

**GLASTONBURY BOARD OF FINANCE  
REGULAR MEETING MINUTES  
WEDNESDAY, APRIL 19, 2023**

The Glastonbury Board of Finance, along with Finance Director, Keri Rowley, and Town Manager, Jonathan Luiz, held a regular meeting at 4:00 p.m. in the Council Chambers of Town Hall at 2155 Main Street with an option for Zoom video conferencing. The video was broadcast in real time and via a live video stream.

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

**Roll Call**

***Members***

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

1. Public Comment Session: Comments pertaining to the call.

The Board welcomed the new Town Manager. There were no comments from the public.

2. Communication:

a. Minutes of March 15, 2023 –Regular BOF Meeting

***Minutes accepted as presented.***

b. Minutes of March 24, 2023 – Special BOF Meeting (Mill Rate Setting)

***Minutes accepted as presented.***

3. Communication: Pension Report (February 2023) and Flash Report (March 2023)

Mr. Kachmar explained that the full quarterly report is pending. The YTD is essentially uniformly positive numbers for both fixed income and equities. This offers a measure of relief from the instability of 2022. He reviewed the fixed income market update, explaining that rates are down a measure calendar year to date. There has been a tailwind for fixed income returns. Global equity returns are largely positive. Growth stocks performed above what their value style counterparts, such as the IT and communications sectors. It was a headwind for small cap stocks.

Mr. Kachmar stated that the portfolio was up 5.2% in the first calendar quarter of 2023 versus 5.2% in the fiscal YTD. Mr. Soper noted that the benchmark composition has changed as of the beginning of the year. Mr. Kachmar stated that they tweaked some of the benchmark composite weights to match the reallocation changes that the Board made toward the end of last year. He noted that fixed income is a touch below the target. However, a portion of funds must be warehoused for pension payments. Additionally, this year - as opposed to last year - the government money market fund is receiving a 4.7% yield. In the future, the Town might want to

have a conversation about how to handle those monies. As Mr. Soper has said before, they could set up a separate short-term account to not disrupt the corpus that is invested. Mr. Zeller stated that while the Town has a few months to discuss this, time goes by quickly. He asked Mr. Kachmar to come in soon with an alternative strategy to consider. Mr. Kachmar agreed to share options with Ms. Rowley and then present it to the Board.

Mr. Kachmar reviewed the new hires plan. The fiscal year to date number is all indexed yet 120 basis points above the benchmark. While this does not make intuitive sense, he explained that there was a lot of liquidity in the program. His recommendation was to dollar cost average that money in, which the Board did, and it worked out beneficially for the Town. Over long periods of time, that starts to smooth out in the portfolio. Mr. Soper stated that because the new hires plan's liability will be longer term, it might make sense to change the asset allocation from 60% bonds to maybe 40% or 50% bonds. Mr. Kachmar finds that to be a fair point, but it does run counter to what the return assumption is.

Mr. Soper responded that the plan was put in place with that asset allocation to reduce the volatility. To him, it is circular logic. If the assumption rate is 5%, then there is no reason why they cannot structure things to exceed that assumption. Mr. Kachmar agrees with the conclusion that more equity risk could be borne. He can run the mixes in 5% increments, until it reaches 60% equity - 40% bonds. Mr. Soper asked if, for the meetings in April, they could have the March numbers. Ms. Rowley stated that, a lot of times, they receive the information from Mr. Kachmar too close, so producing the reports in a timely fashion can be hard. They are normally a month behind.

#### 4. Communication: Month End Investments – February 2023

Ms. McManus presented the report dated April 3, 2023. Over \$2 million in total investment earnings is projected this fiscal year. Mr. Soper asked what the STIF rate is now. Ms. McManus stated that it is currently 4.89%, so it lags the market significantly.

#### 5. Communication: Financial Summary (Revenues & Expenditures) for 9 months - March 2023

Ms. Rowley presented the report dated April 12, 2023. This year, the Town collected about \$5 million more in revenues than in FY22. This is due to three reasons: increased tax revenues, intergovernmental revenues, and other revenues which are driven by the interest on the investment line item. Building inspection fees, town recording fees, and conveyance tax are trending lower. There will likely need to be a transfer but there will be savings overall when the year closes out.

Mr. Zeller asked if the Town would have a substantial amount of cash at the end of the year that was unanticipated. Ms. Rowley stated that the budget was balanced on drawing down the \$875,000 fund balance. However, that has not yet been used. She does not think that it will be used, but it is unclear how far over budget they will be. Ms. Karp understands why the \$875,000 has not yet been transferred in. She finds it important to have some kind of finalization when the budget is closed out, to look at whatever funds were anticipated to come out of the General Fund that did not. Mr. Zeller asked if there has been a planned sale that will go into the General Fund. Mr. Luiz stated that there is a public hearing next week for a proposed sale of land.

