

**GLASTONBURY BOARD OF FINANCE
REGULAR MEETING MINUTES
WEDNESDAY, DECEMBER 14, 2022**

The Glastonbury Board of Finance, along with Town Manager, Richard J. Johnson, and Keri Rowley, the Finance Director, 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 Chris Kachmar from Fiducient Advisors; Nicole Lintereur, Assessor; and Narae McManus, Controller.

Roll Call

Members

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

In Mr. Constantine’s absence, Mr. Soper led the meeting as Acting Chairman.

1. Public Comment Session: Comments pertaining to the call. ***None***
 2. Communication: Presentation on 2022 Property Revaluation from Nicole Lintereur, Assessor
- Town Assessor Nicole Lintereur presented data for the 2022 property revaluation. She explained that all the calculations are absent the taxable portion of personal property and motor vehicles. She also asked to keep in mind that values of different property classes do not move in lock step with each other. The average increase for the residential property assessment was 20% versus the average increase for commercial at 8.6%. During the last two reevaluations, in 2012 and 2017, the commercial market rose and took a greater portion of the grand list. The commercial market, which used to carry 19% of the real estate portion, will drop to 17%, while the residential market will go from 81% to 83%. While this 2% shift is not substantial, it is still noteworthy. In 2002 and 2007, when prices went up dramatically, the mill rate decreased just over 20%.

Mr. Soper asked what the mill rate was in those years. Ms. Lintereur stated that in 2001, it was 36.7 mills and went to 28.75 mills. In 2006, it was 35.8 mills and went to 28.35 mills. Ms. Karp noted that until there is both a grand list and a budget, it is difficult for any individual to draw conclusions on their tax bill. Ms. Lintereur stated that is correct. Mr. Soper asked how high the average residential property was in the five-year period prior to this one. Ms. Lintereur stated that in 2017, the average residential property increased 4.2% and the average commercial property increased 6.4%. Mr. Soper asked whether the excess acreage land was revalued and changed. Ms. Lintereur stated that it did not change.

3. Communication: Chris Kachmar from Fiducient Advisors

Mr. Kachmar reviewed the changes that were executed to the portfolio in the areas of fixed income, domestic equity, international equity, and real assets. Mr. Soper inquired about the expense ratios of the portfolio as it sits. Mr. Kachmar stated that the weighted average expense ratio for the portfolio today is 45 basis points, which is essentially in line with what it was prior to the transition, at 43 basis points.

Mr. Kachmar summarized that the Town's portfolio is diversified and well poised to generate competitive returns. No further changes are recommended at this time. Mr. Soper does not feel comfortable making any changes tonight because two Board members are absent. He did, however, express interest in looking at increasing the equity exposure during the first quarter. Mr. McIntosh distributed a New York Times article which states that index funds beat mutual funds consistently over a long period of time. He asked Mr. Kachmar to comment on it the next time the Board meets.

Mr. Kachmar noted that the data through September was challenging, but markets have stabilized a good deal in the fourth quarter. The pension in the month of November was up 5.9%, compared to the benchmark, which was up 5.4%. Mr. Soper asked for the fiscal year to date performance. Mr. Kachmar explained that from July 1 until the end of November, it was up 3.7%, compared to the benchmark, which was up 3.3%.

4. Communication:

- a. Minutes of November 9, 2022 Special Meeting

Minutes accepted as presented

- b. Minutes of November 16, 2022 Special & Regular Meeting

Ms. Karp noted that on the top of page 3, Mr. Zeller is quoted as saying that the BOF is the final authority on "budgeted" items. That should instead read "**non-budgeted**" items.

Minutes accepted as revised

5. Communication: Pension Report – October 2022

Ms. Rowley reviewed the report dated December 2, 2022. Mr. Soper stated that historically, the Board would receive the actuarial report around now. In the last couple years, it has been received in the new year. He asked about its status. Mr. Johnson stated that he has asked the Town Actuary the same question. It should be received sometime this month.

6. Communication: Month End Investments – October 2022

Ms. McManus reviewed the report dated November 10, 2022.

