is likely to be limited. Should the facts change in coming days and weeks, so will our opinion. We will continue to monitor the situation closely for both growing risks and opportunities.

Should you have any additional questions please reach out to any of the professionals at Fiducient Advisors.

About the Author



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Partner, Deputy Chief Investment Officer

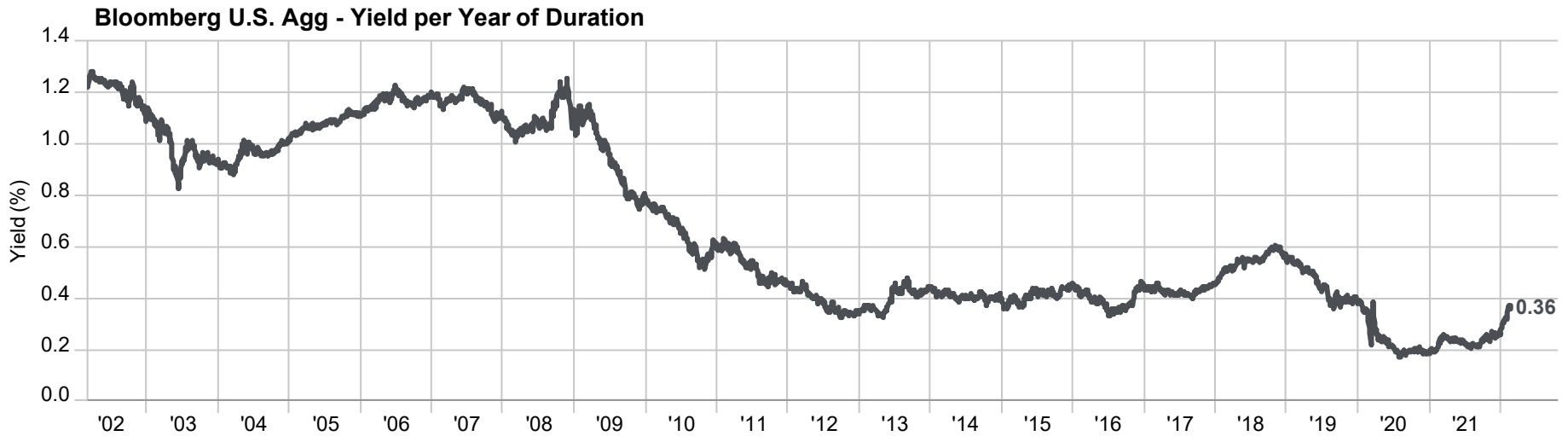
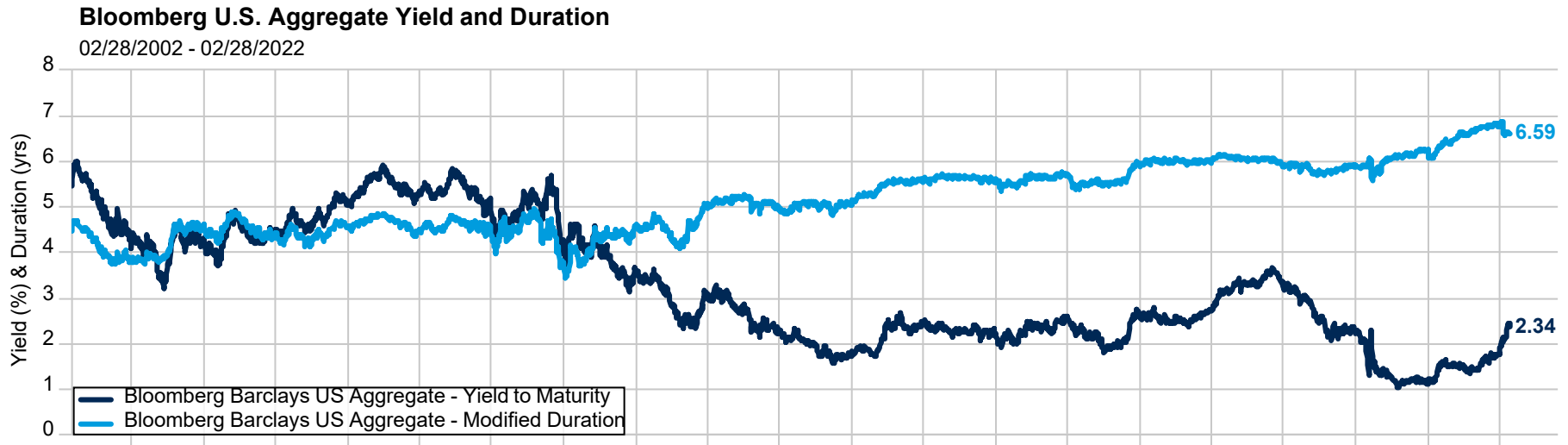
Brad joined Fiducient Advisors in 2012. He is chair of the firm's Investment Committee and a member of the firm's Discretionary Committee, Research Forum, Capital Markets Team and Mission-Aligned Investing Committee. In 2019, Brad was named a "Rising Star" in City Wire's annual Professional Buyer publication for his contributions in the investment manager research industry. Prior to joining the firm, Brad worked in various research capacities at Citigroup and Wells Fargo in New York. He received a Bachelor of Arts in Finance and Minor in Economics from The University of Colorado and is a CFA® charterholder and member of the CFA Society of Chicago and CFA Institute. Additionally, he is active with Greenhouse Scholars, a nonprofit providing financial and personal support to under resourced college students. In his free time, Brad loves cooking and spending time with his wife and young sons.



Case for Dynamic Bonds



Bloomberg Aggregate Yield and Duration



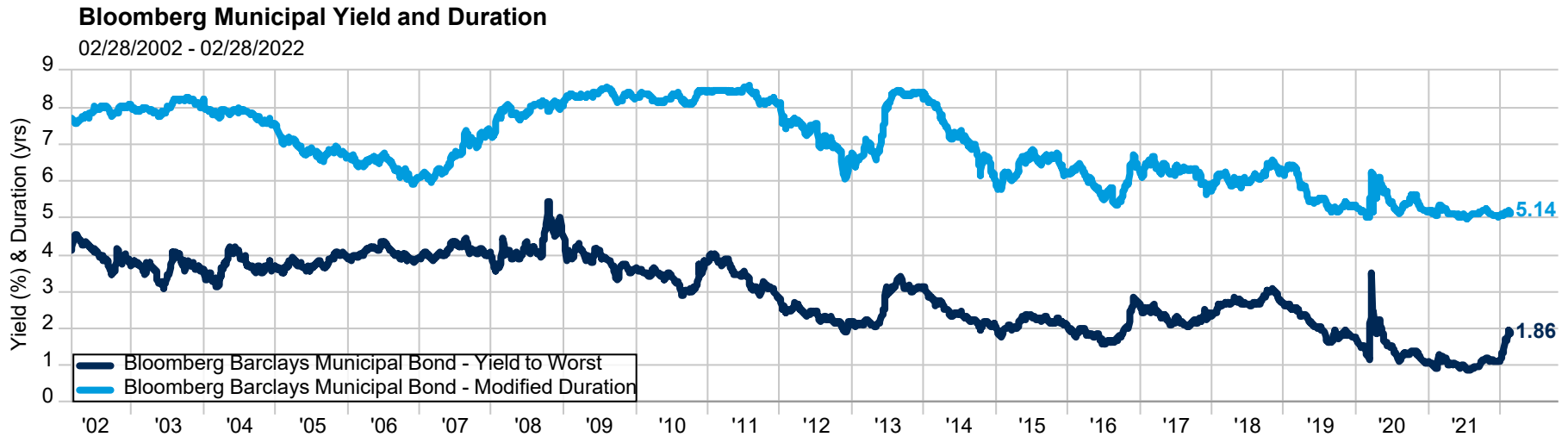
FactSet, Bloomberg

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

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Bloomberg Muni Yield and Duration



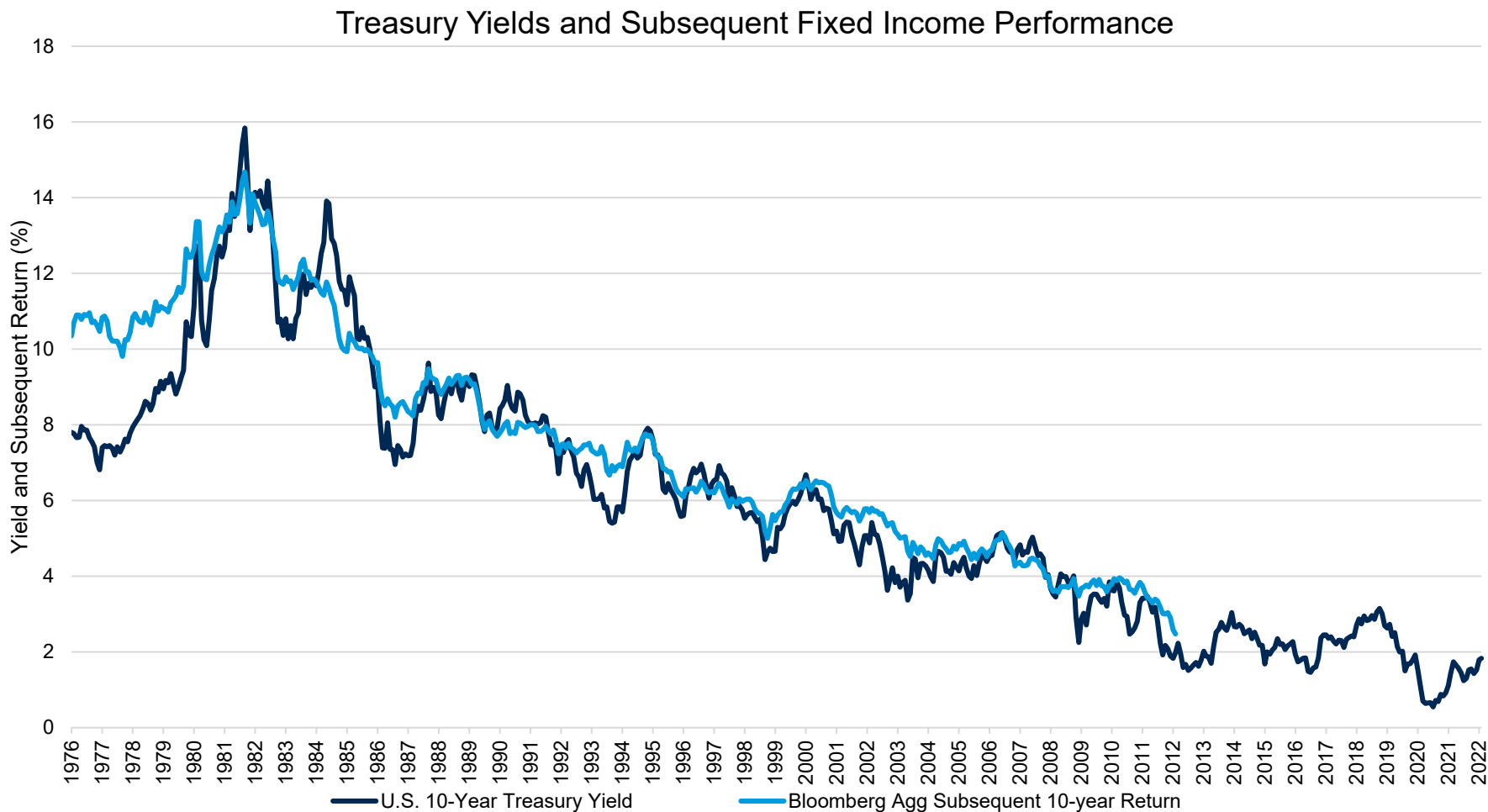
FactSet, Bloomberg

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

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Starting Yield and Subsequent Return



FactSet, Morningstar Direct, Fiducient Advisors. For the time period January 1, 1976 to February 28, 2022.

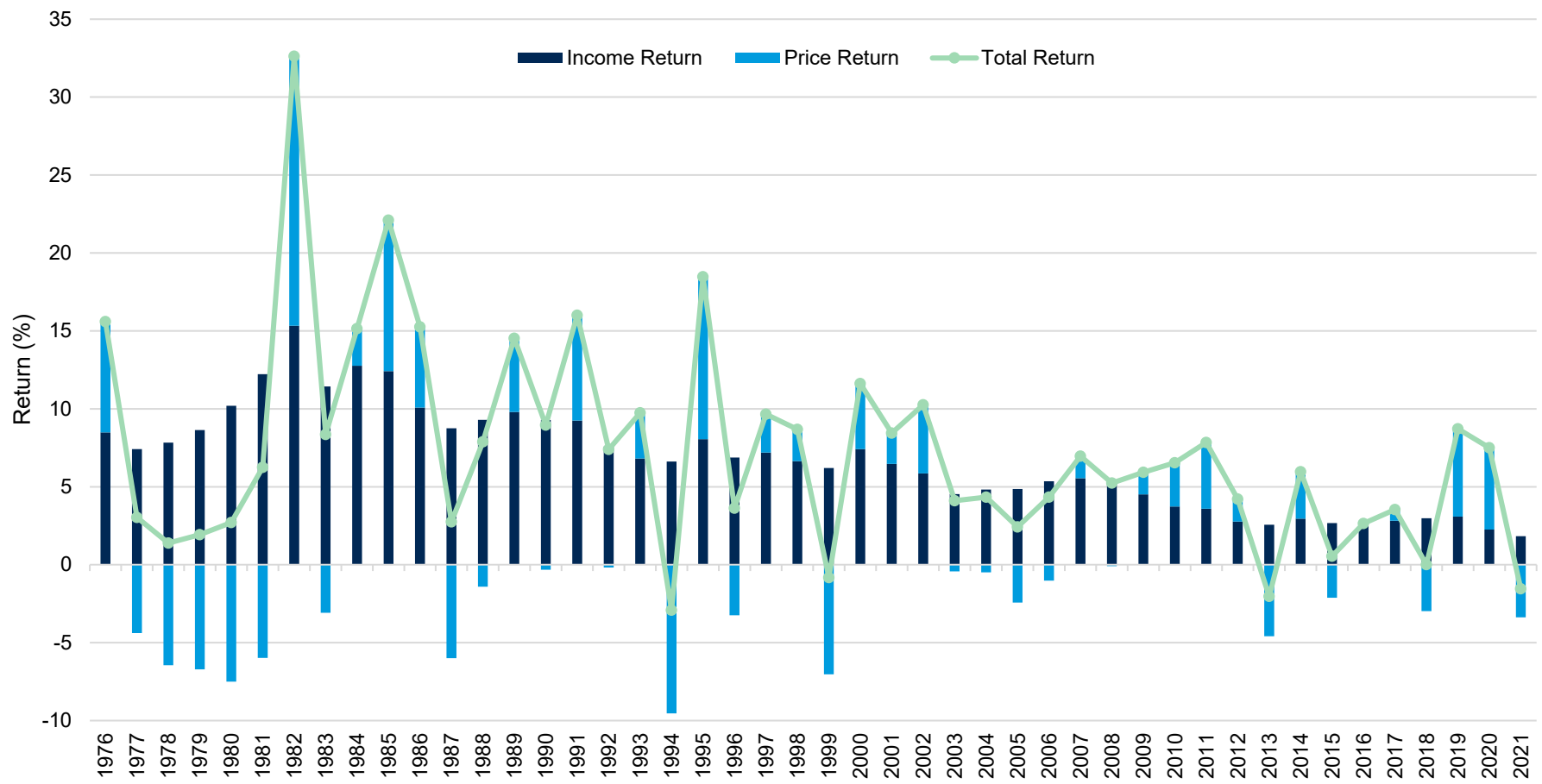
Past performance does not indicate future performance and there is a possibility of a loss.

