

AGENDA

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GLASTONBURY BOARD OF FINANCE - SPECIAL MEETING

Thursday, July 25, 2024 – 9:00AM

Town Hall, 2155 Main Street, Glastonbury, CT – Council Chambers

With an option for Zoom Video Conferencing (details on page 2)

Board Members: Constantine Constantine (Chairman), Jared Soper (Vice Chairman), Kevin Graff, Susan Karp, Robert Lynn, and James Zeller

1. Public Comment Session: Comments pertaining to the call

2. Discussion and Possible Action on \$84,846.39 transfer from the Capital Reserve Fund Balance to the Capital Projects Fund – LOTCIP funded Gateway Corporate Park Bicycle Pedestrian project

3. Discussion and Possible Action on ARPA and Capital Projects Fund Transfer for STEAP Age-Friendly Livable Communities Project

4. Discussion and Possible Action on ARPA and Capital Projects Fund Transfer and bid waiver request for Land Use Consulting Project

5. Discussion and Possible Action on Updated OPEB Investment Policy

6. Adjournment

THIS BOARD OF FINANCE SPECIAL MEETING WILL BE CONDUCTED IN PERSON IN COUNCIL CHAMBERS OF TOWN HALL AT 2155 MAIN STREET, GLASTONBURY, WITH AN OPTION FOR ATTENDANCE THROUGH ZOOM VIDEO CONFERENCING.

Join the Meeting - The public may join the Zoom Video Conference as an Attendee (view and listen function only) as follows:

Join by Zoom Meeting link:

<https://us06web.zoom.us/j/89631839416?pwd=7gDo5CzGafbKfVCPWBdDGantSII0t8.1>

Passcode: 007474

Closed Captioning - For those who would like to utilize the closed captioning option through Zoom, you may do so by clicking on the "Show Captions" icon located at the bottom of the screen. To disable this function, please click the icon at the bottom of the screen titled "Hide Captions".

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Public Comment - May be submitted through a form at the following link no later than 2:00 p.m. one business day BEFORE the meeting is held for your comments to be included in the public comment session of the meeting. Be sure to select *Board of Finance* in question 4 of the form:

www.glastonbury-ct.gov/publiccomment

There is also the opportunity to give Public Comment as part of the virtual meeting if joining through the Zoom Meeting Link.

Watch the Meeting - This meeting will be broadcast in real-time through Public Access Television on Channel 16, or live streamed on the town website. [Click here to view by live streaming.](#)

If you are unable to join/participate in the meeting at the time it is held, the meeting will be available on the [Video On Demand page of the town website](#) within one week of the meeting date.*

**The Video On Demand page is accessible through any web browser EXCLUDING Internet Explorer. Please use Chrome, Edge, Firefox, Safari or any other web browser excluding IE to access meeting video content.*

TOWN OF GLASTONBURY

MEMORANDUM

**DEPARTMENT OF ADMINISTRATIVE SERVICES
FINANCIAL ADMINISTRATION**

TO: Board of Finance

FROM: Keri Rowley, Director of Finance *KJR*

DATE: July 23, 2024

SUBJECT: Gateway Corp Park Bicycle Pedestrian Improvements ·

The Gateway Corp Park Bicycle Pedestrian Improvements Project features improvements to the sidewalk network throughout the Corporate Park and road lane reconfiguration to allow for wider shoulders to benefit cyclists. This project was approved in the FY 2022 budget and identified as a fully reimbursable Local Transportation Capital Improvement Program (LOTICIP) project.

The Town has received reimbursement of \$1,098,646.39 to fund the full cost of construction and staff costs for contract administration. Currently, there is an approved appropriation of \$1,013,800 for this project; therefore, an additional appropriation of \$84,846.39 is needed.

The Town Council set a public hearing for August 6, 2024 and referred this item to the Board of Finance for review. The following motion is offered for the Board of Finance's consideration:

"BE IT RESOLVED, that the Board of Finance approve and recommend to the Glastonbury Town Council the transfer of \$84,846.39 from the Capital Reserve Fund Balance to the Capital Project – Gateway Corp Park Bicycle Pedestrian Improvement project."

