

MAY 23 2022

Katherine C. J. J. J.
SUFFIELD TOWN CLERK

Minutes of the Regular Meeting of the Board of Finance (BOF)

Town Hall 1st Floor Conference Room May 9, 2022

Call recording available under BOF on Town Website

Members Present: Ryan Anderson, Chris Childs, Michael Haines, Eric Harrington, Dr. Ann Huntington **Members Absent:** Brian Kost **Alternates Present:** Tom Frenaye **Alternates Absent:** Mark Sinopoli, J Michael Stevens

Also Present: First Selectman Colin Moll, Finance Director Eric Remington

Chairman Anderson called the meeting to order at 7:00pm and conducted the pledge of allegiance.

Citizen Comment/Correspondence: None

Dr. Huntington made a motion to assign Mr. Kost's voting rights to Mr. Frenaye. Mr. Childs seconded. All were in favor, the motion passed 5:0.

Mr. Childs made a motion to amend the agenda to move WPCA agenda topic between agenda topics 5 & 6 (after the GYL Financial Advisors update and before the Cemetery Funds Investment Policy). Mr. Haines seconded. All were in favor; the motion was approved 6:0.

Dr. Huntington made a motion to amend the agenda to add the appointment of our auditors as agenda item 9A, between the Board of Education and appointment of the Director of Finance. Mr. Harrington seconded. All were in favor, none opposed. The motion passed 6:0.

Approval of the Minutes of the following meetings:

- a. Budget & Special Meeting March 7, 2022
 - b. Budget Meeting 3-14-2022
 - c. Budget Meeting 3-21-2022
 - d. Budget Meeting 3-28-2022
 - e. Budget Meeting 4-4-2022
 - f. Regular and Special Budget Meeting 4-11-2022
- Dr. Huntington noted a correction to the March 7th minutes that the reference to "the roads by Hillside Cemetery" should have said "the roads by Woodlawn Cemetery". Mr. Childs motioned to approve the minutes as corrected. Dr. Huntington seconded. All were in favor, the minutes were approved 6:0.
 - Dr. Huntington made a motion to approve the March 14th minutes as written. Mr. Harrington seconded. All were in favor and the minutes were approved 6:0.
 - Dr. Huntington made a motion to approve the March 21st minutes as written. Mr. Harrington seconded. All were in favor and the minutes were approved 6:0.
 - Dr. Huntington made a motion to approve the March 28th minutes as written. Mr. Harrington seconded. All were in favor and the minutes were approved 6:0.
 - Dr. Huntington made a motion to approve the April 4th and April 11th minutes as written. Mr. Harrington seconded. All were in favor and the minutes were approved 6:0.

GYL Financial Advisors, OPEB and CNRE Investment Review - Michael Lepore, Claire McDonald, GYL Financial Synergies

Mr. Lepore provided a summary of the first quarter market environment including domestic and international drivers to market expectations.

With that as backdrop, Ms. MacDonald reviewed OPEB fund Q1 performance. Since inception (2014) we have had a 7.11% return vs. our investment policy expectation of 6.43%. In April 2014 we started with just under \$6.8M and have added \$3.3M. The OPEB balance now sits at just over \$16.5M as of the end of Q1, 2022.

She reviewed the performance of each underlying fund. Energy stocks have provided solid returns and Growth funds were impacted the most. The Mesirow fund had to replace a fund manager, who is assembling his new team. They have had many meetings with them and formerly place them on watch list with no action recommended at this time.

Mr. Lepore reiterated that while it was a challenging quarter, we need to remember the long time horizon for this fund. While the "easy money" may have been made in technology, main stream developmental technology will still be a driver of growth and efficiency. While the long term asset allocation hasn't been working in the past few months, they do not recommend significant changes at this time. They recommend an update to the asset allocation policy to slightly decrease the emerging market equity exposure in light of current risks, a slight increase in large cap, a slight decrease in midcap, a slight increase in small cap and keep other asset class allocations the same.