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Price vs. Income

Bloomberg U.S. Aggregate Bond - Calendar Year Returns



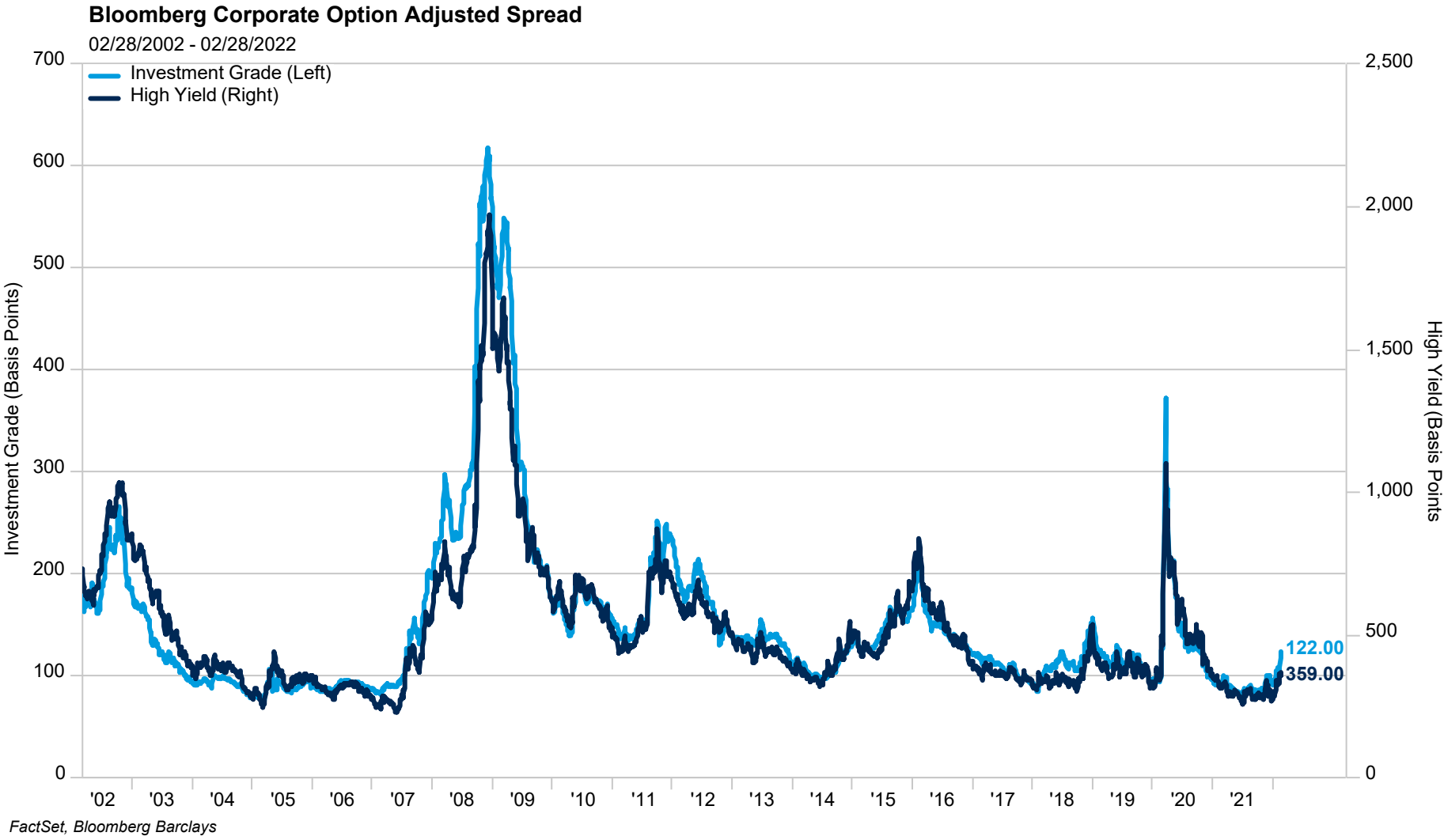
Source: Fiducient Advisors, Morningstar Direct. Data based on the Bloomberg U.S. Aggregate Price and Total Return Indices. Price return is based on the respective Price Index. Income Return is the difference between the Total Return Index return and the Price Return Index return. Calendar year data from 1976-2021.

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

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U.S. Corporate Bond Spreads





Finding Yield in Fixed Income

Index	Yield as of February 28, 2022 (%)
Bloomberg US Treasury - Bills (1-3 M)	0.20
FTSE WGBI (USD)	1.15
Bloomberg Global Aggregate x USD	1.23
Bloomberg US Aggregate Government & Credit (1-3 Y)	1.60
Bloomberg Global Aggregate	1.77
Bloomberg US Aggregate Government & Credit (1-5 Y)	1.78
Bloomberg Municipal Bond	1.86
Bloomberg US Treasury Inflation Protected Notes (TIPS)	1.88
Bloomberg US Aggregate	2.34
Bloomberg US Aggregate Government & Credit - Long	3.09
Bloomberg US Corporate Investment Grade	3.10
Bloomberg US Universal Structured Credit	3.57
Bloomberg Municipal Bond High Yield	3.70
Bloomberg US Corporate High Yield	5.84
JP Morgan GBI-EM Global Diversified Composite	6.29

Source: FactSet



As of 12/31/2021 | Class K: BSIKX | Institutional: BSIIX | Investor A: BASIX | Investor C: BSICX

Flexible, core bond complement

Diversified across markets and strategies

Seeks total return that is consistent with preservation of capital



Morningstar has awarded the Fund a Gold medal (Effective 02/18/2021).† Rated against 294 Nontraditional Bond Funds, as of 12/31/2021 based on risk adjusted total return. Overall Ratings are determined monthly and subject to change. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics.††

ANNUALIZED PERFORMANCE

Without Sales Charge	1 Year	3 Year	5 Year	10 Year
Class K	1.05	5.34	4.08	4.07
Benchmark	-1.10	5.15	3.84	3.31
Morningstar Average	1.80	3.92	3.06	3.19

CALENDAR YEAR PERFORMANCE

Without Sales Charge	2017	2018	2019	2020	2021	YTD	4Q2021
Class K	4.97	-0.47	7.82	7.29	1.05	1.05	-0.20
Benchmark	4.09	-0.25	9.29	7.58	-1.10	-1.10	-0.03
Morningstar Average	4.06	-1.17	6.69	3.44	1.80	1.80	-0.16

Performance data shown represents past performance which is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. All returns assume reinvestment of all dividend and capital gain distributions. Refer to blackrock.com for current month-end performance. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index. Class K shares have limited availability. The performance information for periods prior to the inception date of the share class shows the performance of the Fund's Institutional Shares. The performance of this share class would be substantially similar to Institutional Shares because this share class and Institutional Shares invest in the same portfolio of securities and performance would only differ to the extent that this share class and Institutional Shares have different expenses. Please see the fund prospectus for more details.

MORNINGSTAR RANKINGS

	1 Year	3 Year	5 Year	10 Year
Morningstar Ranking	166/329	63/294	50/261	N/A
Quartile Rank	3	1	1	1

Rankings based on total return excluding sales charges, independently calculated and not combined to create an overall ranking. For periods not shown, Morningstar does not provide rankings based on synthetic performance.

Key Risks: The fund is actively managed and its characteristics will vary. Bond values fluctuate in price so the value of your investment can go down depending on market conditions. International investing involves special risks including, but not limited to currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Principal of mortgage- or asset-backed securities normally may be prepaid at any time, reducing the yield and market value of those securities. Obligations of US gov. agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the US gov. Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher rated securities. The fund may use derivatives to hedge its investments or to seek to enhance returns. Derivatives entail risks relating to liquidity, leverage and credit that may reduce returns and increase volatility. Short-selling entails special risks. If the fund makes short sales in securities that increase in value, the fund will lose value. Any loss on short positions may or may not be offset by investing short-sale proceeds in other investments.

The Fund's information prior to September 17, 2018 is the information of a predecessor fund. The predecessor fund had the same investment objectives, strategies and policies, portfolio management team and contractual arrangements, including the same contractual fees and expenses, as the Fund as of the date of the reorganization. As a result of the reorganization, the Fund adopted the performance and financial history of the predecessor fund.

KEY FACTS

Size of Fund (Millions)	\$45,075.3M
Fund Launch Date	02/05/2008
Share Class Launch Date	03/28/2016
Morningstar Category	Nontraditional Bond
Number of Issuers	4,560
Benchmark	Bloomberg U.S. Universal Index

ANNUAL EXPENSES

Gross Expense Ratio	0.68%
Net Expense Ratio	0.67%

The Net Expense Ratio excluding Investment Related Expenses is 0.52% Investment Related Expenses include acquired fund fees of 0.03%, and interest expense (cost of borrowing securities to seek to enhance return or reduce risk) of 0.12%, and certain other expenses, if applicable. Expenses stated as of the fund's most recent prospectus. The difference between gross and net expense ratios are due to contractual and/or voluntary waivers, if applicable.

PORTFOLIO MANAGEMENT

Rick Rieder	Bob Miller
David Rogal	

TOP ISSUERS (%)²

UNITED STATES TREASURY	24.58
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION II	3.22
UNIFORM MBS	2.90
SPDR S&P 500 ETF TRUST	0.93
GREECE REPUBLIC OF (GOVERNMENT)	0.63
Total of Portfolio	32.26

TOP SECTORS (%)²

	Fund
Net Derivatives	36.5
US Treasuries	24.6
Non-US Sovereign	23.3
Emerging Markets	8.9
Non-US Credit	8.1
Non-Agency Mortgages	6.6
Bank Loans	6.5
Agency Residential Mortgages	6.5
Cash	5.8
CLO Securities	5.0
Other Securities	4.8

PORTFOLIO CHARACTERISTICS

Effective Duration	1.13 yrs
Weighted Average Life	6.30 yrs
30-Day SEC Yield	2.09%
Unsubsidized 30-Day SEC Yield	2.08%

² % of net assets represents the Fund's exposure based on the economic value of securities and is adjusted for futures, options, swaps, and convertible bonds. Allocations subject to change.

³ The fund itself has not been rated by an independent rating agency. Credit quality ratings on underlying securities of the fund are received from S&P, Moody's and Fitch and converted to the equivalent S&P major rating category. This breakdown is provided by BlackRock and takes the median rating of the three agencies when all three agencies rate a security the lower of the two ratings if only two agencies rate a security and one rating if that is all that is provided. Unrated securities do not necessarily indicate low quality. Below investment-grade is represented by a rating of BB and below. Ratings and portfolio credit quality may change over time.

Effective Duration: Measures the sensitivity of the price of a bond with embedded options to changes in interest rates, taking into account the likelihood of the bond being called, put and/or sunk prior to its final maturity date. BlackRock uses a proprietary duration model which employs certain assumptions and may differ from other fund complexes. **Effective Duration** is measured at the portfolio level and adjusted for leverage, hedging transactions and non-bond holdings, including derivatives. **Standard Deviation:** Standard Deviation measures the volatility of the funds returns. Higher deviation represents higher volatility. **Sharpe Ratio:** Sharpe Ratio uses a funds standard deviation and its excess return (difference between the funds return and the risk-free return of 90-day Treasury Bills) to determine reward per unit of risk. **30-day SEC Yield:** A standard calculation of yield introduced by the SEC to provide fairer comparison among funds. This yield reflects the interest earned after deducting the fund's expenses during the most recent 30-day period by the average investor in the fund. **Unsubsidized SEC Yield:** Represents what a fund's 30-Day SEC Yield would have been had no fee waivers or expense reimbursement been in place over the period. **Negative 30-Day SEC Yield** results when accrued expenses of the past 30 days exceed the income collected during the past 30 days. **Weighted Average Life:** The average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding. Once calculated, WAL tells how many years it will take to pay half of the outstanding principal.

You should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. The prospectus and, if available, the summary prospectus contain this and other information about the fund and are available, along with information on other BlackRock funds, by calling 800-882-0052 or from your financial professional. The prospectus should be read carefully before investing. Investing involves risks including possible loss of principal.

†The Morningstar Analyst Rating™ is not a credit or risk rating. It is an evaluation performed by Morningstar's Manager Research Group. The funds are evaluated on five pillars: process, performance, people, parent, and price. This evaluation determines how they believe funds are likely to perform relative to a benchmark over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors. For active funds, an Analyst Rating of Gold, Silver, or Bronze reflects the expectation that the fund will be able to deliver positive alpha net of fees relative to the standard benchmark index assigned to the Morningstar category. The Analyst Ratings are overseen by an Analyst Rating Committee and are monitored and reevaluated at least every 14 months.