Cc: Jonathan Luiz, Town Manager

TOWN OF GLASTONBURY

MEMORANDUM

**DEPARTMENT OF ADMINISTRATIVE SERVICES
FINANCIAL ADMINISTRATION**

TO: Board of Finance

FROM: Keri Rowley, Director of Finance *KJR*

DATE: July 24, 2024

SUBJECT: **STEAP Age-Friendly Livable Communities Project**

In the Fiscal Year 2024 budget, there was \$500,000 appropriated in the Capital Budget to support the Town’s Age-Friendly Livable Community Action Plan (The Project). The appropriation is essentially “up-front” funding for the project, since the Town was awarded a \$500,000 Small-Town Economic Assistant Program (STEAP) grant. The STEAP grant would be a reimbursement to the Town once the project is complete and paid for with local funding. A requirement of the STEAP Grant is that the Town contribute a local match of **at least** 20% or \$100,000 towards the project. Therefore, the total original project budget was approximately \$625,000. It was thought that the projected local match of \$125,000 would come from American Rescue Plan Act (ARPA) funds.

The chart below shows staff recommendations on inclusions in The Project:

Proposed components	Cost	STEAP Grant	Local Match
Riverfront Community Center (RCC): New 30’x40’ pavilion	\$268,410	\$212,485	\$65,763
RCC: Six new ADA compliant picnic tables	\$17,502	\$0	\$17,502
RCC: New lighting for pickleball courts	\$267,613	\$212,485	\$64,966
RCC: Pave two parking spots in overflow lot to provide accessibility to Pavilion, pickleball courts, walking trail.	\$19,676	\$0	\$0
Old Cider Mill: Pave accessible parking	\$36,630	\$36,630	\$0
Ross Field: Pave 30’x20’ handicapped parking area & pave a walkway to bleachers & handicapped port-o-lets	\$26,400	\$26,400	\$0
Police Dept: Concrete pad for an accessible bench (bench is in storage)	\$2,000	\$2,000	\$0
Hubbard Green: Concrete pads for accessible benches (benches are already in the ground)	\$2,000	\$2,000	\$0
Riverfront Park: Concrete pads for 2 accessible benches (benches are in storage)	\$4,000	\$4,000	\$0
Historical Society – Main Street: Concrete pads for 2 accessible benches (benches already in the ground)	\$4,000	\$4,000	\$0
TOTALS	\$648,231	\$500,000	\$148,231
Actual Bid Price. All other cost estimates.			

The Town’s required match was originally accounted for in two projects funded by ARPA monies: 1) ARPA Riverfront Community Center Upgrades; and 2) ARPA Age-Friendly Community.

The State Office of Policy and Management (OPM) has advised that the Town’s planned use of ARPA funds as a local match for the STEAP grant is not permissible. Therefore, the Town Manager and I are proposing a series of financial transactions. A transfer of matching funds totaling \$80,000 from the ARPA Riverfront Community Center Upgrades to the Capital Projects Account Fund is incorporated in the below request. In addition, there is a request to allocate an additional \$26,006 from the ARPA Farm Assistance Program unappropriated balance to this project due to the bid costs coming in higher than anticipated. At this point, a total of \$648,230 in funding is needed (including the \$500K STEAP Grant) and there is currently only \$622,224 available. The proposed increase in funding will be transferred from ARPA to the Capital Projects Account Fund as incorporated in the below swap/transfer request.

Below is a breakdown of ARPA funded projects included in the proposed transfer request:

- 1) **ARPA Farm Assistance Program – Proposed funds to be transferred out \$26,006 - to fund additional appropriation to Age-Friendly Communities Project** – July 1st was the deadline for farmers interested in applying for the Farm Assistance Grant to submit their letters of intent to apply. The Town received 16 letters, and with a maximum grant amount of \$10,000 per applicant, it is estimated that no more than \$160,000 of the \$220,000 grant allocation will be needed. A portion of the remaining funds is proposed to fund the additional funding needed for the STEAP – Age-Friendly Communities Project.
- 2) **ARPA Riverfront Community Center Upgrades – Proposed SWAP of \$80,000 from ARPA to Capital Projects Account Fund** – This was approved in the FY 2023 budget to fund Age-Friendly Initiatives like outdoor spaces such as pavilion/shade type structure. This swap allows the Town to use non-ARPA funds as a local match for the STEAP grant.