7. Communication: Financial Summary (Revenues & Expenditures) for 5 months - November 2022

Ms. Rowley reviewed the report dated December 7, 2022.

8. Communication: Capital Projects – November 2022

Ms. Rowley reviewed the report dated December 7, 2022. Mr. McIntosh asked what “project EDU feasibility analysis and cost” is. Mr. Johnson explained that two fiscal years ago, the BOE’s capital program listed three studies and analyses at \$75,000 each. He grouped them together with a lower budgeted amount of \$100,000. Ms. Karp asked that, going forward, the Board receives information on the origination of projects. This would be helpful in knowing which projects are finished. Mr. Johnson explained that that will be listed in the annual Capital Reserve projection’s section on project close-outs.

9. Communication: Self Insurance Reserve Fund – November 2022

Ms. Rowley reviewed the report dated December 6, 2022. The fund is experiencing a \$634,000 loss. To date, there have been 7 large loss claims: 5 from the BOE and 2 from the Town. Two of the BOE’s claims have triggered the stop loss limit.

10. Communication: Bank Collateralization Report

Ms. Rowley reviewed the report as of September 30, 2022.

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

- a. Youth & Family Services Laptops (\$3,500)
- b. RSM Audit Additional Cost (\$2,000)
- c. Registrars Household Mailings (\$2,978)

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

- a. GHS Fieldhouse (\$285,000)

Mr. Soper stated that Mr. Zeller wanted to know the final cost for the field house. Mr. Johnson explained that there were a couple challenges. When the building was removed, a lot of material unanticipatedly needed to be excavated. The project cost about \$2.61 million, which exceeded budget by about \$285,000. However, two education projects were completed below budget, so there is no net additional cost to the Capital Reserve Fund. When the field house project was presented, it was with the understanding that the BOE would fund the FF&E outside of the Capital Reserve Fund budget. They did so, which totaled about \$250,000. Mr. Johnson also noted that of the past 110 capital projects, 108 were completed at or below budget.

Ms. Karp finds it important that those who question individual projects look at the capital project list as a whole. She is also pleased to hear that the commitments made by the BOE were followed through and finds the field house to be a remarkable building. Mr. Soper also thanked Mr. Johnson for an extraordinary record of completing capital projects at or below budget.

Motion by: Ms. Karp

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Glastonbury Board of Finance hereby approves a transfer of \$100,000 from the Capital Projects - Feasibility/Cost Analysis and \$185,000 from the Capital Projects - Multi-School Locker Replacement to Capital Projects - GHS Fieldhouse, as presented without changes.

Result: Motion passed unanimously {4-0-0}.

13. **Action:** Review of CIP Criteria

Mr. Johnson stated that the CIP criteria is reviewed on an annual basis. Ms. Karp noted that, in the past, the threshold was increased from \$50,000 to \$75,000. She asked if that is still a good number. Mr. Johnson explained that a couple years ago, there was a discussion on whether to increase it to \$100,000. The general thought was that \$75,000 is fine.

Motion by: Ms. Karp

Seconded by: Mr. McIntosh

BE IT RESOLVED, that the Glastonbury Board of Finance has reviewed and recommends to the Town Council the CIP Criteria as presented.

Result: Motion passed unanimously {4-0-0}.

14. **Action:** Establish 2023 and January 2024 Regular Meeting Schedule

Motion by: Ms. Karp

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Glastonbury Board of Finance hereby approves the 2023 and January 2024 Regular Meeting Schedule as presented without changes.

Result: Motion passed unanimously {4-0-0}.