For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to <https://www.morningstar.com/content/dam/marketing/shared/pdfs/Research/962834.pdf>. The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

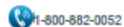
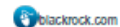
†† The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a 3-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure (excluding any applicable sales charges) that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund was rated against the following numbers of U.S.-domiciled funds: 294 and 261 over the 3 and 5 year periods, respectively. With respect to these funds and time periods, the fund received a rating of Morningstar Rating of 4 and 4 stars. Other classes may have different performance characteristics.

The Bloomberg Barclays U.S. Universal Index comprises the global bond market.

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Not FDIC Insured - No Bank Guarantee - May Lose Value

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CREDIT RATINGS BREAKDOWN (%)^{2,3}

	Fund
Cash	5.8
Derivatives	0.2
AAA Rated	34.2
AA rated	3.3
A Rated	4.7
BBB Rated	9.0
BB Rated	12.7
B Rated	8.9
CCC Rated	1.4
CC Rated	0.7
C Rated	0.3
D Rated	0.2
Not Rated	12.3
Other	6.3

RISK STATISTICS (3 YEARS)

	Fund
Standard Deviation	5.05%
Sharpe Ratio	0.86



Definitions & Disclosures

Please note: Due to rounding methodologies of various data providers, certain returns in this report might differ slightly when compared to other sources

REGULATORY DISCLOSURES

Offer of ADV Part 2A: Rule 204-3 under the Investment Advisers Act of 1940 requires that we make an annual offer to clients to send them, without charge, a written disclosure statement meeting the requirements of such rule. We will be glad to send a copy of our ADV Part 2A to you upon your written request to compliance@fiducient.com.

INDEX DEFINITIONS

- **Citigroup 3 Month T-Bill** measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Indexes consist of the last three three-month Treasury bill issues.
- **Ryan 3 Yr. GIC** is an arithmetic mean of market rates of \$1 million Guaranteed Interest Contracts held for three years.
- **Bloomberg Barclays Treasury U.S. T-Bills-1-3 Month Index** includes aged U.S. Treasury bills, notes and bonds with a remaining maturity from 1 up to (but not including) 3 months. It excludes zero coupon strips.
- **Bloomberg Barclays Capital US Treasury Inflation Protected Securities Index** consists of Inflation-Protection securities issued by the U.S. Treasury.
- **Bloomberg Barclays Muni Index** is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. Bonds must be rated investment-grade by at least two ratings agencies.
- **Bloomberg Barclays Muni 1 Year Index** is the 1-year (1-2) component of the Municipal Bond index.
- **Bloomberg Barclays Muni 3 Year Index** is the 3-year (2-4) component of the Municipal Bond index.
- **Bloomberg Barclays Muni 5 Year Index** is the 5-year (4-6) component of the Municipal Bond index.
- **Bloomberg Barclays Muni 7 Year Index** is the 7-year (6-8) component of the Municipal Bond index.
- **Bloomberg Barclays Intermediate U.S. Gov't/Credit** is the Intermediate component of the U.S. Government/Credit index, which includes securities in the Government and Credit Indices. The Government Index includes treasuries and agencies, while the credit index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **Bloomberg Barclays U.S. Aggregate Index** covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.
- **Bloomberg Barclays Global Aggregate ex. USD Indices** represent a broad-based measure of the global investment-grade fixed income markets. The two major components of this index are the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds and Canadian government, agency and corporate securities.
- **Bloomberg Barclays U.S. Corporate High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.
- **JP Morgan Government Bond Index-Emerging Market (GBI-EM) Index** is a comprehensive, global local emerging markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.
- **The S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- **The Dow Jones Industrial Index** is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry.
- **The NASDAQ** is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.
- **Russell 3000** is a market-cap-weighted index which consists of roughly 3,000 of the largest companies in the U.S. as determined by market capitalization. It represents nearly 98% of the investable U.S. equity market.
- **Russell 1000** consists of the largest 1000 companies in the Russell 3000 Index.
- **Russell 1000 Growth** measures the performance of those Russell 1000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 1000 Value** measures the performance of those Russell 1000 companies with lower P/B ratios and lower forecasted growth values.
- **Russell Mid Cap** measures the performance of the 800 smallest companies in the Russell 1000 Index.
- **Russell Mid Cap Growth** measures the performance of those Russell Mid Cap companies with higher P/B ratios and higher forecasted growth values.
- **Russell Mid Cap Value** measures the performance of those Russell Mid Cap companies with lower P/B ratios and lower forecasted growth values.
- **Russell 2000** consists of the 2,000 smallest U.S. companies in the Russell 3000 index.
- **Russell 2000 Growth** measures the performance of the Russell 2000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 2000 Value** measures the performance of those Russell 2000 companies with lower P/B ratios and lower forecasted growth values.
- **Russell 2500** consists of the 2,500 smallest U.S. companies in the Russell 3000 index.
- **Russell 2500 Growth** measures the performance of the Russell 2500 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 2500 Value** measures the performance of those Russell 2500 companies with lower P/B ratios and lower forecasted growth values.
- **MSCI World** captures large and mid-cap representation across 23 Developed Markets countries. With 1,645 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
- **MSCI ACWI (All Country World Index) ex. U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. With 1,859 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.
- **MSCI ACWI (All Country World Index) ex. U.S. Small Cap Index** captures small cap representation across 22 of 23 Developed Markets countries (excluding the US) and 23 Emerging Markets countries. With 4,368 constituents, the index covers approximately 14% of the global equity opportunity set outside the US.
- **MSCI EAFE** is an equity index which captures large and mid-cap representation across Developed Markets countries around the world, excluding the US and Canada. With 930 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.



- **MSCI EAFE Value** captures large and mid-cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 507 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI EAFE Index.
- **MSCI EAFE Growth** captures large and mid-cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the US and Canada. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend. With 542 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI EAFE Index.
- **MSCI Emerging Markets** captures large and mid-cap representation across 23 Emerging Markets countries. With 836 constituents, the index covers approximately 85% of the free-float adjusted market capitalization in each country.
- **Consumer Price Index** is a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.
- **FTSE NAREIT Equity REITs Index** contains all Equity REITs not designed as Timber REITs or Infrastructure REITs.
- **S&P Developed World Property** defines and measures the investable universe of publicly traded property companies domiciled in developed markets. The companies in the index are engaged in real estate related activities, such as property ownership, management, development, rental and investment.
- **S&P Developed World Property x U.S.** defines and measures the investable universe of publicly traded property companies domiciled in developed countries outside of the U.S. The companies included are engaged in real estate related activities, such as property ownership, management, development, rental and investment.
- **Fund Specific Broad Real Asset Benchmarks:**
 - **DWS Real Assets:** 30%: Dow Jones Brookfield Infrastructure Index, 30%: FTSE EPRA/NAREIT Developed Index, 15%: Bloomberg Commodity Index, 15%: S&P Global Natural Resources Index, 10%: Barclays U.S. Treasury Inflation Notes Total Return Index
 - **PIMCO Inflation Response Multi Asset Fund:** 45% Barclays U.S. TIPS, 20% Bloomberg Commodity Index, 15% JP Morgan Emerging Local Markets Plus, 10% Dow Jones Select REIT, 10% Bloomberg Gold Subindex Total Return
 - **Principal Diversified Real Assets:** 35% BbgBarc U.S. Treasury TIPS Index, 20% S&P Global Infrastructure Index NTR, 20% S&P Global Natural Resources Index NTR, 15% Bloomberg Commodity Index, and 10% FTSE EPRA/NAREIT Developed Index NTR
 - **Wellington Diversified Inflation H:** 50% MSCI ACWI Commodity Producers Index, 25% Bloomberg Commodity Index, and 25% Bloomberg Barclays US TIPS 1 – 10 Year Index
- **Bloomberg Commodity Index** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification.
- **HFRI Fund Weighted Composite Index** is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of \$50 Million under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.
- **The Alerian MLP Index** is the leading gauge of energy Master Limited Partnerships (MLPs). The float adjusted, capitalization-weighted index, whose constituents represent approximately 85% of total float-adjusted market capitalization, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis.
- **The Adjusted Alerian MLP Index** is commensurate with 65% of the monthly returns of the Alerian MLP Index to incorporate the effect of deferred tax liabilities incurred by MLP entities.
- **Cambridge Associates U.S. Private Equity Index** is based on data compiled from more than 1,200 institutional-quality buyout, growth equity, private equity energy, and mezzanine funds formed between 1986 and 2015.
- **Cambridge Associates U.S. Venture Capital Index** is based on data compiled from over 1,600 institutional-quality venture capital funds formed between 1986 and 2015.
- **Vanguard Spliced Bloomberg Barclays US1-5Yr Gov/Cr Flt Adj Index:** Bloomberg Barclays U.S. 1–5 Year Government/Credit Bond Index through December 31, 2009; Bloomberg Barclays U.S. 1–5 Year Government/Credit Float Adjusted Index thereafter.
- **Vanguard Spliced Bloomberg Barclays US5-10Yr Gov/Cr Flt Adj Index:** Bloomberg Barclays U.S. 5–10 Year Government/Credit Bond Index through December 31, 2009; Bloomberg Barclays U.S. 5–10 Year Government/Credit Float Adjusted Index thereafter.
- **Vanguard Spliced Bloomberg Barclays US Agg Flt Adj Index:** Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009; Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter.
- **Vanguard Spliced Bloomberg Barclays US Long Gov/Cr Flt Adj Index:** Bloomberg Barclays U.S. Long Government/Credit Bond Index through December 31, 2009; Bloomberg Barclays U.S. Long Government/Credit Float Adjusted Index thereafter.
- **Vanguard Balanced Composite Index:** Made up of two unmanaged benchmarks, weighted 60% Dow Jones U.S. Total Stock Market Index (formerly the Dow Jones Wilshire 5000 Index) and 40% Bloomberg Barclays U.S. Aggregate Bond Index through May 31, 2005; 60% MSCI US Broad Market Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009; 60% MSCI US Broad Market Index and 40% Bloomberg Barclays U.S. Aggregate Float Adjusted Index through January 14, 2013; and 60% CRSP US Total Market Index and 40% Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter.
- **Vanguard Spliced Intermediate-Term Tax-Exempt Index:** Bloomberg Barclays 1–15 Year Municipal Bond Index.
- **Vanguard Spliced Extended Market Index:** Dow Jones Wilshire 4500 Index through June 17, 2005; S&P Transitional Completion Index through September 16, 2005; S&P Completion Index thereafter.
- **Vanguard Spliced Value Index:** S&P 500 Value Index (formerly the S&P 500/Barra Value Index) through May 16, 2003; MSCI US Prime Market Value Index through April 16, 2013; CRSP US Large Cap Value Index thereafter.
- **Vanguard Spliced Large Cap Index:** Consists of MSCI US Prime Market 750 Index through January 30, 2013, and the CRSP US Large Cap Index thereafter.
- **Vanguard Spliced Growth Index:** S&P 500 Growth Index (formerly the S&P 500/Barra Growth Index) through May 16, 2003; MSCI US Prime Market Growth Index through April 16, 2013; CRSP US Large Cap Growth Index thereafter.
- **Vanguard Spliced Mid Cap Value Index:** MSCI US Mid Cap Value Index through April 16, 2013; CRSP US Mid Cap Value Index thereafter.
- **Vanguard Spliced Mid Cap Index:** S&P MidCap 400 Index through May 16, 2003; the MSCI US Mid Cap 450 Index through January 30, 2013; and the CRSP US Mid Cap Index thereafter.
- **Vanguard Spliced Mid Cap Growth Index:** MSCI US Mid Cap Growth Index through April 16, 2013; CRSP US Mid Cap Growth Index thereafter.
- **Vanguard Spliced Total Stock Market Index:** Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter.
- **Vanguard Spliced Small Cap Value Index:** SmallCap 600 Value Index (formerly the S&P SmallCap 600/Barra Value Index) through May 16, 2003; MSCI US Small Cap Value Index through April 16, 2013; CRSP US Small Cap Value Index thereafter.



- **Vanguard Spliced Small Cap Index:** Russell 2000 Index through May 16, 2003; the MSCI US Small Cap 1750 Index through January 30, 2013; and the CRSP US Small Cap Index thereafter.
- **Vanguard Spliced Small Cap Growth Index:** S&P SmallCap 600 Growth Index (formerly the S&P SmallCap 600/Barra Value Index) through May 16, 2003; MSCI US Small Cap Growth Index through April 16, 2013; CRSP US Small Cap Growth Index thereafter.
- **Vanguard Spliced Total International Stock Index:** Consists of the Total International Composite Index through August 31, 2006; the MSCI EAFE + Emerging Markets Index through December 15, 2010; the MSCI AC USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter. Benchmark returns are adjusted for withholding taxes.
- **Vanguard Spliced Developed Markets Index:** MSCI EAFE Index through May 28, 2013; FTSE Developed ex North America Index through December 20, 2015; FTSE Developed All Cap ex US Transition Index through May 31, 2016; FTSE Developed All Cap ex US Index thereafter. Benchmark returns are adjusted for withholding taxes.
- **Vanguard Spliced Emerging Markets Index:** Select Emerging Markets Index through August 23, 2006; MSCI Emerging Markets Index through January 9, 2013; FTSE Emerging Transition Index through June 27, 2013; FTSE Emerging Index through November 1, 2015; and FTSE Emerging Markets All Cap China A Transition Index thereafter. Benchmark returns are adjusted for withholding taxes.
- **Vanguard REIT Spliced Index:** MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index through January 31, 2018; MSCI US Investable Market Real Estate 25/50 Transition Index through July 24, 2018; MSCI US Investable Market Real Estate 25/50 Index thereafter.

