

**GLASTONBURY BOARD OF FINANCE
REGULAR MEETING MINUTES
WEDNESDAY, JUNE 21, 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 was Chris Kachmar from FIA.

Roll Call

Members

Mr. Constantine “Gus” Constantine, Chairman
Mr. Jared Soper, Vice Chairman
Mr. James Zeller
Mr. Robert Lynn
Ms. Susan Karp
Mr. Kevin Graff

1. Public Comment Session: Comments pertaining to the call. ***None***
2. Communication: Minutes of May 17, 2023 Regular Meeting
Accepted as presented
3. Communication and Discussion with Chris Kachmar of Fiducient, and possible action on:
 - a. Updates to Investment Policy Statement
 - b. Proposed New Hire Plan reallocation

Mr. Kachmar has codified changes in the form of edits to the policy statement. Ms. Rowley asked if the Board is ready to take action on the policy as amended. Mr. Soper would like the language for part b to be consistent with the language in part a. He also suggested that the minimum international equities for the hybrid plan be 10% and 30% maximum (versus the proposed 17% and 37% respectively), because that is more consistent with the traditional plan. He then recommended a language change to further make part a and part b consistent with each other. These changes will be discussed and put forth for possible action at the Board’s July meeting.

4. Communication:
 - a. Pension Report - April 2023
 - b. Flash Report - May 2023 (Chris Kachmar, Fiducient Advisors)

Ms. Rowley reviewed the reports dated May 26, 2023. Mr. Kachmar noted that this is looking to be a good fiscal year, which closes out in the next 9 days. Mr. Soper pointed out that Causeway International has done exceptionally well compared to other international funds.

5. Communication: Month End Investments – April 2023

Ms. Rowley reviewed the report dated May 17, 2023. This has been another strong year. She explained that STIF is S&P AAAM rated, which is the highest principal stability fund rating that one can achieve. Last year, investment earnings were \$132,000 at this time. This year, they are \$2 million. Mr. Soper asked what the minimum amount to have in STIF is to ensure paying off obligations. Ms. Rowley stated that the Town has an investment policy, but she does not know exactly what it is.

6. Communication: Financial Summary (Expenditures) for 10 months - May 2023

Ms. Rowley reviewed the report dated June 14, 2023.

7. Communication: Capital Projects – May 2023

Ms. Rowley reviewed the report dated June 14, 2023. Mr. Soper requested that under the heading, “Revised Budget Expenditure to Date,” he asked to put the original budget, as well. Ms. Rowley will work with IT to do that.

8. Communication: Self Insurance Reserve Fund – May 2023

Ms. Rowley reviewed the report dated June 9, 2023. The total reserve is \$15.95 million: \$5.08 million for the Town and \$10.87 million for the BOE. Last month, the reserve was \$16 million. This fiscal year, the fund is experiencing a loss of \$117,000. There have been 22 large loss claims: 14 for the BOE and 8 for the Town. 4 have hit the stop loss limit: 3 for the BOE and 1 for the Town. Mr. Graff stated that the BOF needs to have conversations with the Council and the BOE about strategic planning over the long term.

Ms. Karp would also like to discuss the possibility of a premium holiday to use the excess in the reserve fund. Mr. Soper asked if the Council sets the policy for the reserve. Ms. Karp stated that is correct. Mr. Soper asked if it makes sense for the policy level to be the same for the Town and the BOE. Ms. Karp thinks that the BOE prescribes to the guidelines in the Town policy, but they feel the need to be more conservative, with their reserve at a higher level, but it is not a hard and fast policy.

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

- a. \$2,100 Town Clerk – Cost of Annual Microfilm Storage Through June 2023
- b. \$1,800 Sewer Operating – Additional tote of Poly for day-to-day plant operations

10. Action: Transfers over \$5,000

- a. \$18,000 Senior – Additional cost needed to cover relocation fees charged to programming account

Motion by: Ms. Karp

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby approves a transfer of \$18,000 from the General Fund - Senior and Community Services - Full Time Wages to the General Fund - Senior and Community Services - Programming, as presented without changes.

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

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

Ms. Rowley explained that this is an administrative transfer, so it requires no BOF action. Ms. Karp stated that the excess cost grant goes directly to the BOE. She asked if the VoAg funding still goes to the Town. Ms. Rowley will check.

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

Motion by: Ms. Karp

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance recommends to the Town Council for approval the investment pool and the securities broker-dealer listed on the attached sheet effective June 2023 through June 2024.

BE IT FURTHER RESOLVED, that the Glastonbury Board of Finance recommends to the Town Manager for approval the banking institutions and broker-dealer listed on the attached sheet effective June 2023 through June 2024.

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

13. Communication: Bank Collateralization Report

Ms. Rowley presented the report as of March 31, 2023, which lists the current banking institutions that the Town uses. All meet the requirements.

14. Communication: Update on status of Rose Berry Farm

Mr. Luiz stated that the Town has leased the farm to two farmers for the remainder of this calendar year. The Town will continue to negotiate, following an RFP, for a longer-term leasing situation.

15. Communication: Estimated Year End Results - Suggestions of possible transfers of General Fund expenditure savings at year end

Ms. Rowley presented the report dated June 15, 2023. There could be an additional \$1.7 million in surplus revenue and about \$1.8 million in expenditure savings. She seeks to start the conversation on how to proceed with savings and expenditures. Ms. Rowley noted that during their call with the rating agencies, the Town's year-end projections were requested. They project about \$1 million to contribute to the fund balance.