ARPA FUNDS			CAPITAL PROJECT ACCOUNT FUNDS	
FROM :			FROM:	
1) STEAP MATCH- Riverfront Upgrades	\$80,000	<->	1) Public Safety Communications Systems	\$(73,000)
2) Farm Assistance Grant to Riverfront Upgrades Project	\$26,006		2) Parks Heavy Equipment	\$(19,029)
			3) Physical Services Heavy Equipment	\$(13,977)

Below is information about the three projects that are funded in the Capital Projects included in the transfer request:

- 1) **Public Safety Communication System – Proposed SWAP of \$73,000 from Capital Projects Account Fund to ARPA** – The funds will be used for the Police Public Safety Communications System that is currently under way. It is anticipated that the funds will cover the purchase of the equipment for this system and be encumbered by the ARPA deadline.
- 2) **Parks Heavy Equipment – Proposed SWAP of \$19,029 from Capital Projects Account Fund to ARPA** – The FY 2025 budget includes an allocation for the Parks Mower in the ARPA fund. This swap transfers the Capital Projects Account funding to the ARPA project. Encumbrance for the mower will be issued prior to December deadline.
- 3) **Physical Services Equipment – Proposed SWAP of \$13,977 from Capital Projects Account Fund to ARPA** The FY 2025 budget includes ARPA funding for the purchase of the excavator. This transfer will swap a portion of the available Capital Projects Account balance to ARPA because this purchase is already expected to meet the December deadline.

The proposed swaps / transfers allow for an additional appropriation of \$26,006 to the Age-Friendly Communities Project. It also transfers the necessary Town matching funds for the STEAP grant out of the ARPA fund and into the Capital Project Account Fund to ensure that the Town follows the requirements of the terms of the STEAP and ARPA grant.

At the July 23, 2024 Town Council meeting, a referral to the Board of Finance was made to determine if there are sufficient monies in the proposed transfer and that the proposed transfers were consistent with the US Treasury Guidelines. If the Board of Finance approves the transfer and bid waiver request, the following resolution is suggested:

“BE IT RESOLVED, that pursuant to the Town Charter, the Glastonbury Board of Finance approves and certifies that sufficient funds are available in the ARPA Fund and Capital Projects Fund projects totaling \$212,012 and consistent with the US Treasury Guidelines, as described in a report by the Director of Finance and Administrative Services dated July 24, 2024.”

Cc: Jonathan Luiz, Town Manager

TOWN OF GLASTONBURY

MEMORANDUM

DEPARTMENT OF ADMINISTRATIVE SERVICES
FINANCIAL ADMINISTRATION

TO: Board of Finance

FROM: Keri Rowley, Director of Finance *KSR*

DATE: July 24, 2024

SUBJECT: **Land Use Consulting Project**

At the Town Council meeting of July 9th, Councilors expressed interest in the Town contracting with a Land Use consultant to update the Town's Design Guidelines. The scope of this project will focus on updating the Town's Design Guidelines to incorporate changes initiated by the Council to add new Village District Overlay areas to the Building Zone Regulations. Specifically, these Design Guidelines would address an expansion of Town Center Village District Overlay, the creation of a new South Glastonbury Village District, and the possible creation of other new Village District Overlays, such as Curtisville along Naubuc Avenue and Pratt Street.

The Director of Community Development received a proposal of \$29,892 from FHI Studios (FHI) to perform the consulting work. The Town Manager recommends that the Town Council accept the proposal from FHI without going out to bid for several reasons. First, FHI has a history of providing high-quality work to the Town. Second, FHI's familiarity with the Town's regulations would save the Town time and money. Third, it is in the best interest of the Town to implement significant land use changes at this time since budget season will begin to significantly impact staff workload in late fall.

No money has been appropriated to hire FHI to perform the consulting work. The Town Manager and I propose that the work be funded by reallocating leftover money from the ARPA Farm Assistance Program. We also propose to "swap" this ARPA funding with funding from the Capital Projects Account Fund's Public Safety Communication System. The swap would be needed since the Town Manager is asking the Town Council for a bid waiver. It is recommended that a bid waiver should not be used in combination with ARPA funding. The Public Safety Communication System already has funding in the ARPA Fund and swapping an additional \$30,000 will add no change to the purchasing process for this project.