Additional:

- Equity sector returns are calculated by Russell and MSCI for domestic and international markets, respectively. MSCI sector definitions correspond to the MSCI GICS® classification (Global Industry Classification System); Russell uses its own sector and industry classifications.
- MSCI country returns are calculated by MSCI and are free float-adjusted market capitalization indices that are designed to measure equity market performance in each specific country.
- Currency returns are calculated using Bloomberg's historical spot rate indices and are calculated using the U.S. dollar as the base currency.
- The Index of Leading Economic Indicators, calculated by The Conference Board, is used as a barometer of economic activity over a range of three to six months. The index is used to determine the direction and stability of the economy. The composite index of leading indicators, which is derived from 10 leading indicators, helps to signal turning points in the economy and forecast economic cycles. The leading indicators are the following: average weekly hours, average weekly initial claims, manufacturers' new orders, both consumer and non-defense capital goods, vendor performance, building permits, stock prices, money supply (M2), the interest rate spread and the index of consumer expectations.
- S&P Target Date Indexes are constructed using a survey method of current target date investments with \$100 million or more in assets under management. Allocations for each vintage are comprised of exchange-traded funds that represent respective asset classes used in target date portfolios. The indexes are designed to represent a market consensus glide path.

DEFINITION OF KEY STATISTICS AND TERMS

- **Returns:** A percentage figure used when reporting historical average compounded rate of investment return. All returns are annualized if the period for which they are calculated exceeds one year.
- **Universe Comparison:** The universe compares the fund's returns to a group of other investment portfolios with similar investment strategies. The returns for the fund, the index and the universe percentiles are displayed. A percentile ranking of 1 is the best, while a percentile ranking of 100 is the worst. For example, a ranking of 50 indicates the fund outperformed half of the universe. A ranking of 25 indicates the fund was in the top 25% of the universe, outperforming 75%.
- **Returns In Up/Down Markets:** This measures how the fund performed in both up and down markets. The methodology is to segregate the performance for each time period into the quarters in which the market, as defined by the index, was positive and negative. Quarters with negative index returns are treated as down markets, and quarters with positive index returns are treated as up markets. Thus, in a 3 year or 12 quarter period, there might be 4 down quarters and 8 up quarters. A simple arithmetic average of returns is calculated for the fund and the index based on the up quarters. A simple arithmetic average of returns is calculated for the fund and the index based on the down quarters. The up market capture ratio is the ratio of the fund's return in up markets to the index. The down market capture ratio is the ratio of the fund's return in down markets to the index. Ideally, the fund would have a greater up market capture ratio than down market capture ratio.
- **Standard Deviation:** Standard deviation is a statistical measure of the range of performance within which the total returns of a fund fall. When a fund has a high standard deviation, the range of performance is very wide, meaning there is a greater volatility. Approximately 68% of the time, the total return of any given fund will differ from the average total return by no more than plus or minus the standard deviation figure. Ninety-five percent of the time, a fund's total return will be within a range of plus or minus two times the standard deviation from the average total return. If the quarterly or monthly returns are all the same the standard deviation will be zero. The more they vary from one another, the higher the standard deviation. Standard deviation can be misleading as a risk indicator for funds with high total returns because large positive deviations will increase the standard deviation without a corresponding increase in the risk of the fund. While positive volatility is welcome, negative is not.
- **R-Squared:** This reflects the percentage of a fund's movements that are explained by movements in its benchmark index. An R-squared of 100 means that all movements of a fund are completely explained by movements in the index. Conversely, a low R-squared indicates very few of the fund's movements are explained by movements in the benchmark index. R-squared can also be used to ascertain the significance of a particular beta. Generally, a higher R-squared will indicate a more reliable beta figure. If the R-squared is lower, then the beta is less relevant to the fund's performance. A measure of diversification, R-squared indicates the extent to which fluctuations in portfolio returns are explained by market. An R-squared = 0.70 implies that 70% of the fluctuation in a portfolio's return is explained by the fluctuation in the market. In this instance, overweighting or underweighting of industry groups or individual securities is responsible for 30% of the fund's movement.
- **Beta:** This is a measure of a fund's market risk. The beta of the market is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the market in up markets and 10% worse than the market in down markets. It is important to note, however, a low fund beta does not imply the fund has a low level of volatility; rather, a low beta means only that the fund's market-related risk is low. Because beta analyzes the market risk of a fund by showing how responsive the fund is to the market, its usefulness depends on the degree to which the markets determine the fund's total risk (indicated by R-squared).
- **Alpha:** The Alpha is the nonsystematic return, or the return that can't be attributed to the market. It can be thought of as how the manager performed if the market's return was zero. A positive alpha implies the manager added value to the return of the portfolio over that of the market. A negative alpha implies the manager did not contribute any value over the performance of the market.
- **Sharpe Ratio:** The Sharpe ratio is the excess return per unit of total risk as measured by standard deviation. Higher numbers are better, indicating more return for the level of risk experienced. The ratio is a fund's return minus the risk-free rate of return (30-day T-Bill rate) divided by the fund's standard deviation. The higher the Sharpe ratio, the more reward you are receiving per unit of total risk. This measure can be used to rank the performance of mutual funds or other portfolios.
- **Treynor Ratio:** The Treynor ratio measures returns earned in excess of that which could have been earned on a riskless investment per each unit of market risk. The ratio relates excess return over the risk-free rate to the additional risk taken; however, systematic risk is used instead of total risk. The Treynor ratio is similar to the Sharpe ratio, except in the fact that it uses the beta to evaluate the returns rather than the standard deviation of portfolio returns. High values mean better return for risk taken.



- **Tracking Error:** Tracking error measures the volatility of the difference in annual returns between the manager and the index. This value is calculated by measuring the standard deviation of the difference between manager and index returns. For example, a tracking error of +/- 5 would mean there is about a 68% chance (1 standard deviation event) that the manager's returns will fall within +/- 5% of the benchmark's annual return.
- **Information Ratio:** The information ratio is a measure of the consistency of excess return. This value is determined by taking the annualized excess return over a benchmark (style benchmark by default) and dividing the standard deviation of excess return.
- **Consistency:** Consistency shows the percent of the periods the fund has beaten the index and the percent of the periods the index has beat the fund. A high average for the fund (e.g., over 50) is desirable, indicating the fund has beaten the index frequently.
- **Downside Risk:** Downside risk is a measure similar to standard deviation but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the product.
- **M-Squared:** M-squared, or the Modigliani risk-adjusted performance measure is used to characterize how well a portfolio's return rewards an investor for the amount of risk taken, relative to that of some benchmark portfolio and to the risk-free rate.

DEFINITION OF KEY PRIVATE EQUITY TERMS

- **PIC (Paid in Capital):** The amount of committed capital that has been transferred from the limited partner to the general partner.
- **TVPI (Total Value to Paid in Capital):** Money returned to limited partners plus the fund's unrealized investments, divided by money paid-in to the partnership. The TVPI should equal RVPI plus DPI.
- **DPI (Distribution to Paid In Capital):** Money returned (distributions) to limited partners divided by money paid in to the partnership. Also called cash-on-cash multiple.
- **RVPI (Residual Value to Paid In Capital):** The value of a fund's unrealized investments divided by money paid-in to the partnership.
- **Internal rate of return (IRR):** This is the most appropriate performance benchmark for private equity investments. It is a time-weighted return expressed as a percentage. IRR uses the present sum of cash drawdowns (money invested), the present value of distributions (money returned from investments) and the current value of unrealized investments and applies a discount.
- **Commitment:** Every investor in a private equity fund commits to investing a specified sum of money in the fund partnership over a specified period of time. The fund records this as the limited partnership's capital commitment. The sum of capital commitments is equal to the size of the fund.
- **Capital Distribution:** These are the returns that an investor in a private equity fund receives. It is the income and capital realized from investments less expenses and liabilities. Once a limited partner has had their cost of investment returned, further distributions are actual profit. The partnership agreement determines the timing of distributions to the limited partner. It will also determine how profits are divided among the limited partners and general partner.
- **Carried Interest:** The share of profits that the fund manager is due once it has returned the cost of investment to investors. Carried interest is normally expressed as a percentage of the total profits of the fund.
- **Co-Investment:** Co-Investments are minority investments made alongside a private equity investor in an LBO, a recapitalization, or an expansion capital transaction. It is a passive, non-controlling investment, as the private equity firm involved will typically exercise control and perform monitoring functions.
- **General Partner (GP):** This can refer to the top-ranking partners at a private equity firm as well as the firm managing the private equity fund.
- **GP Commitments:** It is normal practice for the GP managing a private equity fund to also make a financial commitment to the fund on the same basis as the LPs in the fund, and this is seen as an important factor driving the alignment of GP and LP interests. The historic benchmark for GP commitments has been 1% of the total fund size, but this is by no means universal, and many GPs commit significantly larger amounts. Furthermore, there has been a marked trend towards GPs making larger commitments to their funds over recent years.
- **Leveraged Buy-Out (LBO):** The acquisition of a company using debt and equity finance.
- **Limited Partner (LP):** Institutions or high-net-worth individuals/sophisticated investors that contribute capital to a private equity fund.
- **Public Market Equivalent (PME):** Performance measure used to evaluate performance relative to the market. It is calculated as the ratio of the discounted value of the LP's inflows divided by the discounted value of outflows, with the discounting performed using realized market returns.
- **Primaries:** An original investment vehicle that invests directly into a company or asset.

VALUATION POLICY

Fiducient Advisors does not engage an independent third-party pricing service to value securities. Our reports are generated using the security prices provided by custodians used by our clients. Our custodial pricing hierarchy is available upon request. If a client holds a security not reported by the first custodian within the hierarchy, the valuation is generated from the next custodian within the hierarchy, and so forth. Each custodian uses pricing services from outside vendors, where the vendors may generate nominally different prices. Therefore, this report can reflect minor valuation differences from those contained in a custodian's report. In rare instances where FA overrides a custodial price, prices are taken from Bloomberg.

REPORTING POLICY

This report is intended for the exclusive use of the client listed within the report. Content is privileged and confidential. Any dissemination or distribution is strictly prohibited. Information has been obtained from a variety of sources believed to be reliable though not independently verified. Any forecast represents median expectations and actual returns, volatilities and correlations will differ from forecasts. Please note each client has customized investment objectives and constraints and the investment strategy for each portfolio is based on a client-specific asset allocation model. Past performance does not indicate future performance and there is a possibility of a loss. Performance calculated net of investment fees. Certain portfolios presented may be gross of Fiducient Advisors' fees and actual performance would be reduced by investment advisory fees. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney, and accountant, as appropriate, regarding specific advice.



Custodian reports are the reports that govern the account. There will be different account values between Fiduciant Advisors' reports and the custodian reports based on whether the report utilizes trade date or date to calculate value. Additionally, difference between values contained on reports may be caused by different accrued income values. Any forecasts represent future expectations and actual returns, volatilities and will differ from forecasts. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney, and accountant, as appropriate, regarding specific advice. Past performance does not indicate future performance and there is a possibility of a loss.

Manager performance for mutual funds and ETFs is based on NAV and provided by Lipper. Performance for non-mutual fund or ETF investments is based on the returns provided by managers, calculations based on a manager statement, or calculations based on a statement or data from the client's custodian. Unless specified otherwise, all returns are net of individual manager fees, represent total returns and are annualized for periods greater than one year. The deduction of fees produces a compounding effect that reduces the total rate of return over time. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 0.50% annual investment advisory fee would be \$5,228 in the first year, and cumulative effects of \$30,342 over five years and \$73,826 over ten years. Additional information on advisory fees charged by Fiduciant Advisors are described in Part 2 of the Form ADV.

OTHER

By regulation, closed-end funds utilizing debt for leverage must report their interest expense, as well as their income tax expense, as part of their total expense ratio. To make for a useful comparison between closed-end funds and both open-end funds and exchange-traded funds, adjusted expense ratios excluding interest and income tax expenses are utilized for closed-end funds within this report. See disclosure on closed-end fund fact sheets for information regarding the total expense ratio of each closed-end fund.

Please advise us of any changes in your objectives or circumstances.

CUSTODIAN STATEMENTS

Please remember to review the periodic statements you receive from your custodian. If you do not receive periodic statements from your custodian or notice issues with the activity reported in those statements, please contact FA or your custodian immediately.

GENERAL DISCLOSURES

Barron's Institutional Consulting Teams ranking is based on quantitative and qualitative factors including team's assets, revenue, size and character of the team itself. Barron's invites firms that, in their opinion, are competitive given size and sophistication. There is no fee associated with participating in the ranking. Fiduciant Advisors' ranking took into consideration the combined capabilities of the firm and its subsidiary, Fiduciary Investment Advisors, LLC.

P&I's 2020 Best Places to Work in Money Management ranking is a proprietary survey produced by Pension & Investment in partnership with Best Companies Group. 94 companies were recognized in 2020 and results are based on evaluating each nominated company's workplace policies, practices, philosophy, systems, and demographics, as well as an employee survey to measure employee experience. Fiduciant Advisors' rankings are representative of the firm and its subsidiary, Fiduciary Investment Advisors, LLC. There is no fee associated with participating in the ranking.

P&I's Consultant Ranking is a proprietary survey produced by Pension & Investment. Results are based on 80 questionnaire responses sent to 213 consultants determined by P&I that self-reported institutional assets under advisement as of June 30, 2020. Consultants with multiple subsidiaries are asked to provide information on a consolidated basis. There is no fee associated with participating in the ranking. The ranking is not indicative of Fiduciant Advisors' future performance.

**GLASTONBURY BOARD OF FINANCE
SPECIAL MEETING MINUTES
MONDAY, FEBRUARY 7, 2022**

The Glastonbury Board of Finance, along with Finance Director, Julie Twilley, and Town Manager, Richard J. Johnson, held a special meeting at 6:00 p.m. via Zoom video conferencing. The video was broadcast in real time and via a live video stream.

Roll Call

Members

Mr. Constantine "Gus" Constantine, Chairman
Ms. Jennifer Sanford, Vice Chairman
Mr. James McIntosh
Ms. Susan Karp
Mr. Robert Lynn
Mr. James Zeller

1. **Public Hearing** – Town Operations, Debt and Transfer, Education, and Revenues and Transfers Fiscal Year 2022-2023 *None*

Motion by: Mr. McIntosh

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn the public hearing of February 7, 2022, at 6:03 p.m.