15. **Action:** Referral of a \$1.090 million appropriation and transfer for a funding report and recommendation on the proposed Town purchase of the 23± acre Rose Berry Farm located at 297 Matson Hill Road

Mr. McIntosh asked if this is a proposal by the Council for a non-budgeted appropriation. Mr. Johnson explained that this is from the bond authorization of the Reserve for Land Acquisition and Preservation. It requires action by the Board and final action by the Council. Mr. McIntosh stated that there has been considerable discussion about the duties of the BOF, regarding unbudgeted appropriations. Section 501 of the Town Charter requires three actions by this Board:

1. to certify whether the funds are available
2. to approve the appropriation
3. to decide the method of funding

Motion by: Mr. McIntosh

Seconded by: Mr. Soper

BE IT RESOLVED, that pursuant to **section 501 of** the Town Charter, the Glastonbury Board of Finance certifies that sufficient funds are available for the \$1.090 million appropriation proposed by the Town Council for the purchase of 23± acre Rose Berry Farm located at 297 Matson Hill Road, and the Board of Finance approves such non-budgeted appropriation, and determines that the appropriation shall be funded through the Reserve for Land Acquisition and Preservation.

Disc: Mr. McIntosh further explained that, in the past, the BOF acted on the basis that all they must do is approve an appropriation. However, what they must do is certify, approve, and specify how the appropriation will be funded. Mr. Johnson pointed out that sections 313 and 610 of the Charter are also applicable. McIntosh countered that those sections are convoluted by section 501 because of its notwithstanding language. Mr. Johnson suggested just stating instead, “in accordance with applicable sections in the Town Charter.”

Mr. Soper asked whether a state grant was also received into the Land Acquisition and Preservation Fund. Mr. Johnson explained that the state grant of \$2 million requires a formal application process, even though it is approved. The timing would be difficult for this, so it will likely be for another one that could qualify. Mr. Soper asked about the interest rates for short-term funding. Mr. Johnson will confirm and report back. He suggested that if the Town is going to pursue the grant route, then they should allocate the money to the General Fund, then reimburse it. Ms. Karp would prefer standard language in the motion. Mr. Johnson stated that it is up to the Board. The aforementioned three sections in the Town Charter speak to the same thing, and he does not know whether any of them take precedence over the other. The Board elected to remove section 501 from the language of the motion.

Amendment by: Ms. Karp

Seconded by: Mr. Soper

To remove “**section 501 of**” from the motion.

Result: Amendment passed unanimously {4-0-0}.

The amended motion reads as follows:

BE IT RESOLVED, that pursuant to the Town Charter, the Glastonbury Board of Finance certifies that sufficient funds are available for the \$1.090 million appropriation proposed by the Town Council for the purchase of 23± acre Rose Berry Farm located at 297 Matson Hill Road, and the Board of Finance approves such non-budgeted appropriation, and determines that the appropriation shall be funded through the Reserve for Land Acquisition and Preservation.

Result: Amended motion passed unanimously {4-0-0}.

16. Communication: Budget Schedule FY23/24

Mr. Johnson stated that dates will be sent out soon for the Budget Schedule.

17. Presentation and Discussion Concerning General Fund – Unassigned Fund Balance (to be available at meeting)

Mr. Johnson asked if it is better to hold this discussion regarding the General Fund – Unassigned Fund Balance when all the BOF members are present. The Board agreed. Mr. Lynn believes that it should be a separate discussion prior to going into the budget process. Mr. Soper concurred. Ms. Karp supports holding a special meeting on just this topic. Mr. Soper suggested holding the Board’s regular meeting in February a week earlier to coincide with this special meeting. The Board liked that suggestion.

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

Ms. Karp asked that, going forward, if any member perceives that they might have a conflict, that should be vocalized before any conversation is held on a topic. She was also uncomfortable by the reactions towards some of the public comments received at the last meeting. She welcomes all comments from the public, whether she agrees with them or not.

Mr. McIntosh announced that he will be resigning soon, likely before the Board’s next meeting. After serving over 40 years on the BOF, he will be moving out of Glastonbury. Mr. Soper expressed that it was a privilege working with Mr. McIntosh, who taught him a lot. Mr. Johnson thanked Mr. McIntosh for always bringing a thoughtful perspective. Ms. Karp commended Mr. McIntosh’s commitment to the town and stated that he will be missed.

19. Adjournment

Motion by: Mr. McIntosh

Seconded by: Mr. Karp

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of December 14, 2022, at 5:19 p.m.

Result: Motion passed unanimously {4-0-0}.

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.