Below is a description of the accounts included in the recommended transfer:

- 1) **ARPA Farm Assistance Program – Proposed funds to be transferred out of project \$30,000** – July 1st was the deadline for farmers interested in applying for the Farm Assistance Grant to submit their letters of intent to apply. The Town received 16 letters, and with a maximum grant amount of \$10,000 per applicant, it is estimated that no more than \$160,000 of the \$220,000 grant allocation will be needed. A portion of the remaining funds is proposed to be transferred to support the addition of the Land Use Consulting Project (\$30,000).

- 2) **Public Safety Communication System – Proposed SWAP of \$30,000 from Capital Projects Account Fund to ARPA** – The funds will be used for the Police Public Safety Communications System project that is currently under way. It is anticipated that the funds will cover the purchase of the equipment for this system and be encumbered by the ARPA deadline.

- 3) **Land Use Consulting Project – NEW PROJECT - Appropriation of \$30,000 in the Capital Projects Account Fund** – Funding for the proposed scope of updating the Town’s design guidelines to incorporate changes initiated by the Council to add new Village District Overlay areas to the regulations.

At the July 23, 2024 Town Council meeting, a referral to the Board of Finance was made for a bid waiver request and to determine if there is sufficient monies in the proposed transfer and that the proposed transfers were consistent with the US Treasury Guidelines. If the Board of Finance approves the transfer and bid waiver request, the following resolutions are suggested:

“BE IT RESOLVED, that pursuant to the Town Charter, the Glastonbury Board of Finance approves and certifies that sufficient funds are available in the ARPA Fund and Capital Projects Fund projects totaling \$60,000 and consistent with the US Treasury Guidelines and;

BE IT FURTHER RESOLVED, that the Glastonbury Board of Finance hereby approves a waiver of the competitive bid process for the Land Use Consulting Project;

all as described in a report by the Director of Finance and Administrative Services dated July 24, 2024.”

Cc: Jonathan Luiz, Town Manager

Town of Glastonbury

Other Post-Employment Benefits (OPEB) Trust

INVESTMENT POLICY STATEMENT

September 2021

Updated July 2024

DRAFT

I. INTRODUCTION AND PURPOSE

The Town of Glastonbury Other Post-Employment Benefits Trust (OPEB) (the “Trust”) has been established to provide post employment retirement benefits to those individuals eligible to receive them. The Investment Policy Statement outlines the goals and investment objectives for the Trust. This document is also intended to provide guidelines for managing the Trust, and to outline specific investment policies that will govern how those goals are to be achieved. This statement:

- Describes the investment objectives of the Trust;
- Describes an appropriate risk posture for the investment of the Trust’s assets;
- Defines the responsibilities of the Board of Finance (serving as the OPEB Board) and other parties responsible for the management of the Trust;
- Establishes investment guidelines regarding the selection of investment managers and diversification of assets;
- Specifies the criteria for evaluating the performance of the investment managers and of the Trust as a whole.

II. INVESTMENT OBJECTIVE

The Trust’s assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Trust, the BOF has considered the financial needs and circumstances of the Trust, the time horizon available for investment, the nature of the Trust’s cash flows and liabilities, and other factors that affect their risk tolerance. Consistent with these attributes, the BOF has determined that the investment of these assets shall be guided by the following underlying goals:

- To achieve the stated actuarial target of the Trust;
- To maintain sufficient liquidity to meet the obligations of the Trust;
- To diversify the assets of the Trust in order to reduce risk;
- To achieve investment results over the long-term (3 to 5 year period) that compare favorably with those of other municipal investment pools, professionally managed portfolios and appropriate market indexes.

III. ASSIGNMENT OF RESPONSIBILITIES

Board of Finance - The Board of Finance is responsible for overseeing the assets of the Trust. To that end, the Board will:

- Establish and maintain the Trust’s investment policy statement that includes the objectives and portfolio guidelines that will direct the investment of the Trust’s assets;
- Determine the Trust’s risk parameters;

- Provide specific interpretations of the investment policy;
- Select the investment vehicles;
- Monitor, at least quarterly, the performance of the investments

The Board shall discharge its duties with the care, skill, prudence and diligence appropriate to the circumstances then prevailing. The BOF recognizes that some risk must be assumed to achieve the Trust's long-term investment objectives. The BOF will meet quarterly to carry out these responsibilities. The BOF may engage the services of an investment consultant to aid in the management of the Trust's assets.