Mr. Childs made a motion to accept GYL's recommendation to adopt the proposed 65/35 scenario to include a reduction of the US core index by 25% and reallocate that to the Quality Index Exchange Traded Fund (ETF) and to replace the JPMorgan Large cap value with Conning High Dividend Strategy Separate Account. The motion was seconded by Michael Haines. All were in favor, none opposed. The motion passed 6:0.

Mr. Childs asked if we should be extending the duration of the portfolio as the return set on longer duration bonds is more attractive. They are considering this, but not recommending action at this time.

Ms. MacDonald reviewed CNRE fund performance, which has a more conservative allocation at just 30% equity. Since inception, the return is 4.58% which is in line with the policy benchmark but significantly higher than the T-bill which is at .85%, so the other investments have definitely added value. The fund started in May 2015 with just under \$1.7M and we have added \$2.7M to-date. We closed Q1 2022 with just over \$5M in the fund. She reviewed the individual funds and fixed income investments.

Chair Anderson noted that we didn't plan for a contribution to OPEB in the budget and we may have to, depending on how the remaining months of this year play out. Last year we put \$2M into CNRE, this year another \$500k which we should get invested by the end of July, assuming the budget gets approved.

Mr. Childs made a motion to accept GYL's recommendation to move 25% from the S&P 500, midcap and small cap index funds into the Vanguard US Quality Factor ETF. Dr. Huntington seconded. This fund is more of an all cap fund which is why they are moving from all three funds. All were in favor, none opposed. The motion passed 6:0.

GYL will put together a rebalancing spreadsheet for each fund and send to Mr. Remington for review and signature.

WPCA Budget Review - Jamie Kreller, Superintendent, Julie Nigro, Business Administrator, Suffield WPCA

Janet Davis, WPCA Commission Chair, asked if any of the Federal ARPA (Covid relief) funds would be available for some of their projects. First Selectman Moll asked her to put together their proposal for the ARPA Committee to review at their next meeting in late summer.

The WPCA budget for 2022/23 is going up by 2.12% including the transfer of monies from RCM to the O&M budget, if take that out it is going up 3.65%. The residential use rate is going up from \$360/per year to \$370/year. The residential rate is the same for Kent Farms at \$370. The commercial rate is increasing from \$8.61 to \$8.89 per 1000 gallons. They are planning \$1.663M worth of capital projects, using about \$574k of their fund balance and moving \$607k of projects that were supposed to be done this year into next year (the bid for the pipe rehabilitation project at Cassotta Lane was \$500k but came in at \$100k). That will leave them with just over \$2M fund balance, which is less than some other towns but they feel is sufficient.

Their expenses would be going up 3.65% so they are using fund balance to minimize rate increases. They have been increasing the residential rate \$10/year for three years now but they are still low compared to other towns because they do a lot of projects in house. Despite salary increases (regular and union) and adding a 20 hours/week assistant business administrator, they have some savings as two long term employees that left were replaced with operator trainees.

Mr. Childs asked about Congamond and Mr. Kreller said it is on tomorrow's agenda to review the study. Mr. Harrington asked why the employee insurance amounts are up 29% and it's because some employees went from single to family and they added benefits for the assistant administrator position. Mr. Frenaye asked if they are comfortable with their capacity and they are good at 60%-70%, depending on the rain, especially given a low growth rate predicted for the Town.

Chairman Anderson noted this budget review is a courtesy as the BOF doesn't approve their budget. There is a public hearing for it tomorrow, then the Commission will vote on it. Ms. Davis recognized Mr. Kreller and Ms. Nigro for their great efforts and cost savings, noting that in a recent plant tour other Operators and Engineers in the field commented on how clean and well-run the plant is.

Cemetery Funds Investment Policy

Assuming the proposal to fund \$500k within the upcoming budget is approved in the Town meeting, next steps were discussed. Attorney Donnelly should be asked to review the statute to confirm the type of investments that qualify. If GYL is willing to manage this, they can replicate the asset allocation for the OPEB fund. Mr. Remington could put together an investment policy statement. The funds are for perpetual care of the cemetery, the cemetery road maintenance is under the Pavement Management budget.

