

GLASTONBURY BOARD OF FINANCE
Amended REGULAR MEETING MINUTES (see page 1, item # 3)
WEDNESDAY, JUNE 15, 2022

The Glastonbury Board of Finance, along with 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 was Narae McManus, Controller.

Roll Call

Members

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

1. Public Comment Session: Comments pertaining to the call ***None***
2. Communication: Minutes of May 18, 2022 Regular Meeting

Minutes accepted as presented.

3. Communication: Pension Report - April 2022

Mr. Johnson reviewed the report dated May 17, 2022. Equity markets are having a negative influence on the fund. Mr. Soper commented that he had asked Mr. Kachmar for information on outside funds which are not available publicly. After a few weeks of no response, Mr. Soper conducted his own follow up research. He was able to speak with one private fund which provided information on its publicly available funds. Mr. Soper believes that the Board needs to know what the Town invests in.

Mr. Soper also inquired as to how the Board can contact Mr. Kachmar. Mr. Johnson explained that he will contact Mr. Kachmar to put together information and respond to all Board members. Ms. Karp stated that, in her experience serving in other Town bodies, having one procedural channel to send and receive information works best. In this case, she would like all the information to go through Mr. Johnson and then conveyed to the full Board. Mr. Lynn noted that he has asked previously for information on the Town’s overall portfolio risk, but Mr. Kachmar has not yet provided a response.

4. Communication: Month End Investments – April 2022

Ms. McManus reviewed the report dated May 13, 2022. Mr. Zeller asked to know when the maturity date is for the Liberty CD. Mr. Soper pointed out that the Federal Reserve has raised the interest rate today by 0.75%, so higher rates are on the horizon.

5. Communication: Financial Summary for 11 months - May 2022

Mr. Johnson reviewed the report dated June 3, 2022.

6. Communication: Capital Projects – May 2022

Mr. Johnson reviewed the report dated June 3, 2022. Mr. Lynn stated that he has visited the new splash pad which looks great. Ms. Karp noted that the Rotary Club honored Mr. Johnson, which was well deserved.

7. Communication: Self Insurance Reserve Fund – May 2022

Ms. McManus reviewed the report dated June 3, 2022.

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

- a. IT Laptops (\$3,000)
- b. Community Development Legal/Advertising (\$1,320)
- c. Community Development Office Supplies (\$1,160)
- d. Community Development Training & Dues (\$1,775)
- e. Police Entrance Gate Actuator (\$3,750)

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

- a. Debt Service to Capital Reserve Fund (\$378,700)

Mr. Johnson explained that each year, the budget includes an assumption for debt administration. Funds are also set aside for temporary interest costs that might accrue within a particular year, which is then transferred to the Capital Reserve Fund. This year, there was no temporary interest, and the debt service cost was reduced by a bond refunding, so the Town is in a very favorable position.

Mr. Zeller noted that while the Council sought to leave the Unassigned Fund Balance untouched, he is not aware that they showed any similar disinterest in doing so with this new additional revenue. He asked if the Council was aware of this money. Mr. Johnson stated that he did not speak with the Council about estimated fiscal year 2022 operations. However, the Council decided that they did not want to increase the use of fund balance for ongoing operations. Therefore, it would not have made any difference. Ms. Karp opined that if the Council did not want to take that approach for the \$30 million in the Unassigned Fund Balance, then they likely would not have wanted to do so for \$400,000.

Ms. Karp asked if the \$1 million in the Capital Reserve Fund is before or after this transfer. Mr. Johnson stated that the goal of the Capital Improvement criteria is to have a minimum Unassigned Fund Balance in the Capital Reserve Fund of \$1 million. They try not to over-project cost so that the fund balance dips below that amount. If there are monies left in the debt service account, they could be transferred to the Capital Reserve Fund to support care and maintenance of capital infrastructure, which will likely cost more in the next few years.

Motion by: Ms. Karp

Seconded by: Mr. Soper

BE IT RESOLVED, that the Glastonbury Board of Finance hereby recommends to the Town Council a transfer of \$378,700 from the General Fund - Debt Service to the General Fund - Transfers to the Capital Reserve Fund, as presented without changes.

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

b. Refuse Satellite Food Waste (\$7,000)

Mr. Johnson explained that they are always looking for ways to remove municipal solid waste from the waste stream. Blue Earth Compost collects and transports food waste to Southington, where it is burned to generate electricity. The tip fee for food waste (\$65 per ton) is less than the tip fee for solid waste (\$110 per ton, effective July 1). From a cost benefit standpoint, the tradeoff is not very clear, but from an environmental standpoint, this is a more beneficial action than simply hauling off food waste to Murphy Road Recycling.

Motion by: Ms. Karp

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Glastonbury Board of Finance hereby approves a transfer of \$7,000 from the Refuse Disposal - Office Equipment/Furniture to Refuse Disposal - Machinery Equipment, as presented without changes.