Investment Consultant - The investment consultant's role is that of a non-discretionary advisor to the BOF. The investment consultant will:

- Assist in the development and periodic review of the Investment Policy Statement and the Trust asset allocation;
- Conduct investment manager and investment fund searches when necessary and make appropriate recommendations to the BOF on manager selection;
- Monitor continually performance of managers/funds;
- Report the Trust performance to the BOF at least quarterly;
- Meet with the BOF semi-annually, or more often as deemed necessary; and,
- Communicate to the BOF, as appropriate on other matters of relevance to the oversight of the Trust.

While the Town is not subject to ERISA, the investment consultant shall acknowledge in writing co-fiduciary responsibilities in keeping with generally accepted best practices for ERISA retirement OPEB oversight.

Custodian - The Custodian is responsible for the safekeeping and custody of assets. The Custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Trust, collect dividends and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian will also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Trust (for example, to accommodate payments to eligible Trust participants).

IV. **ASSET ALLOCATION**

The asset allocation target ranges set forth below. These ranges represent a long-term view to provide an optimal mix of investments to achieve the desired returns necessary to meet current and future liabilities, while at the same time mitigating fluctuations in the overall value of the investment portfolio.

The Trust's long-term target asset allocation is 70% equity, 30% fixed income. Market volatility may periodically cause the asset mix to fall outside the targeted range.

Asset Class	Min Weight	Max Weight
Money Market	0.0%	7.5%
Fixed Income	25.00%	45.0%
Domestic Equities	40.0%	60.0%
International Equities	5.0%	20.0%
Other	0.0%	20.0%

The BOF may consider and approve other investment strategies, including alternative investments, after recommendation by the investment consultant to the BOE, and as appropriate, review and recommendation by the BOF. The BOF, at its discretion, may institute rebalancing as necessary.

V. SELECTION CRITERIA FOR INVESTMENT MANAGERS

Investment managers/funds retained by the Trust shall be chosen using the following criteria:

- Past performance, considered relative to other investments having similar investment objectives with consideration granted to both consistency of performance and the level of risk taken to achieve results;
- The investment style and discipline of the investment manager;
- How well the manager's investment style or approach complements other assets in the Trust;
- Level of experience, personnel turnover, financial resources, and staffing levels of the investment management firm or fund;

The Trust will generally use a structure of complementary investment styles and asset classes for the Trust's assets.

Should additional contributions and/or market value growth permit, the BOF may retain additional investment managers to invest the assets of the Trust. Additional managers would be expected to diversify the Trust by investment style, asset class, and management structure and thereby enhance the probability of the Trust achieving its long-term investment objectives.

VI. TERMINATION OF AN INVESTMENT MANAGER OR FUND

An investment manager/fund may be terminated by the BOF if one or more of the following has occurred:

The BOF has lost confidence in the investment manager's/funds ability to:

- Achieve performance and risk objectives;
- Comply with investment guidelines;
- Comply with reporting requirements;
- Maintain a stable organization and retain key investment professionals;
- Or for any other reason determined by the BOF to be in the best interest of the Trust.

There are no hard and fast rules for investment manager/fund termination. However, if the investment manager/fund has consistently failed to adhere to one of more of the above conditions, termination may be considered. Failure to remedy the circumstances of unsatisfactory performance by the investment manager/fund, within a reasonable time, may be grounds for termination.

VII. SECURITIES GUIDELINES

The Trust's investments may include individual securities, separately managed accounts and/or mutual funds/co-mingled funds, including marketable and non-marketable alternatives and exchange traded funds. The BOF understands that managers have full responsibility for security selection, diversification, turnover and allocation of holdings among selected securities and industry groups, as particularly detailed in the Investment Policy Statement of each of the Trust's separately managed accounts or in the prospectus/offering memorandum for each mutual fund/co-mingled fund/exchange traded fund in the portfolio. No securities will be purchased, or carried, on margin.