6. Communication: Special Revenue Funds Q3-2023 Reports

a. Sewer Operating and Sewer Sinking Funds

Ms. Rowley explained that there was a surplus in revenue. The investment income for this fund is up \$60,000. Expenditures of \$2.6 million are about \$232,000 more than the prior year. This is due to a large accrual payment for retirement and cross-training for the new director. The sewer sinking fund has revenues of \$219,000. There are no reported expenditures, but there is a \$320,000 transfer out for CIP projects. The balance sheets look good. The fund balance committed for capital infrastructure is \$12.2 million.

b. Recreation Activities and Police Private Duty Funds

Ms. Rowley explained that revenues exceed expenditures by \$261,000. Program fees totaled almost \$1.3 million through March, which is \$100,000 higher than last year. Expenditures totaled \$1.07 million, which is due to an increase in staffing to support increased enrollments as well as a new part-time position to support the programs. Fund balance is looking good at \$1.4 million. The recreation department is looking at a one-time purchase of vans to take the burden off the General Fund. The police private duty fund has expenditures that exceed revenues by \$81,000, which is normal because there is always a timing difference when they bill out and pay payroll versus when they get money in.

7. Communication: Capital Projects – March 2023

Ms. Rowley presented the report dated April 12, 2023. Mr. Soper asked how much will be spent on capital projects in the fiscal year. Ms. Rowley hopes to have a better idea in the next meeting or two. Mr. Zeller asked if the \$176,000 listed for the Naubuc School Open Space is within the \$3.2 million that the Council authorized. Ms. Rowley stated yes, it is.

8. Communication: Self Insurance Reserve Fund – March 2023

Ms. Rowley presented the report dated April 12, 2023. The total reserve is \$16.6 million. It is experiencing a \$490,000 gain. However, the Town is experiencing a \$984,000 gain, whereas the BOE is experiencing a \$493,000 loss. The BOE under-budgeted the contribution to the self-insurance reserve fund for FY 2023, so a loss was expected and planned for. There have been 18 large loss claims, versus 6 last year. 3 have reached the stop loss limit: 2 from the BOE and 1 from the Town. Ms. Karp noted that there have been discussions from the BOE on the possibility of taking a premium holiday. She asked that the BOF be kept abreast of those updates. Ms. Rowley agreed.

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

- a. \$4,000 Human Resources – Recruitment and pre-employment costs
- b. \$500 Revenue Collection – Purchase chairs for counter service
- c. \$2,944 Water Pollution Control – Purchase of additional tote of Poly
- d. \$4,000 Voter Registration – Postage, office supplies and attendance at spring conference

10. **Action:** Transfers over \$5,000  
a. \$16,060 Refuse – Cardboard Compactor Equipment

Ms. Rowley stated that they budgeted \$40,000 in the current fiscal year, but the bids came back higher than the estimate. The lowest bid was for \$55,000. This action is to be able to afford the compactor. Mr. Luiz added that this includes the trade-in amount.

**Motion by:** Mr. Soper

**Seconded by:** Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby approves a transfer of \$16,060 from the General Fund - Refuse - Contractual Services to the General Fund - Refuse - Machinery and Equipment, as presented without changes.

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

11. **Action:** Recommend to Town Council Auditor for Fiscal Year Ending June 30, 2023

Ms. Rowley stated that RSM is headed into its fifth and final year of contract. The Town has enjoyed great success with them.

**Motion by:** Mr. Zeller

**Seconded by:** Mr. Soper

BE IT RESOLVED, that the Glastonbury Board of Finance recommends to the Town Council the appointment of RSM as the Town auditors for the fiscal year ending June 30, 2023.

**Disc:** Mr. Soper believes that there is a five-year limit on auditors. Ms. Rowley thinks that it is best practice to change auditors every five years but could not find hard verbiage in the Town Charter that it must be the case. In her opinion, five years is a strong practice. Mr. Soper asked about other firms. Ms. Rowley stated that last time, only two firms came in. CLA is the dominant agency that does these audits.

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

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

Mr. Constantine stated that he and Mr. Zeller attended the PBC meeting, where they reviewed the proposed interior plans. Bids are due May 26, and they are expected to come in with the \$3.2 million that the Board appropriated. Mr. Zeller clarified that he attended as an observer.

13. Adjournment

**Motion by:** Mr. Zeller

**Seconded by:** Mr. Soper

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of April 19, 2023 at 4:56 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.*