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

2. Unfinished Budget Related Items

Mr. Johnson reviewed the grand list, noting that while average property values might go up, most real estate assessments will not change. Although real estate has remained relatively static, motor vehicles have increased 32%. There may be state legislation to reduce the motor vehicle cap, but that is currently undecided. Ms. Karp would find it helpful to see other mill rate assumptions included in the grand list chart. Mr. Lynn thinks that this situation will only last a couple years before leveling out. He asked how much of the 32% motor vehicle growth is revenue. Mr. Johnson explained that, of the \$5.4 million total in growth, almost \$4 million is from motor vehicles.

Mr. Johnson discussed the option of establishing a Loss and Benefits Reserve Fund, which Ms. Sielman of Milliman had initially suggested to the Board. This would allow the Town to invest up to 50% in equities. Mr. Constantine asked if there are any limitations in using the reserve fund. Mr. Johnson stated that the reserve could be used up to 40% for property casualty, and if used toward a pension trust fund, one option could be to help smooth the ADC. Mr. Zeller expressed hesitation with the reserve fund. He would like to learn more before making any decision. Ms. Sanford would also like to read more about it. She is concerned about the 72%

unfunded liability, which will hopefully be funded in 20 years, if all the models are correct. Mr. Lynn asked, in the end of year audit, what makes up the extra \$13 million in 26 non-major funds. Mr. Johnson explained that those are all restricted funds. Ms. Sanford noted that the federal government may boost restrictions on ARPA funds. She asked if that could potentially pose a problem for the Town's \$10.2 million allocation. Mr. Johnson explained that there may be flexibility on how towns allocate the funds, and he does not see it being combined with fund balance at this point.

Mr. Zeller asked if there are any major exposures for which the Town does not have insurance or has extremely high deductibles. Mr. Johnson stated that while the Town is very well insured, there are two emerging areas: cyber security and environmental liability. Mr. Zeller asked, if the collection rate were moved from 99.1% to 99.2%, how much additional revenue would be collected. Mr. Johnson stated about \$160,000 for every tenth of a percent. Mr. Zeller remarked that reducing the transfer in of the Unassigned Fund Balance to \$575,000 would make the fund self-sustaining. Mr. Johnson explained that the Board could make a motion to reduce the transfer in from \$875,000 to \$575,000. However, that \$300,000 revenue loss needs to be offset. Mr. Zeller asked what the bids were on the Naubuc School renovation project and the STEAM lab. Mr. Johnson stated that the BOE has not yet gone out to bid for Naubuc School, and he will receive information on the STEAM lab bids tomorrow.

Ms. Sanford inquired about three requests (regarding affordable housing, cyber security, and Cotton Hollow) which were made outside of the budget cycle. Mr. Johnson explained that there is nothing in the budget regarding the Town-owned affordable properties, apart from rental revenue. There is a group raising funds to preserve the Cotton Hollow mills, but the Town is not financing those efforts at this time. Regarding cyber security, there is money in the IT budget for penetration testing. Ms. Sanford finds the 10% revaluation forecast striking. Every year, there is an underlying trending growth rate which is not going away. She finds that just because annual inflation rate is 7%, that does not mean that budgets can grow at that degree.

3. Adjournment

Motion by: Mr. Zeller

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their special meeting of February 7, 2022, at 7:08 p.m.

Result: Motion was passed 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.

BOF 3/16/22
Item # 3b

**GLASTONBURY BOARD OF FINANCE
REGULAR MEETING MINUTES
WEDNESDAY, FEBRUARY 16, 2022**

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. in the Council Chambers of Town Hall at 2155 Main Street with the option for Zoom video conferencing. The video was broadcast in real time and via a live video stream.

Also present were Narae McManus, Controller, and Nicole Lintereur, Assessor.

Roll Call

Members

- Mr. Constantine “Gus” Constantine, Chairman
- Ms. Jennifer Sanford, Vice Chairman
- Mr. James McIntosh
- Ms. Susan Karp
- Mr. Robert Lynn {participated via Zoom video conferencing}
- Mr. James Zeller

The Board’s normal monthly topics:

1. Public Comment Session: Comments pertaining to the call. *None*

2. Communication:

a. Minutes of January 24, 2022 – Special BOF Meeting

Minutes accepted as presented.

b. Minutes of February 1, 2022 – Town Operating & CIP Special Meeting

Minutes accepted as presented.

c. Minutes of February 2, 2022 – BOE Budget Special Meeting

Mr. McIntosh noted that the first “BOE” listed on page 4 should read “BOF” instead.

Minutes accepted as amended.

3. Communication: Pension Report (December 2021) and Flash Report (January 2022)

Ms. Twilley reviewed the report dated December 31, 2021. Despite current market volatility, she stated that Mr. Kachmar does not recommend any allocation changes at this time. Ms. Sanford finds the underperformance of Jackson Square and Vanguard International increasingly concerning.

4. Communication: Month End Investments – December 2021

Ms. McManus reviewed the report dated January 28, 2022.

5. Communication: Financial Summary (Expenditures) for 7 months - January 2022

Ms. Twilley reviewed the report dated February 8, 2022. She noted that a new automated payroll will soon be linked up to the ledger.

6. Communication: Capital Projects – January 2022

Ms. Twilley reviewed the report dated February 8, 2022. Mr. McIntosh noted that there is a major deficiency in the field house. He asked where they stand on funding this. Mr. Johnson explained that that unanticipated challenges came up during excavation. He went on to state that the multi-school locker replacement was completed below budget, so those monies will likely be transitioned into the field house project. Ms. Sanford asked what the driver was for the multi-school savings. Mr. Johnson explained that they received bids below the estimate. Ms. Karp asked when the field house and library projects will be completed. Mr. Johnson stated that the library project will be completed in about 4-6 weeks. The field house is nearly completed.

7. Communication: Self Insurance Reserve Fund – January 2022

Ms. Twilley reviewed the report dated February 3, 2022. There were 6 large stop loss claims: 5 from the BOE, 1 from the Town. None have exceeded the individual stop loss limit.

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

a. \$3,000 Town Council for Annual Audit Fees

Mr. McIntosh asked why there was an additional charge of \$3,000. Mr. Johnson explained that there were a variety of charges on the line item for professional services.

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

a. \$30,000 Sewer Operating Fund – for locations on Addison Road

Motion by: Mr. McIntosh

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby recommends to the Town Council the transfer of \$30,000 from the Sewer Sinking Fund - Unassigned Fund Balance to the Sewer Operating Fund - SOP Expenditures - Road/Sewer Projects for locations on Addison Road as presented, without changes.

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

b. \$45,000 Sewer Operating Fund – for Stallion Ridge Subdivision

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 \$45,000 from the Sewer Sinking Fund - Unassigned Fund Balance to the Sewer Operating Fund - SOP Expenditures - Road/Sewer Projects for the Stallion Ridge Subdivision as presented, without changes.

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

The Board moved to add to the agenda Item 9C: \$29,000 transfer for fire code and related upgrades to the Riverfront Boathouse.

Motion by: Mr. Zeller

Seconded by: Mr. McIntosh

Result: Motion to add Item 9C to the agenda passed unanimously {6-0-0}.

c. \$29,000 for Fire Code and related upgrades to the Riverfront Boathouse

Motion by: Mr. McIntosh

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby recommends to the Town Council the transfer of \$29,000 from the Unassigned Fund Balance for Fire Code and related upgrades to the Riverfront Boathouse as presented, without changes.

Disc: Mr. Johnson explained that they finally received two or three bids yesterday. There has also been a challenge to provide protective fencing to prevent young people from accessing the roof.

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

10. Communication: Audit Review Meeting

Ms. Twilley explained that the Audit Review Meeting was held on February 9. No issues came up. Mr. Lynn asked that, for next year's meeting, the auditors review how funds are committed in the balance sheet.

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

None

The balance of the meeting will include Budgetary Topics:

12. Communication: Presentation of Grand List Report

Ms. Lintereur reviewed the Grand List Report as of October 1, 2021, which increased 3.4% over the previous list. The overall increase in a non-revaluation year reflects the lack of normalcy in the current market conditions. On the real estate side, growth in residential sales increased by 26% while average sale price increased by 10.5%. Local commercial projects remain steady. The personal property sector held steady, and there is continued investment in the community. The motor vehicle list increased by 32%. While it is a stark number, this increase is reflected on the national level, not just in Glastonbury. Mr. McIntosh asked if they anticipate the motor vehicle increase to go down next year. Ms. Lintereur stated no, it will still be tight for a while.

13. Potential for Any Unfinished Business: FY 2022/2023 Budget

Mr. Johnson presented a summary of the collection rates over the past 15 years. Ms. Karp finds it encouraging that the collection rate has not declined amid the pandemic. Mr. Johnson noted that they were concerned about a potential drop-off, but it has not happened. He then reviewed the residential and motor vehicle taxes based on the 2021 and 2020 grand list, factoring in the Governor's proposed bifurcated mill rate. Mr. Zeller stated that the state has done this before. He asked if the motor vehicle cap of 29 mills will be carried forward into the future. Mr. Johnson

explained that there will likely be a bifurcated mill rate and a change in the way that cars are assessed. Ms. Sanford stated that if they receive a state grant of \$3.064 million, that leaves a gap of \$500,000. Mr. Johnson explained that the only way to make the math work regarding how the State calculated the MV grant is by using the mill rate from FY 2018/19. There is a gap, which the Town has dealt with by raising the mill rate on residential properties to 37.36. Ms. Karp had asked to see the confidence level from state legislators, who told her that they are hopeful.

To keep the mill rate flat at 37.32, Mr. Johnson explained that the budget would have to be reduced by \$160,000. Mr. McIntosh asked if they are legally restrained from increasing the mill rate once it is set. Mr. Johnson stated that, if the state changes this, they would provide notwithstanding language to allow towns to make an adjustment as applicable. Most towns would prefer to reduce the mill rate. They recognize that a lot of towns would have already set their mill rates. He does not see the Council taking an action that would increase the mill rate that is enacted. Ms. Karp pointed out that they should know the state's decision by the first or second week of May. Mr. Johnson stated that is correct.

Mr. Johnson compared the Town's Unassigned Fund Balance with other towns in the Greater Hartford area that are similar to Glastonbury, such as Simsbury and Avon. Mr. Lynn asked what Moody's and S&P consider for fund balance. Mr. Johnson stated that, for a Double A town, they look for 15 to 30%, but he could not find guidance for a Triple A town. Mr. Lynn asked how much of the pension funding general obligations goes into the weighting by credit rating agencies. Mr. Johnson stated that there is a formula, which he can try to get for the Board, but that the rating agencies may not make this information available. Mr. Lynn believes that the Triple A rating is not financially relevant unless they go out to bond. Ms. Karp disagreed. It was difficult to get the Triple A bond rating, and she does not feel comfortable saying that they will not need to borrow money in the next 10 years. Mr. Johnson stated that they assume the Unassigned Fund Balance will go from \$875,000 to \$575,000 by FY 2025. Ms. Sanford expressed concern about the increasing growth in the operating budget. She would like to look at spending from a long-term strategic standpoint.

Mr. McIntosh remarked that setting the collection rate below the anticipated amount raises a surplus. Mr. Zeller stated that they are at 15.3% in FY 2025 of the Unassigned Fund Balance as a percentage of subsequent year revenue or expenditure. Mr. Johnson showed the financial projections of the bifurcated mill rate. Ms. Twilley explained that it takes the Town Manager's budget as proposed for FY 2023, and in future years, it is projected to grow at 2.5%. However, they can use whatever assumptions the Board would like. Ms. Sanford is still uncomfortable with subsidizing the motor vehicle mill rate by raising the residential mill rate. Mr. Johnson reiterated that a reduction of \$160,000 to the budget would keep the real estate and personal property mill rate flat.

Ms. Karp asked what the reasoning is behind moving the opening cash from \$975,000 to \$575,000 in one year. Mr. Zeller explained that moving \$1 million into the pension fund would generate \$100,000 next year. The ADC drops \$106,000. With other reductions, the \$575,000 would put them on track to build the General Fund in a more historic way. Mr. Johnson added that the idea was to move the opening cash up to take the sting out of the PUB 2010 mortality tables and then bring it back down again. One-time allocations are better than ongoing obligations because they do not create a cliff. Ms. Sanford stated that the \$575,000 is a number that the Board has always supported, but it is just subsidizing the actual budget. This year, she sees an opportunity to bring it back to normal by moving it down to \$575,000. Mr. Johnson

reviewed the FY2021 and FY2022 supplemental appropriations and a list of insurance coverages. Mr. Lynn would find it helpful to understand what the potential annual risk is on a claim basis. He asked if the \$750,000 potential investment in the reserve fund could be better served by looking into other investments that could yield greater return.

Ms. Karp sees a comparison between the Town's supplemental appropriations and the BOE's 1% Fund. Ms. Sanford believes that there is a distinction in transparency. When issues arise on the Town's end, it comes to the BOF and the taxpayers, whereas the 1% fund lacks that. Ms. Karp responded that all the discussions on the 1% fund are held at public meetings, so there is transparency. Mr. McIntosh pointed out that the BOE budget has \$290,000 under Special Projects for built-in unplanned expenditures. Ms. Karp stated that Special Projects funds are usually spent on maintaining school space. Mr. Zeller asked how much would go to the Town if \$1 million were moved into the pension fund and the ADC accordingly reduced by \$106,000. Mr. Johnson stated about 70%. Mr. Zeller asked to confirm that the terms "opening cash," "general fund transferring," and "use of fund balance" all mean the same thing. Mr. Johnson stated that is correct. Ms. Karp noted that all the pension factors are positive, and their experts have said as much. The recommendation she has heard is the use of a pension reserve fund, which is a hedging strategy for fluctuations in the ADC. While she is not averse to using money in the General Fund, she does not understand why they would move \$1 million from the General Fund to the Pension Fund.

Mr. Zeller proposed adding to the agenda Action Item 14 G: \$1 million transfer from the General Fund to the Pension Fund.

Motion by: Mr. Zeller

Seconded by: Ms. Karp

Result: Motion passed unanimously {6-0-0} to add item to agenda.

Mr. Zeller proposed moving Action Item G to prior to Action Item A.