Ms. Karp understands why the \$875,000 transfer-in is not coming in as a revenue because it is not needed. However, when the Council budgeted it, that amount was anticipated. She thinks that there will be a good discussion on a comfortable number for their goal in the fund balance. Regarding using it for capital, she asked that if anything ever changed and that money was not yet attributed to capital, could that money come back. Ms. Rowley stated yes. Mr. Luiz also suggested that the Board attain the opinion of Phoenix Advisors for possible insight into the conversation about the Unassigned Fund Balance levels. Mr. Zeller is concerned that anything regarding the pension should be acted upon soon, but no matter what, they will be losing out on a

couple months. Ms. Rowley pointed out that there is no negative here. The alternative is to let this surplus roll into fund balance on the expenditure and revenue side.

Mr. Soper finds it helpful to understand where the fund balance has come from and what it has been used for over a certain period, as opposed to just saying what they want to do with the \$3.5 million. He thinks that they are really looking at the \$36 million and what percentages and uses they are comfortable with. The 20% of fund balance is for FY22, so it will be a lower number for FY23 and FY24. He then asked about the OPEB transfer. Ms. Rowley explained that, initially, FY23 was over budgeted. When the accurate ADC was presented, it was lower than budgeted. The Town contributed the required amount for FY23, but it was \$246,000 less than anticipated. Mr. Soper finds it understandable that their revenues were higher than anticipated. It would be worthwhile to have a discussion on the information needed about the Unassigned Fund Balance.

Mr. Lynn would like to have Phoenix Advisors discuss what is critical to the Town's AAA rating to put to rest all the questions about what will affect it or not. Mr. Luiz countered that they are not going to receive a black and white answer on this, but they will receive a recommendation. Mr. Lynn thinks that they should have different discussions on the \$3.5 million versus \$20 million. Mr. Soper does not agree with that. The \$3.5 million should go into the Unassigned Fund Balance, which can then be transferred out. He believes in looking at the whole to determine a long-term strategy. They should figure out what the appropriate number is for the Unassigned Fund Balance before moving other monies.

Ms. Rowley summarized that any savings that the Town recognizes in the General Fund will roll into the Unassigned Fund Balance. She noted that there might be a threshold for when the action must go to a public hearing. She will check the Town Charter for the process on a supplemental appropriation. In the past, this has been done in the month of September because by then, they will have the pre-audit numbers to know what to transfer. She cautioned that one too many supplemental appropriations is looked upon unfavorably by rating agencies, as a sign of improper budgeting. However, she does not foresee that being an issue here.

The Board requested looking at a 10-year history of the fund balance and a projection out for 5 years. Ms. Rowley agreed to do so. She also clarified that the \$3.5 million is strictly looking at reallocating the savings and expenditures in FY23.

16. Communication: Discussion on Fund Balance information needed to prepare for possible Unassigned Fund Balance Recommendations **{discussed in tandem with Item 15}**

17. Communication: Bond Sale Results

Ms. Rowley presented the report dated June 16, 2023. She noted that bonds have been issued for \$2.55 million for four land acquisitions. On June 1, the Town's AAA rating was reaffirmed. They have received 9 bids for interest rates, ranging between 2.74% to 2.91%. Mr. Zeller noted that when the Town purchased the 95 acres on Dayton Road, he had asked Mr. Johnson to work on putting up signs for the public to park on and walk the property. He asked to continue to investigate this. Mr. Lynn asked what the consequences would be if the Town had a slightly weaker AAA rating because he questions whether it equates to a benefit in the market. Mr. Zeller finds the real question to be why they are not bonding, which the BOF has recommended several times and the Council has declined.

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

- a. Action: to add Nye Road and Naubuc School to the agenda for questions to get information for future discussion

Motion by: Mr. Zeller

Seconded by: Mr. Lynn

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

19. Communication: Discussion on Nye Road and Naubuc School

Mr. Zeller stated that the local paper has suggested that the Nye Road project looks like \$350,000 so far. Mr. Luiz explained that, to date, a third amendment has not yet been signed. There is a Council meeting on Tuesday, where they anticipate it will be revisited. Mr. Zeller asked if that money is refundable. Mr. Luiz explained that the deposit money will be lost if they walk away from the deal. Mr. Zeller does not see that happening, but if it does, he asked if the Council would be able to redirect that ARPA money and, if so, do they have the time to do that. Mr. Luiz will investigate that.

Mr. Zeller noted that the bid for the Naubuc School renovations came in \$12,000 over, and the paper suggested that the Town was going to cover it. Mr. Luiz explained that the Town is only allocating what was budgeted in the capital account, so if it is \$12,000 over, then the BOE will cover that. Mr. Zeller stated that the BOE just approved \$685,000 of add-ons. On April 18, Mr. Zeller attended a PBC meeting where the architect noted that the \$3.2 million project cost includes everything. Add-ons are not reimbursable. However, they would have been, if the items had been put into the submission to the State, which the PBC approved. Mr. Zeller would like the Town Manager to find out what happened. Mr. Luiz will investigate it.

Regarding Nye Road, Mr. Constantine asked for an update on the Glastonbury Housing Authority's role and low-income housing. Mr. Luiz explained that the plan is for the Town to acquire 50 Nye Road and the GHA to acquire 55 Nye Road. The GHA's plan is to demolish 55 Nye Road and build 60-70 affordable housing units with various grants. The Town would wind down the leases at 50 Nye Road and ask the Superintendent about the potential to relocate offices to that location. However, nothing has been confirmed. Mr. Lynn asked what the hang-up is for closing on this property. Mr. Luiz stated that other items need to be negotiated, such as finalizing the language on the third amendment and the Town finalizing agreements with the tenants there who have the option to extend their leases.

20. Adjournment

Motion by: Ms. Karp

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Glastonbury Board of Finance hereby adjourns their Regular Meeting of June 21, 2023 at 5:40 p.m.

Result: Motion 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, and an audio recording is available in the Finance and Administrative Services Office.