

**Minutes of the Regular Meeting of the Board of Finance (BOF)
Town Hall 1st Floor Conference Room September 12, 2022**

Members Present: Ryan Anderson, Chris Childs, Michael Haines, Eric Harrington, Dr. Ann Huntington, Brian Kost **Members Absent:** None **Alternates Present:** Tom Frenaye, Mark Sinopoli, J Michael Stevens **Alternates Absent:** None

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

Chairman Anderson called the meeting to order at 7:03pm and conducted the Pledge of Allegiance.

Citizen Comment/Correspondence: None

Approval of Minutes - Regular Meeting 6-13-2022

Mr. Kost made a motion to accept as written. Mr. Childs seconded. All were in favor; the motion passed 6:0.

Discuss potential purchase of Overhill Drive parcels – Bill Hawkins, Director Planning & Development

Mr. Hawkins presented the properties and rationale. Mr. Kost expressed that this would be the most we have paid for open space especially when it can't be more than one building lot. Mr. Hawkins acknowledged that the purchase is not as much to deter development as to support the strategy to create an open corridor for greenways and to connect trails across town. The DOT owns but is not using the properties so their final negotiated price is \$210k. The Open Space fund can cover the purchase cost with \$644,466 remaining in the fund. Mr. Harrington made a motion to approve the expenditure of up to \$210,000 from the Open Space fund for the purchase of 27.51 acres of CT DOT land located off Overhill Drive and refer the transaction to Town Meeting. Dr. Huntington seconded. Chair Anderson, Mr. Childs, Mr. Harrington, Dr. Huntington were for; Mr. Kost and Mr. Haines were against. The motion passed 4:2.

Town Engineer grant application SS4A – Karen Isherwood, Town Engineer

Ms. Isherwood reviewed the information and documents regarding the State grant to prevent death and serious injury on shared State/Town roads. This grant application would have multiple towns presenting a joint application with Farmington (lead), Suffield, Bloomfield, Canton and Hartford. Key town employees and a traffic consultant, who collectively spent over a year on the traffic study complete with public hearings and input, have determined the best option is to create a roundabout at the intersection of Mountain Road, North and South Stone where there have been 22 documented accidents since 2017. The costs would be about \$4.8M federal funds, \$960k town portion. The BOF debated pros and cons, with several believing a traffic light would be a more cost effective option, however Ms. Isherwood said the location did not meet the set criteria for a traffic light. Also while other dangerous streets were considered, they selected the most expensive one to address for the 80% funding as opposed to ones that would be a lower cost to improve. It was recommended that extensive public feedback be solicited prior to accepting the grant should it be awarded. Mr. Childs made a motion to go forward with the grant request. Dr. Huntington seconded. Mr. Harrington wants to continue to pursue a traffic light especially as the project will take 5 years. All were in favor except Mr. Kost. The motion passed 5:1.

GYL Financial Synergies – Michael LeporeLepore

Mr. Lepore summarized that we had a challenging start to the year with the worst first quarter in decades and a second quarter that was even tougher. In this environment the growth funds struggled the most,

however they have confidence in the quality of the investments and management teams to rebound when the market stabilizes so they are not recommending any changes to the funds at this time.

a. OPEB investment review

Mr. Lepore reviewed the funds and performance year-to-date. The current value is approximately \$14M. He reviewed some of the specific causes behind the lower performance but also their rationale for not recommending any changes at this time. Mr. Kost asked if we could see the historical data from fund inception, prior to GYL taking over, so we can see the initial deposit and overall rate of return since inception. Mr. Remington and/or Ms. Colston will provide that historical data for GYL to include.

b. CNRE investment review

Mr. Lepore reviewed starting value, contributions and earnings. The Board discussed the best timing to invest the \$500k current year budgeted contribution to this account, deciding that the full amount will be given to GYL who will invest one-third, put one-third into a 3 month T-bill and one-third into a 6 month T-bill, investing those portions when each bill matures. Mr. Lepore does not recommend any strategy/allocation changes at this time.

Mr. Kost questioned changing our asset allocation approach as we have gone from a low to declining interest rate environment to rising interest rates with significant market volatility. The discussion with BOF members and Mr. Lepore determined that while it is not a great time to sell off equities in CNRE when we may need those funds for significant facilities investments in the next few years, it can make sense to change the duration of the bond portfolio in the OPEB fund. Mr. Lepore will send Mesirow Financial's memo that explains the Pension Fund's approach to setting basis point triggers upon which they adjust the duration. This will be added to the BOF October meeting for review/action. Mr. Remington noted that Mesirow will be presenting to the Pension committee in November and he will send the meeting information to the BOF should any members want to attend.

c. Cemetery Fund investment policy

Mr. Lepore presented several models with varying percents of equity vs. fixed, noting the goal is to fund this in perpetuity with 4-4.5% in gains to cover cemetery maintenance instead of an annual budget allocation. There is just over \$1M in the cash account currently. It was noted that more equities will offset inflation and our pension account currently targets 70% equity. Mr. Kost made a motion to adopt a 70/30 equities/fixed allocation. Mr. Haines seconded. Mr. Kost revised the motion to specify keeping \$50k/year with a 90-day or less maturity for the Town Treasurer Ms. Colston to manage, giving \$950k to GYL to invest in a 70/30 equity/fixed allocation. Mr. Haines seconded the revised motion. All were in favor; the motion passed 6:0.

d. Proxy voting policy

Mr. Remington noted there is no policy for responding to proxy solicitations for our funds. No action taken, but it was noted this is worth a discussion and proposal in the future.