Motion by: Mr. Zeller

Seconded by: Ms. Karp

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

Motion by: Mr. Zeller

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Board of Finance submits to the Glastonbury Town Council the transfer of \$1 million from the General Fund Unassigned Fund Balance to the Pension Fund.

Disc: Mr. Zeller explained that the Unassigned Fund Balance currently earns two-tenths of a percent. Moving those funds to the pension fund would reduce the ADC by \$106,000, generating a 10% return. For years, the BOF has asked about alternatives to access better rates. The state said there was nothing they could do. Only recently did they hear about reserve funds, which earn about 2-5%, and they also carry serious risks. Therefore, he cannot support the option of a reserve fund for this budget cycle. He finds this the perfect time to move forward with the \$1 million transfer to the pension fund. He stated that the \$10 million received from ARPA funding could be moved into the General Fund, if need be. He doubts that the Town's bond ratings will be downgraded. The actuaries give their best information, but they have had different opinions

not long ago. The Board must make their best judgment. He asked Mr. Johnson to report back on when the Town received its Triple A rating.

Ms. Karp is concerned that once \$1 million is taken from the General Fund, then it is gone. She does not support making the transfer now during this budget process. Mr. McIntosh countered that the money is not gone. If they need the \$1 million back, they can contribute \$1 million less to the ADC next year. Ms. Karp wants to dispel the assumption that not making this \$1 million transfer will jeopardize their amortization schedule. Ms. Sanford pointed out that the basis of the general fund was for long-term assets, like land purchases. She believes that long-term assets should fund long-term liabilities. She has no literature on the reserve fund, so it would be irresponsible to consider it at this point. Ms. Sanford stated that pension as a percent of payroll has been growing over the last few years. The path to amortization is consistent, but they need to continue to lead. This year, this cash will give them an operating return, a relief to taxpayers, and will address the fact that the pension is moving towards a cash out position.

Result: Motion passed {4-2-0} with Mr. Constantine and Ms. Karp voting against.

14. Possible Action: The Board of Finance pursuant to Section 605 of the Town Charter submits to the Glastonbury Town Council the following proposals:

a. Action: Propose to Town Council FY22/23 Town Operating Budget

Motion by: Mr. Zeller

Seconded by: Mr. McIntosh

BE IT RESOLVED, that the Board of Finance submits to the Glastonbury Town Council the proposed appropriation of \$47,160,184 for the 2022/2023 Town Operating Budget.

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

b. Action: Propose to Town Council FY22/23 Education Budget

Motion by: Ms. Karp

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Board of Finance submits to the Glastonbury Town Council the proposed appropriation of \$117,237,381 for the 2022/2023 Education Budget.

Disc: Mr. Zeller explained that they need to find another \$206,000. Ms. Karp suggested it could come from a higher collection rate assumption. Mr. Zeller would like to put some money back into the contingency fund so that it is close to what it was in 2017. He proposed amending the motion to reduce the education appropriation by \$300,000.

Amendment by: Mr. Zeller

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Board of Finance submits to the Glastonbury Town Council the proposed appropriation of \$116,937,381 for the 2022/2023 Education Budget.

Disc: Ms. Karp asked how much of this reduction will come from the change in the BOE's ADC. Ms. Twilley replied \$26,489. Mr. Zeller's reasoning for the reduction is that this is in line with what has happened the last few years. The BOE would get 99.75% of what they have requested from the BOF. While the proposed education increase may not be large, the per pupil expenditure is, which he finds concerning. Rising inflation with rising enrollment could lead to

sustained increases. He suggested that the BOE look at their healthcare reserve fund as one area that might help mitigate this. Ms. Karp noted that the BOE has made a statement that they will look at the healthcare reserve fund to not create cliffs. She questions the per pupil expenditure concerns. She also gives the BOE credit for the successes they have had. Ms. Sanford prefers a reduction greater than \$300,000. She has been tracking the education surpluses at year end for the past three or four years. She also raised an issue with the funding decisions the BOE has made. They chose to fund the STEAM lab outside of the budget process. She also disagreed with their decision to fund the mental health services out of the 1% fund. The BOE has always come in asking for more than inflation. Mr. McIntosh will support the motion, but not on the basis of what the Town can afford. The primary responsibility of the BOF is to balance the needs of town government with resources of the community to ensure fiscal stability and equity. He shares Ms. Sanford's concern that the BOE considers the Town's ability to pay, rather than how to meet educational needs in the most effective and efficient manner. The BOE asks what is best and not how to achieve it by spending the fewest resources. The BOF can provide a minor amount as an incentive to the BOE to try to do things more efficiently and effectively.

Ms. Karp is concerned about how this is being portrayed. She does not see a transparency issue from the BOE. Their 1% fund was approved by the Council and all discussions regarding the fund are held via public meeting format. She also finds the comments about lack of effectiveness and efficiency to be an unfair characterization of the BOE. It is fair to focus on the ability of taxpayers to pay for these expenditures. There is nothing wrong with the way things are working. Mr. Lynn agreed with Ms. Karp on the 1% fund. His primary concern is that Connecticut is a failing state with a tax rate that is not growing. Therefore, municipalities will increasingly rely on taxpayers to meet their needs, so they need to bend the curve.

Mr. Zeller finds the problem to be a lack of oversight. Every month, the BOF is kept abreast of the Town budget with specific detail and clarity. The BOE lacks that level of detail. The BOF sees their budget only once a year, and when unanticipated expenditures come up, they are not kept informed. The 1% fund indicates that there are large surpluses every year. His frustration is that the BOF does not see those monies when they are supposed to. Ms. Sanford finds it very difficult to maneuver through the BOE budget every year. The BOF goes through the trouble of putting together a column which shows the excess money in their budget. She suggested the BOE add that column, so that they could easily look at the year over year. The issue of transparency is that it is very difficult to follow the money. Ms. Karp stated that the 8 elected BOE members see those numbers. It is their job to do so by statute, not charter. She clarified that there is no misuse of applicable funding or lack of transparency from the BOE.

Result: Motion passed {5-1-0} as amended with Ms. Karp voting against.

c. Action: Propose to Town Council FY22/23 Debt & Transfers Budget

Motion by: Mr. McIntosh

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Board of Finance submits to the Glastonbury Town Council the proposed appropriation of \$13,457,486 for the 2022/2023 Debt & Transfers Budget.

Disc: Mr. Johnson explained that, until FY 2016, the Town had a contingency of \$175,000. When the budget was reduced by \$1 million, he eliminated the contingency. This year, he heeded the request and renewed the contingency account. While both contingencies and fund balances

require two-step approval, a contingency does not require a public hearing. Therefore, it is a more streamlined process. Ms. Karp does not see the need to make the \$67,511 allocation now because taxes will go up. Ms. Sanford stated that the new changes proposed by the state have posed a problem. She would like to give taxpayers a break in the mill rate. Mr. Johnson noted that raising the collection rate from 99.1 to 99.15 could help bridge the gap to get to the \$575,000 for opening cash. Another option is to reduce the transfer in by less than \$300,000. Ms. Karp prefers to reduce the transfer in by \$225,000 instead. Ms. Twilley calculated that the reduction would happen in the General Fund Revenues & Transfers Budget, not in Debt & Transfers.

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

d. Action: Propose to Town Council FY22/23 General Fund Revenues & Transfers Budget

Motion by: Mr. McIntosh

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Board of Finance submits to the Glastonbury Town Council the proposed 2022/2023 General Fund Revenues and Transfers in the amount of \$177,555,051.

Disc: Ms. Karp finds it counterintuitive to take away a subsidy for taxpayers to bring down the mill rate if the intention is to ease the burden on taxpayers. Mr. Johnson stated that the General Fund Transfer In is a way to give money back to taxpayers. There is no formula to the \$575,000 number. Mr. Zeller finds that keeping the mill rate lower has a better trajectory than the \$300,000. While acknowledging that the focus may have changed, Ms. Karp noted that when she was on the Council, they liked the idea of opening cash. Ms. Sanford remarked that this is a situation where cash is being used to fund ongoing operations. From her perspective, it is more effective to lower the mill rate, which would likely be achieved through reduced spending.

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

e. Action: Propose to Town Council FY22/23 Capital Improvement Program Budget, including Capital Reserve Fund, Town Aid Road, and Sewer Sinking Fund

Motion by: Mr. Zeller

Seconded by: Mr. McIntosh

BE IT RESOLVED, that the Board of Finance submits to the Glastonbury Town Council the proposed 2022/2023 Capital Improvement Program Budget in the amount of \$8,885,317.

Funding will be provided as follows:

- Capital Reserve Fund: \$8,119,100
- Town Aid Road: \$461,217
- Sewer Sinking Fund: \$305,000

Disc: Mr. Zeller will vote against this motion because the Naubuc Project is included in the CIP project list. While he believes that the facility will never be the equivalent of the other elementary schools in town, his vote is not about affordability. Rather, he believes that the project fails to accommodate a changing world. Every board and commission is expected to

incorporate DEI (Diversity, Equity, and Inclusion) considerations, but the Naubuc Project lacks that component. Mr. McIntosh clarified that the decision to fund projects is not made at this time. Mr. Johnson stated that is correct. This is a list of projects that will be reviewed for approval by the Council. With that in mind, Mr. McIntosh will support the motion. Ms. Karp asked if the project will be eligible for state reimbursement if ARPA monies are used. Mr. Johnson stated that they have not yet received an answer to that question. However, he will inform the Council that, within the projects recommended, this is how the \$700,000 could be reprogrammed so that the net does not change. Ms. Sanford is against the motion because she hopes that the ARPA monies will be used in part to fund the CIP.

Result: Motion passed {4-2-0} with Ms. Sanford and Mr. Zeller voting against.

f. Action: Propose to Town Council FY22/23 Sewer Operating Fund Budget
(Special Revenue Fund)

Motion by: Mr. Zeller

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Board of Finance submits to the Glastonbury Town Council the proposed Special Revenue Fund appropriations, revenues, and transfers of \$3,298,217 for the 2022/2023 Sewer Operating Fund.

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

15. Adjournment

Motion by: Ms. Karp

Seconded by: Mr. McIntosh

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of February 16, 2022, at 7:35 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.

DEPARTMENT OF FINANCE & ADMINISTRATIVE SERVICES

February 16, 2022

TO: Board of Finance & Richard J. Johnson, Town Manager
 FROM: *JBT* Julie Twilley, Director of Finance & Administrative Services
 RE: Pension Investment Review – January 2022

BOF 3/16/22 Item # 4

As of January 31, 2022 the pension asset value is \$210,345,762, a net increase of \$2,895,637 from July 1, 2021. Through the month of January, the fund experienced an unrealized loss of \$10,436,584, which is indicative of the current market and there were realized gains of \$5,797,669. Investment income through January totaled \$2,347,333.

July 1, 2020 Balance	\$ 207,450,125
Revenues:	
Employer Contributions	\$ 10,762,848
Employee Contributions	\$ 1,245,276
Total Contributions	\$ 12,008,124
Investment Income	\$ 2,347,333
Realized Gains/Losses	\$ 5,797,669
Unrealized Gains/Losses	\$ (10,436,584)
Total Revenues	\$ 9,716,542
Expenditures:	
Benefit Payments	\$ 6,696,043
Administrative Fees	\$ 54,125
Investment Management Fees	\$ 70,736
Total Expenditures	\$ 6,820,904
Net Increase/Decrease	\$ 2,895,637
Ending Balance January 31, 2022	\$ 210,345,762

Assuming a 6.25% long-term return on the plan's investments, the July 1, 2021 Unfunded Accrued Liability is \$70.1 million and the corresponding funded ratio is 72.2%. The Town's policy for paying off the unfunded liability is such that there are 12 years remaining in our amortization schedule.

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

Town of Glastonbury

Administrative Services
Accounting Division

February 22, 2022

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 January 31, 2022 were \$130,777,526. As of month-end, the investment balances for all funds combined were as follows:

Type of Investment	Amount	Rate	
STIF	\$14,001,230	0.10	
Citizens Bank	1,224,769	0.10	
Northern Capital Investment Account	11,788,647	0.15-3.40	Est. current accrued interest \$13,753
Northern Capital Sewer Funds	9,511,656	0.20-3.15	Est. current accrued interest \$9,400
People’s United Investments	62,695,334	0.12	
Liberty Bank Investments	21,052,807	0.15	
TD Bank Investments	2,498,151	0.10	
Liberty CD	<u>8,004,932</u>	0.20	Matures 5/27/22
Total	<u>\$130,777,526</u>		

General Fund Earnings

- The General Fund portion of pooled investments at January 31 was \$97.5 million.
- As of January 31, the General Fund has realized investment earnings of \$80,079.
- As of January 31, Sewer Sinking funds totaling \$9,451,000 were invested in fully-insured CDs with terms varying from 6 months to seven years, with current-year realized investment earnings of \$49,387.

Comparative information concerning General Fund earnings follows.

Fiscal	Realized Investment		
Year	Budget	Earnings	Percent of
		July-January	Budget
2021	\$838,000	112,342	13.41 %
2022	195,000	80,079	41.07

cc: Julie B. Twilley, Director of Finance

TOWN OF GLASTONBURY
 ADMINISTRATIVE SERVICES - Financial Administration

BOF 3/16/22 Item # 6

March 3, 2022

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

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

RE: Financial Summary for the Eight Months Ended February 28, 2022 (FY 2021/22)

Note that some variances to budget and prior year are a result of the COVID-19 pandemic.

Expenditure Summary:

Through February 28, 2022, encumbrances total \$48.9m and expenditures total \$106.7m. Combined, this represents 90% of the Town's revised general fund budget of \$173.5m. This compares to \$47.8m and \$103.3m respectively, or 88%, for the same period in the prior year.

The expenditure increase of \$3.4m is driven by the Town (+\$1.3m) and BOE (+\$2.6m), offset by a reduction in Debt/Transfers of \$0.6m. The increase is largely attributable to the annual Pension contribution. This year's pension contribution of \$10.76m is \$0.9m higher (\$0.7m Town / \$0.2m BOE) than the prior year's annual contribution. Note that the assumed long-term rate of return on investments was reduced from 6.5% to 6.25% in FY2021/2022 and the amortization period is 12 years (as of July 1, 2021 Actuarial Valuation). Also contributing to the increase in expenditures by the Town and BOE is summer programming that was held in 2021, but not in 2020, as well as general wage increases. The reduction in Debt/Transfers is driven by the reduction in the Capital Transfer from \$5.75m in FY2021 to \$5.25m in FY2022.

