

**GLASTONBURY BOARD OF FINANCE  
REGULAR MEETING MINUTES  
WEDNESDAY, JULY 20, 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 {excused}  
Ms. Susan Karp  
Mr. Robert Lynn  
Mr. James Zeller

1. Public Comment Session: Comments pertaining to the call ***None***
2. Communication: Minutes of June 15, 2022 Regular Meeting

Mr. Soper noted that on page 1, under Communication: Pension Report, the line, “on ***all*** publicly available funds,” should be changed to “on ***its*** fund.”

***Minutes accepted as amended.***

3. Communication: Pension FY23

Mr. Johnson reviewed the report dated July 15, 2022. Mr. Soper noted that the pension will begin to have a net cash outflow over the next few years. He asked to hold a discussion about the possibility of keeping more money in short-term investments. Mr. Johnson will add it to the list for discussion.

4. Communication: Pension Investments

Mr. Johnson reviewed the report dated July 14, 2022. He confirmed that both Mr. Lynn and Mr. Soper forwarded questions for Mr. Kachmar who has agreed to present the information in September. Mr. Lynn stated that he would like to see the risk profile earlier. Mr. Soper concurred, stating that this information should have been available for the Board a month ago. Mr. Johnson will speak with Mr. Kachmar again tomorrow and circle back.

5. Communication: Pension Report - May 2022

Mr. Johnson reviewed the report dated June 21, 2022. He noted that the report has changed since May, and not for the better.

6. Communication: Month End Investments – May 2022

Ms. McManus reviewed the report dated June 10, 2022. This month, the Town purchased \$13 million of 3–6-month treasury bills which are earning between 2.41-2.87% in interest.

7. Communication: Financial Summary (Revenue & Expenditure) for 12 months - June 2022

Mr. Johnson reviewed the report dated July 13, 2022. He noted that a lot of items are backed up, such as the new police hybrid vehicles. This is very preliminary, but he expects a modest net gain on operations. More will be known in September.

8. Communication: Capital Projects – June 2022

Mr. Johnson reviewed the report dated July 7, 2022. There will be a ribbon cutting ceremony for the field house locker room project on August 11. That project ran over budget while other education projects were completed below budget. A recommended transfer will likely be presented to the Board in September. Mr. Constantine asked about the tree in front of the library. Mr. Johnson explained that an arborist has conducted an independent report on the tree and what kind of protection plan is needed. That report is expected within the next week or two.

9. Communication: Self Insurance Reserve Fund – June 2022

Ms. McManus reviewed the report dated July 7, 2022. The fund is experiencing a \$1.6 million gain, and there have been 20 large loss claims: 13 from the BOE and 7 from the Town, of which three have exceeded the individual stop loss limit: two from the BOE and one from the Town.

10. Communication: Elderly Homeowners Tax Credit Update

Ms. McManus reviewed the report dated June 23, 2022. She explained that this is in line with what was approved in the prior year.

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

- a. HR Recruitment (\$4,000)
- b. Facilities Video Licenses (\$4,300)
- c. Town Council Professional Services (\$500)

12. Action: Transfers over \$5,000 (none)

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

Mr. Johnson explained that the Council is considering presenting a question to the voters this November for a \$3 million bond authorization for land acquisition and preservation. The Town has held 12 previous bond authorizations. Part of the process requires a recommendation from the BOF. Mr. Zeller asked, if a parcel came on that the Town did not have the money to purchase, could the Unassigned Fund Balance be used. Mr. Johnson stated yes, there have been times when the General Fund or the Capital Reserve Fund have been used. However, historically, the majority have been through this program.

Mr. Zeller stated that the tax abatement program showed that few parcels are over 10 acres. His takeaway was that there are not a lot of properties left for the Town to purchase. Ms. Karp supports going to referendum for \$3 million. The Town Manager and Town Council might know more about what acquisitions become available than the BOF does. Mr. Zeller is concerned that they are asking the public to vote on something they do not know they are going to receive. For the last decade, the Council has indicated that they do not want to borrow. Additionally, the

Unassigned Fund Balance could easily be used for any parcel the Council would like to purchase, and then the taxpayers could be asked to bond it or not. Mr. Zeller is concerned that what they are doing is not what was intended by the ordinance. Each year, money is supposed to go into the Land Acquisition and Preservation Fund during the annual budget, not by bonding. In fact, the BOF has almost no role in this.