With respect to mutual/co-mingled funds, the BOF will consider the following to insure proper diversification and function for each of the funds:

1. The mutual fund/co-mingled pool organizations selected should demonstrate:
(a) a clearly defined investment philosophy; (b) a consistent investment process;
(c) an experienced and stable organization; and (d) cost-effectiveness.
2. The mutual fund/co-mingled pool used will generally have at least a full three-year track record, or its equivalent, and the individual fund/pool must have at least \$25 million under management (or, as an organization, \$100 million in the same strategy) at the time of selection.
3. Each mutual fund/co-mingled pool will be regularly evaluated for proper diversity and each will provide material information on a timely basis.
4. With respect to hedge fund-of-funds, in addition to meeting each of the three above-specified criteria, each fund-of-funds will include an appropriate number of hedge fund managers to be considered well diversified. Investment strategies in hedge fund-of-funds may generally include: long/short U.S. equity, global

equity, derivatives, distressed debt and other fixed income strategies, currency exposure, arbitrage and event driven strategies, and additional strategies with low correlation to traditional asset classes.

VIII. PROXY VOTING

Each investment manager is responsible for and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. Each investment manager shall vote proxies in the best interest of the client. A copy of each firm's guidelines, and/or summary of proxy votes shall be provided to the BOF upon request.

IX. INVESTMENT MONITORING AND REPORTING

The BOF will periodically review performance of the investments in the Trust. Performance monitoring is the mechanism for revisiting the investment selection process and confirming that the criteria originally satisfied remain intact and that an investment continues to be appropriate for the Trust. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an on-going process.

Monitoring should occur on a periodic basis. The monitoring process will utilize the same criteria that formed the basis of the investment selection decision. In addition, a set of "watch list criteria" may be employed to track important quantitative and qualitative elements, assist in the evaluation process, and focus the BOF on potential areas of concern.

Watch list criteria may include the following:

- Performance relative to benchmark performance over various time frames;
- Deterioration of risk-adjusted performance;
- Notable style drift / change in investment objective;
- High manager fees relative to peers;
- Significant organizational or manager change.

X. APPROVAL

It is understood that this investment policy is to be reviewed periodically by the BOF to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the investment managers.

Adopted by Board of Finance on _____

Appendix A

Asset Class	Benchmark Index
Money Market	Citigroup Three-Month Treasury Bill Index
Fixed Income	Barclays Aggregate Index & Citigroup world Government Bond Index
Domestic Equities	Russell 2000 Index
International Equities	MSCI ACWI ex-US Index
Other	Various

DRAFT

RETIREMENT INCOME PLAN
INVESTMENT POLICY STATEMENT
June 2023

I. INTRODUCTION AND PURPOSE

The Town of Glastonbury Retirement Income Plan (the “Plan”) provides retirement benefits to those individuals eligible to receive them. The Investment Policy Statement (IPS) outlines the goals and investment objectives for the Plan. This IPS provides guidelines for managing the Plan, and outlines specific investment policies that will govern how those goals are to be achieved. The IPS:

- Describes the investment objectives of the Plan;
- Defines the responsibilities of the Board of Finance (“the Board”) and other parties responsible for the management of the Plan;
- Establishes investment guidelines regarding the selection of investment managers and diversification of assets;
- Specifies the criteria for evaluating the performance of the investment managers and of the Plan as a whole.

II. INVESTMENT OBJECTIVE

The Plan’s assets shall be invested in accordance with sound investment practices that emphasize the fundamentals of long-term investing. In establishing the investment objectives of the Plan, the Board has taken into account the financial needs and circumstances of the Plan, the time horizon available for investment, the nature of the Plan’s cash flows and liabilities, and other factors that affect the collective risk tolerance of the Board. Consistent with this effort, the Board has determined that the investment of these assets shall be guided by the following underlying investment objectives:

- Achieve a long term return that meets or exceeds the actuarial target of the plan;
- Maintain sufficient liquidity to meet the obligations of the Plan;
- Diversify the assets of the Plan in order to reduce risk;
- Achieve investment results over the long-term that compare favorably with those of other pension plans, professionally managed portfolios and appropriate market indexes;
- Prudently manage the inherent investment risks related to the achievement of investment objectives.

III. ASSIGNMENT OF RESPONSIBILITIES

Board of Finance – The Board of Finance is responsible for overseeing the assets of the Plan. To that end, the Board will:

- Establish and maintain the Plan’s investment policy, objectives and portfolio guidelines that will direct the investment of the Plan’s assets;
- Determine the Plan’s risk parameters and return evaluation;
- Provide specific interpretation of the investment policy;
- Select the investment vehicles; and,
- Monitor periodically the performance of the investments.