Below is an Expenditure & Transfer summary report through February 28, 2022.

FINANCIAL COMPARISONS

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

Fiscal Year	Amend/Budget	Expended	Encumbered	Comit %
<u>2020/2021</u>				
Town	\$ 45,784,716	\$29,150,379	\$ 8,258,571	82%
Education	111,754,046	64,279,472	35,430,896	89%
Debt/Transfers	14,331,799	9,870,755	4,068,693	97%
<u>2021/2022</u>				
Town	\$ 46,761,394	\$30,498,448	\$ 8,974,326	84%
Education	113,549,684	66,922,468	36,587,830	91%
Debt/Transfers	13,206,742	9,287,752	3,386,194	96%

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

	2020/2021	%	2021/2022	%
ADMIN SERVICES	\$ 4,442,217	66%	\$ 4,407,693	69%
PUBLIC SAFETY	10,635,201	68%	10,978,664	68%
PHYSICAL SERVICES	4,669,923	63%	4,576,553	61%

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

TOWN OF GLASTONBURY
CURRENT YEAR EXPENDITURES BY DIVISION
FY 2022 THROUGH FEBRUARY 28 2022

FUND 010 - GENERAL FUND

Description	2022 ORIGINAL BUDGET	2022 REVISED BUDGET	FY2022 THRU FEBRUARY	2022 ENCUMB	AVAILABLE BALANCE	2022 % USED
GENERAL GOVERNMENT						
TOWN COUNCIL	149,007	153,232	124,144	4,766	24,323	84.1%
CUSTOMER SERVICE	63,659	63,659	36,860	334	26,465	58.4%
TOWN MANAGER	710,745	756,108	513,891	160,725	81,492	89.2%
HUMAN RESOURCES	702,268	702,268	405,563	115,151	181,554	74.1%
FACILITIES MAINTENANCE	1,936,856	1,968,489	1,191,471	326,921	450,096	77.1%
TOTAL GENERAL GOVERNMENT	3,562,535	3,643,756	2,271,929	607,897	763,930	79.0%
COMMUNITY DEVELOPMENT						
COMMUNITY DEVELOPMENT	700,343	761,543	591,804	191,209	(21,470)	102.8%
BUILDING INSPECTION	633,127	669,747	472,269	215,354	(17,875)	102.7%
FIRE MARSHAL	376,333	376,333	236,423	72,050	67,861	82.0%
HEALTH	796,843	796,843	536,308	161,062	99,473	87.5%
TOTAL COMMUNITY DEVELOPMENT	2,506,646	2,604,466	1,836,804	639,674	127,988	95.1%
ADMINISTRATIVE SERVICES						
FINANCIAL ADMINISTRATION	746,119	773,765	536,080	172,833	64,853	91.6%
INFORMATION TECHNOLOGY	916,190	991,126	698,451	191,929	100,746	89.8%
ACCOUNTING	506,666	486,666	322,400	110,630	53,637	89.0%
PROPERTY ASSESSMENT	650,837	650,837	445,662	123,064	82,111	87.4%
REVENUE COLLECTION	517,508	517,508	337,479	116,730	63,299	87.8%
TOWN CLERK	547,806	546,306	363,999	124,467	57,840	89.4%
VOTER REGISTRATION	176,863	176,863	92,999	262	83,602	52.7%
LEGAL SERVICES	300,000	300,000	142,814	3,303	153,882	48.7%
PROBATE SERVICES	24,800	24,800	8,466	11,199	5,135	79.3%
INSURANCE/PENSIONS	1,968,268	1,952,018	1,459,345	120,338	372,336	80.9%
TOTAL ADMINISTRATIVE SERVICES	6,355,057	6,419,889	4,407,693	974,755	1,037,441	83.8%
PUBLIC SAFETY						
POLICE	14,659,602	14,820,076	10,262,270	2,830,690	1,727,116	88.3%
VOLUNTEER AMBULANCE	2,500	2,500	1,363	-	1,137	54.5%
FIRE	1,319,854	1,325,389	699,519	148,390	477,480	64.0%
CIVIL PREPAREDNESS	32,762	32,762	15,512	354	16,896	48.4%
TOTAL PUBLIC SAFETY	16,014,718	16,180,727	10,978,664	2,979,435	2,222,628	86.3%
PHYSICAL SERVICES						
ENGINEERING	1,792,824	1,794,835	1,214,344	408,807	171,684	90.4%
HIGHWAY	4,428,930	4,428,930	2,677,566	1,037,308	714,056	83.9%
FLEET MAINTENANCE	1,224,959	1,224,959	684,643	282,839	257,477	79.0%
TOTAL PHYSICAL SERVICES	7,446,713	7,448,724	4,576,553	1,728,954	1,143,217	84.7%

TOWN OF GLASTONBURY
CURRENT YEAR EXPENDITURES BY DIVISION
FY 2022 THROUGH FEBRUARY 28 2022


FUND 010 - GENERAL FUND

Description	2022 ORIGINAL BUDGET	2022 REVISED BUDGET	FY2022 THRU FEBRUARY	2022 ENCUMB	AVAILABLE BALANCE	2022 % USED
SANITATION						
REFUSE DISPOSAL	906,340	993,672	602,468	201,630	189,573	80.9%
TOTAL SANITATION	906,340	993,672	602,468	201,630	189,573	80.9%
HUMAN SERVICES						
CONTRIBUTORY GRANTS	34,077	34,077	34,077	-	-	100.0%
YOUTH/FAMILY SERVICES	1,576,528	1,576,528	1,049,675	321,679	205,174	87.0%
SENIOR & COMMUNITY SERVICES	1,529,020	1,540,724	877,633	252,026	411,064	73.3%
TOTAL HUMAN SERVICES	3,139,625	3,151,329	1,961,386	573,705	616,238	80.4%
LEISURE/CULTURE						
PARKS/RECREATION	4,284,254	4,432,707	2,642,035	931,458	859,214	80.6%
WELLES TURNER LIBRARY	1,869,016	1,871,125	1,205,916	336,819	328,390	82.4%
SOUTH GLASTONBURY LIBRARY	7,500	7,500	7,500	-	-	100.0%
EAST GLASTONBURY LIBRARY	7,500	7,500	7,500	-	-	100.0%
TOTAL LEISURE/CULTURE	6,168,270	6,318,832	3,862,951	1,268,277	1,187,604	81.2%
OTHER:Debt & Transfers						
DEBT SERVICE	7,036,742	7,036,742	3,119,089	3,386,194	531,459	92.4%
TRANSFERS	6,037,000	6,170,000	6,168,663	-	1,337	100.0%
TOTAL OTHER:Debt & Transfers	13,073,742	13,206,742	9,287,752	3,386,194	532,796	96.0%
EDUCATION						
EDUCATION	113,549,684	115,919,582	67,142,916	750	48,775,916	57.9%
TOTAL EDUCATION	113,549,684	115,919,582	67,142,916	750	48,775,916	57.9%
TOTAL 010 - GENERAL FUND	172,723,330	175,887,718	106,929,116	12,361,270	56,597,331	67.8%

TOWN OF GLASTONBURY

ADMINISTRATIVE SERVICES - Financial Administration

March 3, 2022

TO: Board of Finance
FROM:  Julie Twilley, Director of Finance & Administrative Services
RE: Capital Projects Fund Expenditures Report
For the Period Ended February 28, 2022 (FY 2021/2022)

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 February 28, 2022 report is **\$91.3m**.

Expenditures for current projects since inception through February 28, 2022 total **\$73.3m**. Encumbrances outstanding total **\$3.5m**. The most significant encumbrances are for Welles Turner Library Renovation (\$1.3m), GHS Fieldhouse (\$0.9m), Splash Pad (\$0.2m), Multi-School Locker Replacement (\$0.2m), Bridge Replacement/Rehabilitation (\$0.2m) and Riverfront Park and Boathouse (\$0.2m).

Capital expenditures through the month of February totaled **\$8.5m** and were for the Welles Turner Library Renovation, Land Acquisitions, Road Overlay, GHS Field House, Heavy Equipment, Smith Middle School Gym Floor, Town Aid Roads and other capital projects.

Attachment

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

TOWN OF GLASTONBURY
CAPITAL PROJECTS FUND
FY 2022 THROUGH FEBRUARY 28 2022

Description	REVISED BUDGET	EXPENDITURES INCEPTION TO DATE	FY2022 THRU FEBRUARY	2022 ENCUMB	AVAILABLE BALANCE
FUND 301 - CAPITAL RESERVE PROJECTS					
GenGovt/Public Safety (31006)					
51827 Town Buildings Security	700,000	565,256	22,250	21,045	113,699
51828 Facilities Study	70,000	-	-	-	70,000
51833 Disaster Prep/Recovery Resourc	1,134,000	883,866	-	-	250,134
51835 Fire Co Renovations/Code Compl	510,960	293,641	5,955	5,540	211,778
51836 Self Containd Breath Apparatus	520,000	520,788	-	-	(788)
51849 Public Safety Communications	1,270,000	397,516	-	-	872,484
51854 Police Building Windows	142,500	88,301	-	55,852	(1,653)
51854 Police Building Windows (Pol Bthrm Ren)	110,000	99,249	-	1,065	9,686
51855 Fiber Optic Network-School/Twn	1,192,000	1,124,420	7,311	-	67,580
51873 Land Acquisition	1,261,639	1,209,568	39,000	-	52,071
51875 Town Facilities Shop/Storage	1,195,000	1,165,853	118,393	1,500	27,647
51888 Property Revaluation	1,981,500	1,620,921	39,299	33,967	326,612
51892 Document Management System	460,000	378,186	46,824	66,031	15,783
51912 Tn Hall Improvements	1,718,849	1,714,150	-	-	4,699
51914 Townwide Roof Replacement	830,000	672,858	-	-	157,142
51915 Clean Renewable Energy In	1,487,044	1,381,110	53,022	792	105,142
51918 Design Guidelines	125,000	-	-	-	125,000
Total GenGovt/Public Safety	14,708,492	12,115,682	332,054	185,793	2,407,017
PhyServices Sanitation (31007)					
52828 Main Street Reconstruction	1,860,600	-	-	-	1,860,600
52829 Gateway Corp Park Bicyc Pedst	940,700	-	-	-	940,700
52830 Bridge Replacement/Rehabil	5,150,000	4,651,192	64,799	189,742	309,066
52831 Undergrd Fuel Strg Tank Replac	375,000	-	-	-	375,000
52847 Douglas/Sycamore Str Alignment	235,000	28,811	-	1,089	205,100
52848 Main Street Sidewalks Phase 3	1,420,000	653,094	22,780	15,281	751,625
52871 Parking/Access Drive Improvmt	1,000,000	825,045	228,155	-	174,955
52872 Hebron Avenue Resurfacing	1,276,806	1,134,807	61,812	-	141,999
52879 Sidewalk Construction Townwide ()	5,477	5,477	-	-	-
52879 Sidewalk Construction Townwide ()	494,045	-	-	-	494,045
52881 Cedar Ridge Public Water	250,000	250,000	-	-	-
52882 Sidewalk Repair and Maintenanc	600,000	580,734	231,091	-	19,266
52883 Townwide Drainage Solutions	300,000	212,164	95,005	995	86,841
52884 Town Center Streetscape Improv	206,186	-	-	-	206,186
52886 Old Maids Lane-Public Water	175,000	-	-	-	175,000
52946 Road Overlay ()	1,387,096	1,387,096	-	-	-
52946 Road Overlay ()	1,609,639	1,260,836	1,260,836	117,557	231,246
52949 Gen Bicycle/pedestrian Imprvmt	164,262	-	-	-	164,262
52951 Heavy Equipment	649,021	628,553	464,851	-	20,468
52958 Glastonbury Blvd Paving	2,200,000	1,982,777	89,289	4,602	212,620

TOWN OF GLASTONBURY
CAPITAL PROJECTS FUND
FY 2022 THROUGH FEBRUARY 28 2022

Description	REVISED BUDGET	EXPENDITURES INCEPTION TO DATE	FY2022 THRU FEBRUARY	2022 ENCUMB	AVAILABLE BALANCE
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	232,901	10,900	-	42,099
52963 Hebron Ave/House St Improvemen	1,975,000	1,610,474	94,608	2,843	361,684
52964 Public Water Service - Uranium	50,000	28,450	1,910	6,550	15,000
52965 Mill St Bridge Replacement	180,000	-	-	-	180,000
Total PhyServices Sanitation	24,452,020	17,048,754	2,626,037	338,659	7,064,607
Culture/Parks &Recreation (31008)					
53825 Addison Park Renovations	295,000	29,382	20,000	3,830	261,789
53832 Aquatics Facility	125,000	112,896	-	-	12,104
53837 Minnechaug Golf Improvements	512,500	391,330	1,729	50	121,120
53838 Library Exterior Renovations	94,624	-	-	-	94,624
53839 Multi-Use Trail	1,228,000	1,100,232	56,464	13,253	114,515
53841 Splash Pad	550,013	350,850	155,038	197,432	1,731
53842 PICKLEBALL COURTS	80,000	4,800	4,800	1,200	74,000
53843 Riverfront Park and Boathouse	119,000	22,488	22,488	158,040	(61,528)
53853 Mower 16' Rotary Mower Rplcmnt	113,415	113,415	-	-	-
53856 Parks Facility Renov/Expansion	1,038,500	1,037,722	31,391	-	778
53856 Parks Facility Renov/Expansion ()	-	925	-	-	(925)
53857 Riverfront Park Extension	803,973	777,023	-	-	26,950
53860 Library Upgrade/Redesign	412,000	247,561	-	-	164,439
53874 Tree Management	503,205	416,467	172,980	71,519	15,218
53875 Cider Mill	80,000	39,926	-	-	40,074
53920 Open Space Access	540,000	337,861	-	14,290	187,849
53921 Winter Hill	235,000	134,423	18,655	5,400	95,177
Total Culture/Parks &Recreation	6,730,230	5,117,303	483,545	465,014	1,147,914
Education (31009)					
55836 HVAC/Boilers (CAP RES-GID WEL)	1,414,178	1,395,776	3,500	17,450	952
55839 Energy Audit--All Schools	260,500	241,303	-	-	19,197
55847 GHS Fieldhouse	2,328,004	1,607,918	877,958	876,919	(156,833)
55860 GHS Kitchen Upgrades	1,675,000	1,649,688	-	-	25,312
55863 GHS Parking and Access Drives	365,000	365,616	-	-	(616)
55868 Smith Middle School Gym Floor	621,664	621,343	311,680	-	321
55870 School Roofs	50,000	14,788	-	-	35,212
55871 Multi-School Locker Replacemnt	460,000	27	27	231,773	228,200
55872 Gideon Welles Design-Roof Repl	50,000	18,603	18,603	16,748	14,650
55873 EDU-Feasibility Analysis/Cost	100,000	-	-	-	100,000
Total Education	7,324,346	5,915,063	1,211,767	1,142,890	266,393
TOTAL 301 - CAPITAL RESERVE PROJECTS	53,215,088	40,196,802	4,653,403	2,132,356	10,885,931