Ms. Karp does not seek to usurp a program which has been so well received by taxpayers. Mr. Soper thinks that the program has been very successful. However, he is looking at how it is funded, which is the BOF's role. From a financial standpoint, he is troubled by the reasoning that the Council would not bond for the field house when interest rates were 1-2% but would like to bond for land acquisition when interest rates are now 4-5%. Ms. Karp noted that this only gives authorization to bond. If the Council saw that interest rates were high and other funding options were available, she is confident that that discussion would take place.

Mr. Zeller pointed out that though the ordinance was written in the 1980s, it was subjected to an extensive review in June 2020. While this action is permissible, it is not in the spirit of how the ordinance was written. He asked what the current balance of the Unassigned Fund Balance is. Mr. Johnson stated about \$31 million. Mr. Zeller pointed out that there may be another \$1.5 million added to that.

Mr. Lynn supported bonding items such as the field house and the boilers. Land does not depreciate, so it is a good use for bonding. He asked what would happen if the BOF did not authorize this. Mr. Johnson stated that the Town Council would not be able to go forward. Mr. Lynn supports the land purchasing program, but laments that bonding was not used for other projects. If this is such a successful program, then he agrees with Mr. Zeller that the language should be put into the ordinance.

Mr. Zeller asked if land acquisition money can be used to purchase land for the recently approved affordable housing plan. Mr. Johnson stated that the language reads as "a school or municipal facility" and "orderly development of the town," so it would have to fall under those two criteria. He agreed with Mr. Lynn that borrowing for land is a sound idea. Cash resources should be allocated to projects that would not be suitable for borrowing. There is nothing in the ordinance that precludes the Town from issuing bonds. If the program has been done incorrectly, then it has been so since 1988. He noted that not every land acquisition that the Town considers fits within this ordinance. In that case, the best place to go would be the General Fund.

Mr. Zeller suggested that Mr. Johnson make, as part of his budget, a \$500,000 expenditure to the Land Acquisition and Preservation Fund, which is what the ordinance calls for. Ms. Karp agrees that there needs to be an in-depth conversation about the Unassigned Fund Balance, which could bring to light other options. However, not approving this action would be a huge detriment to the community. Mr. Johnson will work on the fund balance outside of the budget process. It is a conversation that needs to happen with thoughtful review. Mr. Lynn agreed, stating that it is important to understand what is truly "unassigned" when there is \$35 million cash on hand.

***Motion by:*** Ms. Karp

***Seconded by:*** Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance recommends to the Town Council the adoption of the following entitled resolution:

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

and the full text of such resolution shall be included in these minutes as an attachment.

RESOLVED,

- a. That the Town of Glastonbury appropriate THREE MILLION DOLLARS (**\$3,000,000**) for the purchase of development rights and the acquisition of land pursuant to the Town's Ordinance establishing a Reserve for Land Acquisition, as it may hereafter be amended from time to time. Such funds shall be used for the purchase of development rights and/or the acquisition of land but only after referral of the proposed purchase or acquisition to the Town Plan and Zoning Commission and after public hearing as required by said ordinance and approval by the Town Council. The appropriation may be spent for survey fees, feasibility and planning studies related to any potential acquisition, legal fees, net interest on borrowings and other financing costs, and other expenses related to the project and its financing.
- b. That the Town issue bonds or notes in an amount not to exceed THREE MILLION DOLLARS (**\$3,000,000**) to finance the appropriation for the project. The amount of bonds or notes authorized to be issued shall be reduced by the amount of grants received by the Town for the project unless the Town approves an additional appropriation to spend such grants. The bonds or notes shall be issued pursuant to Section 7-369 of the General Statutes of Connecticut, Revision of 1958, as amended, and any other enabling acts. The bonds or notes shall be general obligations of the Town secured by the irrevocable pledge of the full faith and credit of the Town.
- c. That the Town issue and renew temporary notes from time to time in anticipation of the receipt of the proceeds from the sale of the bonds or notes for the project. The amount of the notes outstanding at any time shall not exceed THREE MILLION DOLLARS (**\$3,000,000**). The notes shall be issued pursuant to Section 7-378 of the General Statutes of Connecticut, Revision of 1958, as amended. The notes shall be general obligations of the Town and shall be secured by the irrevocable pledge of the full faith and credit of the Town. The Town shall comply with the provisions of Section 7-378a of the General Statutes if the notes do not mature within the time permitted by said Section 7-378.
- d. That the Town Manager and the Treasurer of the Town shall sign any bonds or notes by their manual or facsimile signatures. The Town Manager and the Treasurer are authorized to determine the amounts, dates, interest rates, maturities, redemption provisions, form and other details of the bonds or notes; to designate one or more banks or trust companies to be certifying bank, registrar,