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

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

11. **Action:** Approval of Financial Institutions

Ms. McManus reviewed the list of approved financial institutions for use by the Town. This year, LPL Financial has been added to start investing in treasury bills. Mr. Soper asked who the custodian for the pension is. Ms. McManus replied that the custodian is now Principal. Mr. Soper asked why the Town switched from Wells Fargo. Ms. McManus believes that Principal acquired the Wells Fargo pension plan. Mr. Soper asked why the Town has selected LPL Financial to purchase treasuries. Ms. McManus explained that People's United Bank, which is now M&T Bank, acquired LPL Financial.

Motion by: Ms. Karp

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby recommends to the Town Council for approval the investment pool and the securities broker-dealer listed on the attached sheet, effective June 2022 through June 2023.

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

Motion by: Ms. Karp

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby recommends to the Town Council for approval the banking institutions and broker-dealer listed on the attached sheet, effective June 2022 through June 2023.

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

12. Communication: Bank Collateralization Report

Ms. McManus reviewed the report as of March 31, 2022.

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

Mr. Constantine stated that PBC has not yet met.

a. Discussion Topics (requested by Board Member Soper)

i. Adjustment to Mill Rate for motor vehicles

Mr. Johnson explained that the motor vehicle mill rate cap proposed by the Governor was 29 mills with a \$3.064 million grant allocated to Glastonbury. However, the legislature desired that the aggregate statewide motor vehicle grants total \$100 million. Thus, the cap was revised and set at 32.46 mills. Accordingly, the Town's grant was readjusted to about \$1.79 million, which is about a \$1.275 million reduction. Town Staff has looked at the revenue accounts and determined that investment income could be pushed up by \$825,000. The State authorized the legislative body by a deadline of June 15 to revise the motor vehicle mill rate if they so choose. That is why Mr. Johnson brought over this matter to the legislative body (the Council), and not the BOF.

Mr. Zeller regrets that the Town allowed themselves to be fooled. This is the second time that the State is going to solve a problem for them. He hopes that, in the future, they are more conservative in the assumptions they make about what kind of money the Town will receive from the State. He was disappointed that the Council did not discuss going back in and reducing budgets.

ii. Rating Agency Reports

Mr. Soper explained that there has been a lot of discussion on the bond rating. Town bodies ought to come to an agreement as to what influences a downgrade in bond ratings. He would find it useful to have a representative from either S&P or Moody's come in and speak to the Board and the Council. Both Mr. Zeller and Mr. Lynn agreed, explaining that no one was truly informed as to what would happen to the Town's bond rating when discussing whether to transfer \$1 million into the pension fund. Mr. Lynn believes that the BOF and the Council should operate on the same standpoint. Ms. Karp agrees that both bodies should be on the same page, but she pointed out that, for the Town Council, it is not just a question of "if" but also "what for."

Mr. Johnson stated that there should be a long-term strategy on fund balance because the Town does not necessarily have to have one over the other: the Town could retain its AAA bond rating while also judiciously managing how that fund balance is allocated. He agrees that there will be different views on how the funds should be allocated, so it should be a discussion topic not limited to just two weeks during the budget season. Mr. Soper concurred. His concern is not what the Council did with the money but their reasoning to not put money into the pension fund because it would lower the bond rating. They did not know whether that is actually true or not.

Motion by: Mr. Zeller

Seconded by: Ms. Karp

BE IT RESOLVED, that the Glastonbury Board of Finance hereby adds to the agenda Item 14 referencing a land acquisition.

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

14. **Action:** Land acquisition (*added to agenda*)

- a. 8±-acre Botticello Acres, LLC property (\$25,600).

Mr. Johnson explained that this matter came up in the last few days. The 8±-acre Botticello Acres, LLC property is located just south of Town Hall. It adjoins parcels which are owned by the Town. This purchase would further the Town's goal of owning riverfront land. The Council introduced this proposal yesterday and the agreement was signed. The recommendation is to fund it through the capital account for land rather than using bond proceeds. Mr. Zeller asked if the gate will be removed. Mr. Johnson stated no, people will have to walk around it.

Motion by: Mr. Zeller

Seconded by: Ms. Lynn

BE IT RESOLVED, that the Glastonbury Board of Finance hereby recommends to the Town Council the purchase of the Botticello Acres, LLC property for \$25,600 from the Land Acquisition Capital Project Fund.

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

15. Adjournment

Motion by: Mr. Soper

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of June 15, 2022, at 5:10 p.m.

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

Respectfully submitted,

Lilly Torosyan

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Recording Clerk

For anyone seeking more information about this meeting, a video on demand is available at www.glastonbury-ct.gov/video; click on Public Broadcast Video On Demand, and an audio recording is available in the Finance and Administrative Services Office.