FUND 302 - SEWER SINKING PROJECTS

TOWN OF GLASTONBURY
CAPITAL PROJECTS FUND
FY 2022 THROUGH FEBRUARY 28 2022

Description	REVISED BUDGET	EXPENDITURES INCEPTION TO DATE	FY2022 THRU FEBRUARY	2022 ENCUMB	AVAILABLE BALANCE
PhySer Sewer Sinking (32007)					
52887 Eastbury Pump Statn Generator	75,000	-	-	-	75,000
52888 WPC Emergency Power	202,500	154,104	-	-	48,396
52889 WPC Energy Conservation Prog	315,000	92,247	-	12,021	210,731
52893 Cider Mill Pump Station	1,791,000	1,670,692	-	-	120,308
52937 Sewer System Force Main Evalua	150,000	-	-	-	150,000
Total PhySer Sewer Sinking	2,533,500	1,917,043	-	12,021	604,435
TOTAL 302 - SEWER SINKING PROJECTS	2,533,500	1,917,043	-	12,021	604,435
FUND 303 - LAND ACQUISITION					
Land / Open Space (33157)					
78830 Land 2017	4,000,000	4,000,000	194,753	-	-
78831 Land 2020	3,000,000	1,559,025	1,559,025	-	1,440,975
Total Land / Open Space	7,000,000	5,559,025	1,753,778	-	1,440,975
TOTAL 303 - LAND ACQUISITION	7,000,000	5,559,025	1,753,778	-	1,440,975
FUND 304 - TOWN AID					
PhySer Conn Grant (33207)					
52942 Town Aid Improved Rds ()	207,928	207,928	-	-	-
52942 Town Aid Improved Rds ()	866,886	307,304	307,304	34,120	525,462
52943 Town Aid Unimproved Rds ()	5,510	5,510	-	-	-
52943 Town Aid Unimproved Rds ()	25,314	-	-	-	25,314
Total PhySer Conn Grant	1,105,638	520,742	307,304	34,120	550,776
TOTAL 304 - TOWN AID	1,105,638	520,742	307,304	34,120	550,776
FUND 314 - RIVERFRONT PARK					
Riverfront Park - Phase I (34560)					
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	-	-	-	-	-
Total Riverfront Park - Phase I	4,250,000	4,249,998	-	-	2
RIVERFRONT PARK - PHASE II (34561)					
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
Total RIVERFRONT PARK - PHASE II	15,610,000	15,605,220	-	74	4,706
TOTAL 314 - RIVERFRONT PARK	19,860,000	19,855,218	-	74	4,708

TOWN OF GLASTONBURY
CAPITAL PROJECTS FUND
FY 2022 THROUGH FEBRUARY 28 2022

Description	REVISED BUDGET	EXPENDITURES INCEPTION TO DATE	FY2022 THRU FEBRUARY	2022 ENCUMB	AVAILABLE BALANCE
FUND 316 - GATEWAY PROJECT					
Gateway Corporate Park (35357)					
52845 Gateway Corp. Park	888,541	869,410	-	-	19,131
Total Gateway Corporate Park	888,541	869,410	-	-	19,131
TOTAL 316 - GATEWAY PROJECT	888,541	869,410	-	-	19,131
FUND 318 - LIBRARY RENOVATION					
Welles Turner Library Renov (34509)					
66805 Administrative	110,515	121,776	59,458	9,398	(20,659)
66810 Engineering	500,000	469,864	50,558	22,763	7,374
66824 Machinery & Equipment	550,000	16,041	16,041	513,631	20,328
66825 Construction	5,000,000	3,799,295	1,618,780	733,120	467,586
66829 Contingency	350,000	-	-	-	350,000
Total Welles Turner Library Renov	6,510,515	4,406,976	1,744,838	1,278,912	824,628
TOTAL 318 - LIBRARY RENOVATION	6,510,515	4,406,976	1,744,838	1,278,912	824,628
FUND 319 - BULKY WASTE CLOSURE FUND					
BULKY WASTE CLOSURE FUND (34519)					
66829 Contingency	160,000	-	-	-	160,000
Total BULKY WASTE CLOSURE FUND	160,000	-	-	-	160,000
TOTAL 319 - BULKY WASTE CLOSURE FUND	160,000	-	-	-	160,000
GRAND TOTAL	91,273,282	73,325,216	8,459,323	3,457,483	14,490,584

TOWN OF GLASTONBURY

MEMORANDUM

DEPARTMENT OF ADMINISTRATIVE SERVICES

FINANCIAL ADMINISTRATION

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

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

DATE: March 7, 2022

SUBJECT: Self Insurance Reserve Update February 2022

The attached report summarizes the Self Insurance Reserve fund through February 28, 2022. The total reserve is \$15,902,757 allocated \$3,761,036 and \$12,141,721 between Town and Board of Education, respectively. As of February the fund is experiencing a \$1,424,002 gain for the fiscal year.

There are 6 large loss claims which are defined as any claims that exceed \$50,000. BOE has 5 while the Town has 1 large loss claims. No claims 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

SELF INSURANCE RESERVE FUND

YTD Balances As of: February 28, 2022

	Town	Education	Total
Contributions			
Employer	\$3,542,215	\$8,278,782	\$11,820,998
Employee	874,510	2,189,618	3,064,128
Stop Loss Reimbursement	63,056	90,043	153,099
Total Revenues	\$4,479,781	\$10,558,444	\$15,038,225
Expenditures			
Anthem			
ASO Fees	\$81,283	\$310,043	\$391,326
Claims	2,476,223	8,924,697	11,400,920
	\$2,557,505	\$9,234,740	\$11,792,245
CTCare			
ASO Fees	-	-	-
Claims	24,052	239,252	263,303
	24,051.96	\$239,252	\$263,303
Delta Dental			
ASO Fees	\$11,386	-	\$11,386
Claims	119,626	-	119,626
	\$131,012	-	\$131,012
Bank Fees/PCORI Fee	\$1,168	\$3,815	\$4,983
CT Prime	354,364	1,000,815	\$1,355,179
OneDigital Consultant Fees	13,500	54,000	67,500
	\$369,033	\$1,058,630	\$1,427,663
Total Expenditures	\$3,081,602	\$10,532,622	\$13,614,223
Current Year Revenues Less Expenses	\$1,398,179	\$25,822	\$1,424,002
Reserve July 1, 2021	\$2,362,857	\$12,115,899	\$14,478,755
Reserve at end of month	\$3,761,036	\$12,141,721	\$15,902,757

	Town		BOE		Total
Reserve at end of month	\$ 3,761,036	\$	12,141,721	\$	15,902,757
Recommended Minimum Reserve ^A	\$ 1,239,554	\$	4,125,707	\$	5,365,261
Variance Over/(Under) Reserved	\$ 2,521,482	\$	8,016,014	\$	10,537,496

A. As of February 2022. The next update will be provided in May 2022.

**TOWN OF GLASTONBURY
BUDGET TRANSFERS AND AMENDMENTS**

FUND	GENERAL FUND
SOURCE OF FUNDS	GENERAL FUND – INTRA DEPARTMENT
ACTION REQUIRED	TOWN MANAGER

REASON FOR TRANSFER

This transfer will reallocate budgeted funds from one legal account (Labor) to another legal account (Alternate).

TRANSFER FROM	ACCOUNT CODE	AMOUNT
GENERAL FUND		
Legal Services – Town Attorney Labor	01531-43664	\$4,000

TRANSFER TO	ACCOUNT CODE	AMOUNT
GENERAL FUND		
Legal Services – Town Attorney Alternate	01531-43662	\$4,000

Date 3-3-2022

Town Manager

TOWN OF GLASTONBURY
TRANSFER OF FUNDS

FUND	General Fund
SOURCE OF FUNDS	Town Manager
ACTION REQUIRED	Town Manager


REASON FOR TRANSFER

Transfer required for cost of MAI Appraisal of potential town land acquisition.

TRANSFER FROM	ACCOUNT CODE	AMOUNT
Town Manager Printing/Reproduction	01113-43650	\$4,200.00

TRANSFER TO	ACCOUNT CODE	AMOUNT
Town Manager Professional Services	01113-43660	\$4,200.00

3-10-2022



Date _____ Town Manager _____

BANK COLLATERALIZATION REPORT

AS OF December 31, 2021

PUBLIC FUNDS PROTECTION CGS 7-400/36A-330

Bank	Tier-One Leverage Ratio	and	Risk-Based Capital Ratio	and	Minimum Collateral Required	Uninsured Public Deposits (in 000's)	Total Collateral (in 000's)	Is Total Collateral Greater Than Required Collateral ^(A)
	6% or grtr		12% or grtr		10%			
	< 5%		< 10%		110%			
	All others				25%			
Bank of America	7.56%		14.41%		10.00%	641,605	92,340	Yes
Citizens Bank	9.40%		12.36%		10.00%	180,358	30,000	Yes
JP Morgan/Chase	8.00%		17.81%		10.00%	78,064	101,000	Yes
People's United	8.64%		13.98%		10.00%	1,083,452	190,711	Yes
TD Bank	8.49%		19.34%		10.00%	1,264,932	160,000	Yes
Webster Bank	8.72%		13.69%		10.00%	1,638,879	197,393	Yes
Liberty Bank	12.07%		17.09%		10.00%	269,954	46,094	Yes

(A) Required Total Collateral > Minimum Collateral Required % X Uninsured Public Deposits.

TOWN OF GLASTONBURY

ADMINISTRATIVE SERVICES - Financial Administration

March 4, 2022

TO: Board of Finance
FROM: *JBT* Julie Twilley, Director of Finance & Administrative Services
RE: \$2,375,000 General Obligation Bond Issuance

The Town of Glastonbury held a Bond offering for sale at public bidding on February 24, 2022. In October 2021, Moody's Investors Service issued a Credit Opinion of 'Aaa stable' and S&P Global Ratings assigned its 'AAA/Stable' long-term rating to Glastonbury.

The offering received six competitive bids, with the final award as follows:

- \$2,375,000 General Obligation Bonds, Issue of 2022:
 - Awarded to Fidelity Capital Markets – Boston, MA
 - True Interest Cost (TIC) of 1.66%
 - 10-Year Bonds (last maturity 3/1/2032)

Cc: Richard J. Johnson, Town Manager
Narae McManus, Controller

MEMORANDUM

To: Board of Finance
From: Richard J. Johnson, Town Manager
Date: March 10, 2022
Re: **Waiver of Competitive Bidding Process**

This is a recommendation to waive the competitive bid process for pavement reclamation services over the 2022 construction season. Summary background information as follows:

- Cities and towns routinely participate in the competitive State bidding process for a variety of goods and services. The buying power of the State and political subdivisions achieves cost efficiencies.
- The State process historically included pavement surfacing, milling and pavement reclamation. However, in 2021 and again this year, the State contract does not include pavement reclamation.
- Competitive pricing recently offered to other area communities indicate unit costs above the pricing Tilcon, Inc. competitively bid in 2019. Tilcon has agreed to honor the 2019 pricing (see attached).
- For Glastonbury to participate in this favorable pricing, a bid waiver is required. A bid waiver was approved in 2021 and conditions the same for the 2022 construction season. A preliminary estimate totals \$25,000 in expected savings (current pricing v. 2019 pricing).

Based on estimated savings of \$25,000, a bid waiver is recommended as in the best interest of the Town.

Please schedule this topic for the Wednesday, March 16, 2022 Board of Finance meeting.

RJJ/sal
Attachment

cc: Julie Twilley, Director of Finance & Administrative Services



TILCON CONNECTICUT INC. * P. O. Box 1357 * New Britain, CT 06050-1357
A CRH Company

Rick Birge
Manager of Construction
(O) 860-224-6027 (C) 860-543-4810
RBirge@Tilcon-Inc.com

To Our Valued Customers:

This letter is regarding the situation where the CTDOT has excluded the roadway reclaiming and grading items from this year's Vendor in Place milling bid #20PSX0167, as the CTDOT does not have any planned for themselves this season.

As a courtesy to our longtime customers, TILCON CT, Inc. has chosen to carry over the bid pricing that had been in place for the 2019-20 construction seasons Bid # 18PSX0309. We understand that the late notification from the CTDOT has made it difficult for municipalities to plan and schedule for these operations right now and feel that matching the low bid pricing that you have used for the past two years under CTDOT Contract # 18PSX0309 will be helpful in getting these operations in motion as the construction season has begun.

We have had similar requests by other municipalities, and they will be receiving the same benefit for the upcoming 2021 paving season.

Please let us know if you have any questions. Have a great day and we look forward to working with you this season.

Richard H. Birge

A handwritten signature in blue ink, appearing to read "Richard H. Birge", written over a horizontal line.

Manager of Construction
Tilcon Connecticut Inc

AN AFFIRMATIVE ACTION / EQUAL OPPORTUNITY EMPLOYER