Tax Collector, Suspense List - Jill Schechtman

Ms. Schechtman reviewed what was collected - 98.75% for the 2020 Grand List as it is still active. We can collect more in subsequent years that will get that amount closer to 100%. In past years they had all the Grand List years together to get caught up but moving forward going to take just one year and suspend that; this year it's the 2018 Grand List. Once approved, they send motor vehicle (regular and supplemental) and personal property cases to collections. Two large suspense items have been put onto the DMV list.

Mr. Harrington made a motion to move \$69,279.82 to Suspense. Mr. Haines seconded. All were in favor, the motion passed 6:0

Board of Education - capital contingency request

Chair Anderson explained the BOF had approved capital to make some modifications for Home Economics and to repair the pillars at the high school. The scope and estimates have changed so there was an increase in the amount needed that would require Town Meeting approval. The pillars might be a request later this year, the home economic modifications may need to be an ACCE request next year. It was noted that while the BOE could use operating surplus to cover some items vs. coming to the BOF, they have gone away from that practice to be more transparent with the BOF and the Town.

Appointment of Auditor

Mr. Harrington made a motion to Appoint MahoneySabol as our auditors for the next two years. Mr. Childs seconded. It was noted that we need to go out early with an RFP for the subsequent years in case audit firms remain too busy to reply to RFPs. All were in favor, none opposed. The motion passed 6:0.

Appointment of Director of Finance

Mr. Childs moved to name Eric Remington the new Director of Finance. Mr. Harrington seconded. All were in favor, the motion passed 6:0.

Treasurer Update - Kacy Colston

Discussion tabled as Ms. Colston was not present.

Mr. Childs made a motion to move 14a (Library Director salary increase) before item 12 (Finance Director update). Mr. Harrington seconded. All were in favor, the motion passed 6:0.

Consideration of salary increase for Library Director position - First Selectman Moll

First Selectman Moll said they are seeking to increase the salary up to \$85k plus benefits, both to be covered by the Library Endowment fund. Two postings have failed to bring qualified candidates so they hope to have more success by offering comparable to other towns. The BOS was concerned that the Endowment commit to fund annually but Town Attorney Donnelly said the policy is the commitment. Mr. Harrington made the motion to increase the Library Director salary to \$85k plus benefits to be paid by increased monies from the Library Endowment. Dr. Huntington seconded. All were in favor, none opposed. The motion passed 6:0.

Finance Director - Budget Review

Mr. Harrington noted that the employee benefits line item is going to be over \$190k, so while it currently looks favorable by a couple hundred thousand, the budget is really very close and needs to be managed tightly for the remaining two months. Chairman Anderson said we should take action on Contingency in the next meeting. Items discussed were covering the balance needed (beyond the accrued amount) for the Police Department salary negotiations; adding to the Fuel fund given the increased prices; keeping some reserve for any unexpected overages.

Treasurer/Director of Finance - controls review

Treasurer Colston and Finance Director Remington have drafted Treasurer Controls for the BOF to review prior to discussing in Executive Session at the June meeting.

First Selectman Update

First Selectman Moll continues to follow up with Tecton for the Master Facilities Plan and will be giving them a hard deadline.

The State has a Communities Challenge Grant for which Babb's Beach and Bridge Street projects are both options. The grant is very competitive with affordable housing applications being most often selected, so a shovel ready plan is important to increase our chances. Babb's has one but it may need to be updated. If we can cover 50% with the grant and possibly apply ARPA (Covid relief) funds, we may be able to cover the full cost of one of these projects. The BOS is reviewing and will come in June seeking BOF approval.

The next meeting will be the Town Meeting to approve the budget on May 11, 2022, 7:00pm at the Middle School.

Adjourn

Dr. Huntington made a motion to adjourn. Mr. Harrington seconded. All were in favor and the meeting was adjourned at 9:02pm

Respectfully submitted,
Kris Kelliher

These minutes are not official until accepted at a subsequent meeting.