The Board shall discharge its duties with the care, skill, prudence and diligence appropriate to the circumstances then prevailing. The Board recognizes that some risk must be assumed to achieve the Plan’s long-term investment objectives.

The Board will meet periodically to carry out these responsibilities. The Board may designate a Pension Committee made up of two (2) members of the Board of Finance, the Town Manager and the Director of Finance to review plan performance, investment manager selection and any other items relevant to the performance and management of the Plan's assets and report back to the Board of Finance with recommendations, as necessary. The Board may engage the services of an investment consultant to aid in the management of the Plan's assets.

Investment Consultant –The investment consultant's role is that of a non-discretionary advisor to the Committee. The investment consultant will:

- Assist in the development and periodic review of the IPS and the Plan's asset allocation;
- Conduct investment manager and investment fund searches when necessary and make appropriate recommendations to the Board on manager selection;
- Monitor continually the performance of the managers/funds;
- Report plan performance to the Board at least quarterly;
- Meet with the Board semi-annually, or more often as deemed necessary; and,
- Communicate to the Board and/or members of the committee, as appropriate on other matters of relevance to the oversight of the Plan.

While the Town is not subject to ERISA, the investment consultant shall acknowledge in writing co-fiduciary responsibilities in keeping with generally accepted best practices for ERISA retirement plan oversight.

Custodian(s) – The Board will appoint a custodian, responsible for the safekeeping and custody of assets. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Plan, collect dividends and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Plan (for example, to accommodate distribution needs).

IV. ASSET ALLOCATION

The asset allocation target ranges are set forth below. These ranges represent a long-term view to provide an optimal mix of investments to achieve the desired returns necessary to meet current and future liabilities, while at the same time mitigating fluctuations in the overall value of the investment portfolio.

Part A – for Defined Benefit Plan Assets excluding Part B Assets noted below:

Part A assets long-term target allocation is 56% equity, 33% fixed income and cash equivalents, 6% real estate and 5% other*. Market volatility may periodically cause the asset mix to fall outside the targeted range. **Target Asset Allocation Table**

Asset Class	Min Weight	Max Weight
Money Market	0.0%	7.5%
Fixed Income	22.5%	42.5%
Domestic Equities	30.0%	50.0%
International Equities	10.0%	30.0%
Real Estate	0.0%	10.0%
Other	0.0%	10.0%

*As of the latest IPS adoption date, the 5% in the "other" category is diversified real assets.

Part B – for Defined Benefit Plan Assets effective December 2, 2014 per Amendments 12 and 13 to the Town of Glastonbury Retirement Income Plan:

Part B assets long term target allocation is 65% equity and 35% fixed income and case equivalents. Market volatility may periodically cause the asset mix to fall outside the target range. Over the next four quarters, the portfolio will be transitioning to the new target allocation.

Hybrid Plan Long-Term Target Asset Allocation Table

Asset Class	Min Weight	Max Weight
Money Market	0.0%	7.5%
Fixed Income	25.0%	45.0%
Domestic Equities	28.0%	48.0%
International Equities	10.0 %	30.0 %
Real Estate	0.0%	10.0%
Other	0.0%	10.0%

The Board may modify asset allocation target and may consider and approve other investments strategies. After review, other strategies must be deemed appropriate for the Town pension funds.

V. REBALANCING

To ensure that the Plan adheres to its asset allocation strategy, the Board may, at its discretion, institute rebalancing, as necessary. Adjustments made by the Board should be made with consideration to recommendations of the investment consultant, turnover, transaction costs, and realized losses over the long-term. The necessity to rebalance will be reviewed periodically.

Any rebalancing within an asset class that changes the allocation for that class greater than seven percentage points requires review and approval by the Board. The Board may request a review and report of the committee, as applicable, prior to approval.

VI. SELECTION CRITERIA FOR INVESTMENT MANAGERS/FUNDS

Investment managers/funds retained by the Plan shall be chosen by the Board, upon recommendation of the investment consultant, using various criteria, including but not limited to the following:

- Past results, considered relative to appropriate indexes and other investments having similar investment objectives with consideration granted to consistency of performance and the level of risk taken to achieve results;
- Investment style and discipline of the investment manager;
- The manager’s investment style or approach and how well it complements other assets in the Plan;
- Level of experience, personnel turnover, financial resources, and staffing levels of the investment management firm or fund.