Transfer Requests

a. FY 21-22

i. River Valley expenses \$3915.24

Chairman Anderson authorized payment over summer break to the animal care facility housing the Hornish dog for January and February per the Town Attorney's request and as approved by the Board of Selectmen in March. It was paid out of the Legal budget so no action needed at this time. We haven't been billed for March through June yet.

ii. Transfer \$8,769.53 from capital project # 59451 to capital project # 59452

Mr. Harrington made a motion approve the transfer of \$8,769.53 from project #59451 Cascade Air Compressor to the related project #59452 SBCA. Dr. Huntington seconded. All were in favor; the motion passed 6:0.

FY 22 Encumbrance

a. Tax Collector \$562.68 for Printing & Binding

Chairman Anderson authorized the payment for printing and binding during summer break. Mr. Kost made a motion to authorize the encumbrance of \$562.68 for printing and binding for fiscal year 2022. Mr. Harrington seconded. All were in favor; the motion passed 6:0.

Mr. Childs made a motion to amend agenda item # 7 to give Mr. Remington the authority to manage the Cemetery Fund and to approve the engagement of GYL as the asset manager for that fund pursuant to the fee structures in the documents provided. Mr. Kost seconded. All were in favor, none opposed; the motion passed 6:0.

Director of Finance Update – Eric Remington

a. Budget Review

Mr. Remington reviewed highlights of the budget to-date:

- We are a bit over budget in insurance and employee benefits but expect offset savings from not filling positions in other parts of the budget so overall the Administration portion is on track.
- Public Works has some overage from project work (e.g. drainage, tree cutting) running over.
- Public Utilities appears to be under by \$107k but he is still reviewing to confirm.
- BOE's current estimate is \$50k surplus however they have not completed their full review yet. They will be coming to the October meeting with an update.

Mr. Kost questioned if the \$99,840 over budget on transfers is correct. Mr. Childs asked if we used any of the premium of the general obligation bonds which has a timeline to use or lose. Mr. Remington confirmed it will be recorded but he is researching the correct accounting entry. Mr. Kost noted we have almost \$900k more in revenue, \$200k less in expenditures so this will increase fund balance by 2.5%, \$1M better than expected. Mr. Frenaye asked if Mr. Remington has been able to complete bank reconciliations in a more timely fashion as in the past this has been an auditor concern. Mr. Remington will speak to this in the Controls Review topic.

b. General update

Nothing further was discussed.

Town Treasurer Update– Kacy Colston

a. Cash balance summary

Ms. Colston handed out the reports that have been used previously to confirm value and any requested changes. She is looking into using the Munis system to keep track of different line items that can be consolidated into one or lesser bank accounts earning higher interest vs. the current numerous accounts. She is also researching some small accounts that have never changed to see if they can be eliminated. She moved \$5M from the General Fund to the State Short Term Investment Fund (STIF) which she can reclaim within a day if needed. The budget has an increase in interest income of \$125K and we expect favorability as we are already at \$52k in the first 2 months. Her strategy is to move more money to STIF to achieve a better return but we are also required to keep a certain amount with TDBank. She wants any money from the Comptroller's office to go right into STIF vs. other bank accounts. BOF members noted they are very pleased with the reports and progress.

b. Interest analysis

Covered above.

First Selectman Update – Colin Moll

First Selectman Moll said he met with Superintendent Van Tassel and BOE Chair Sattan to review different options for the Master Facilities Plan. He does not anticipate bringing forth ACCE requests in time for this year's budget process. Suffield on the Green event was successful. Tickets are available online for Oktoberfest at Hilltop Farm.

Mr. Harrington made a motion to amend the agenda to add a second Executive Session for the Tax Assessor salary agenda topic, in addition to the one planned for the Controls Review topic. Mr. Haines seconded. All were in favor; the motion passed 6:0.

Mr. Kost made a motion to move into Executive Session for the purpose of financial controls review including First Selectman Moll, Finance Director Remington and Treasurer Colston. All were in favor and the BOF began Executive Session at 9:06pm.

The board exited executive session at 9:40pm.

Dr. Huntington made a motion to move into Executive Session for the purposes of a discussion on Tax Assessor compensation including First Selectman Moll, and Finance Director Remington. All were in favor and the BOF began Executive Session at 9:40pm.

The board exited executive session at 9:50pm.

Dr. Huntington made a motion to increase the Assessors salary by \$15K on an annualized basis effective the beginning of the pay period starting 9/19. Mr. Haines seconded. All were in favor; the motion passed 6:0.

Adjourn

Mr. Haines made a motion to adjourn. Dr. Huntington seconded. All were in favor and the meeting was adjourned at 9:50pm.

Respectfully submitted,
Kris Kelliher

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