transfer agent and paying agent for the bonds or notes; to provide for the keeping of a record of the bonds or notes; to designate a financial advisor to the Town in connection with the sale of the bonds or notes; to sell the bonds or notes at public or private sale; to deliver the bonds or notes; and to perform all other acts which are necessary or appropriate to issue the bonds or notes.

- e. That the Town hereby declares its official intent under Federal Income Tax Regulation Section 1.150-2 that project costs may be paid from temporary advances of available funds and that (except to the extent reimbursed from grant moneys) the Town reasonably expects to reimburse any such advances from the proceeds of borrowings in an aggregate principal amount not in excess of the amount of borrowing authorized above for the project. The Town Manager and the Treasurer are authorized to amend such declaration of official intent as they deem necessary or advisable and to bind the Town pursuant to such representations and covenants as they deem necessary or advisable in order to maintain the continued exemption from federal income taxation of interest on the bonds or notes authorized by this resolution, if issued on a tax-exempt basis, including covenants to pay rebates of investment earnings to the United States in future years.
- f. That the Town Manager and the Treasurer are authorized to make representations and enter into written agreements for the benefit of holders of the bonds or notes to provide secondary market disclosure information, which agreements may include such terms as they deem advisable or appropriate in order to comply with applicable laws or rules pertaining to the sale or purchase of such bonds or notes.
- g. That the Town Manager, on behalf of the Town, is authorized to apply for and accept federal and state grants to help finance the appropriation for the project, and to enter into any grant agreement necessary to obtain such grants. Any grant proceeds may be used to pay project costs or principal and interest on bonds, notes, or temporary notes.
- h. That the Town Manager or his designee shall administer and supervise the project. The Town Manager, the Treasurer and other proper officers of the Town are authorized to take all other action which is necessary or desirable to complete the project and to issue bonds, notes, or other obligations to finance the aforesaid appropriation.
- i. That this resolution shall not become effective until approved at referendum pursuant to Section 312 of the Town Charter. The wording of the question for the referendum ballot shall be:

“SHALL THE TOWN OF GLASTONBURY APPROPRIATE **\$3,000,000** FOR THE PURCHASE OF DEVELOPMENT RIGHTS AND ACQUISITION OF LAND PURSUANT TO THE ORDINANCE ESTABLISHING THE TOWN’S RESERVE FOR LAND ACQUISITION AND AUTHORIZE THE ISSUE OF BONDS AND

NOTES IN THE SAME AMOUNT TO FINANCE SAID APPROPRIATION?"

**Disc:** Mr. Lynn believes that it is a good idea to bond. However, it was short-sighted of the Council to not bond other things when they were in a quantitative easing mode. He supports residents voting on the \$3 million and giving the Council the flexibility to purchase more land. Mr. Zeller will reluctantly support this action, but it will be the last time, if there is no line item in the annual budget in the future.

Mr. Soper will not support this action because there are too many unknowns as far as interest rates and costs. He has supported the program and is an owner of open space, but he is disappointed in what the Council has not done, as far as appropriately funding and potentially bonding. If at least part of it was funded in the budget process, then it would be thought through in a more direct manner. The BOF's role is to ensure that there is some discipline as far as the finances go.

**Result:** Motion passed {4-1-0}, with one vote against by Mr. Soper.

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

Mr. Constantine stated that the PBC has not yet met.

15. Adjournment

**Motion by:** Mr. Lynn

**Seconded by:** Ms. Karp

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of July 20, 2022, at 4:55 p.m.

**Result:** Motion passed unanimously {5-0-0}.

**Respectfully submitted,**

*Lilly Torosyan*

Lilly Torosyan

Recording Clerk

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