The Plan may utilize a multi-manager structure of complementary investment styles and asset classes to invest the Plan’s assets.

VII. TERMINATION OF AN INVESTMENT MANAGER OR FUND

An investment manager/fund may be terminated by the Board if one or more of the following has occurred:

The Board has lost confidence in the investment manager's/funds ability to:

- Achieve performance and risk objectives;
 - Comply with investment guidelines;
 - Comply with reporting requirements;
 - Maintain a stable organization and retain key investment professionals;
- Or for any other reason determined by the Board to be in the best interests of the Plan.

There are no hard and fast rules for investment manager/fund termination. However, if the investment manager/fund has consistently failed to adhere to one or more of the above conditions, termination may be considered. Failure to remedy the circumstances of unsatisfactory performance by the investment manager/fund, within a reasonable time, may be grounds for termination.

Certain circumstances may require immediate termination of an investment manager. Upon recommendation of the investment consultant that such action is appropriate, the Pension Committee, as appointed in Section III of this policy, may authorize termination. All members of the Board of Finance will be advised of the consultant's recommendation and of the time and date the Pension Committee will meet to act upon the recommendation. Confirmation of such action will be scheduled for the next Board of Finance meeting.

VIII. SECURITIES GUIDELINES

The Plan's investments may include separately managed accounts and/or mutual funds/commingled funds and exchange traded funds. The Board understands that managers have full responsibility for security selection, diversification, turnover and allocation of holdings among selected securities and industry groups, as particularly detailed in the investment manager's policy statement of each of the Plan's separately managed accounts or in the prospectus/offering memorandum for each mutual fund/commingled fund/exchange traded funds in the portfolio.

With respect to mutual/commingled funds, the Board may consider and regularly evaluate the following to insure proper diversification and function for each of the funds:

- The mutual fund/commingled pool organizations selected should demonstrate: (a) a clearly defined investment philosophy; (b) a consistent investment process; (c) an experienced and stable organization; and (d) cost-effectiveness.
- The mutual fund/commingled pool selected will generally have at least a full three-year track record, or its equivalent, and the individual fund/pool must have at least \$25 million under management (or, as an organization, \$100 million in the same strategy) at the time of selection.
- Each mutual fund/commingled pool will maintain proper asset allocation diversity and provide material information on a timely basis.

IX. PROXY VOTING

Each investment manager is responsible for and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. Each investment manager shall vote proxies in the best interest of the Plan. A copy of each investment manager's guidelines, and/or summary of proxy votes shall be provided to the Board upon request.

X. INVESTMENT MONITORING AND REPORTING

The Board will periodically review performance of the investments in the Plan. Performance monitoring is one of the mechanisms used to evaluate the selected investments, confirm that the criteria originally set for each investment is satisfied and that each investment continues to be appropriate for the Plan. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an on-going process.

Monitoring should occur on a periodic basis. The monitoring process will utilize the same criteria that formed the basis of the investment selection decision and the following indices may be used to monitor performance:

Asset Class	Benchmark Index
Money Market	Citigroup Three-Month Treasury Bill Index
Fixed Income	Barclays Aggregate Index & Citigroup World Government Bond Index
Domestic Equities	Russell 3000 Index
International Equities	MSCI ACWI ex-US Index
Real Estate	NCREIF
Other	Various

Additional indices may be added/used, as applicable to a specific type of investment or asset class. In addition, a set of “watch list criteria” may be employed to track important quantitative and qualitative elements, assist in the evaluation process, and focus the Board on potential areas of concern.

Watch list criteria may include the following:

- Performance relative to benchmark performance over various time frames;
- Deterioration of risk-adjusted performance;
- Notable style drift/change in investment objective;
- Relative investment management fees;
- Significant organizational or manager change.

XI. APPROVAL

It is understood that this IPS is to be reviewed periodically by the Board to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the investment managers.

Originally Adopted by Glastonbury Board of Finance on November 17, 2010.

Last Reviewed / Revised and Adopted by Glastonbury Board of Finance on July 19, 2023.