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To: SimsburyCT\_FinanceMin  
Cc:

BOARD OF FINANCE  
REGULAR MEETING - 6:00 PM  
DECEMBER 20, 2011

#### CALL TO ORDER

Paul Henault, Chairman, called the regular meeting of the Board of Finance to order on Thursday, December 20th, at 6:00 p.m., in the Main Meeting Room at the Town Offices. The following members were also present: Peter Askham, Nicolas Mason, Jeff Blumenthal and Barbara Petitjean. Also present were Mary Glassman, First Selectman, Mary Ann Harris, Finance Director/Treasurer, Burke LaClair, Board of Education Business Manager, Tom Roy, Director of Public Works, Debra Sweeney, Finance Department, Leslie Faraci, Clerk and other interested parties.

#### I. APPROVE MINUTES - November 17, 2011 (Regular Meeting) & November 17, 2011 (Special Meeting)

Mr. Askham made a motion to approve the minutes of the November 17, 2011 Regular meeting. The motion was seconded by Ms. Petitjean and was unanimously passed, with one abstention. (Mr. Mason abstained, as he was not present at that meeting)

Mr. Askham made a motion to approve the minutes of the November 17, 2011 Special meeting. The motion was seconded by Ms. Petitjean and was unanimously passed, with one abstention. (Mr. Mason abstained, as he was not present at that meeting)

#### II. FIDUCIARY INVESTMENT ADVISORS PRESENTATION on OPEB & PENSION PLANS

Chris Kachmar, Fiduciary Investment Advisors, LLC was present to give a presentation to the Board regarding the OPEB (Other Post-Employment Benefits) & Pension Plans. Mr. Kachmar presented in-depth quarterly reports as well as a Flash Report, which reported through November 2011. Mr. Kachmar said that thus far this year, the Capital Markets have divorced themselves from the fundamentals, and have been negatively affected due to the volatile situation in Europe. Mr. Kachmar went through the Bond Markets

vs. the Equity Markets, as shown on the Flash Report. He then reviewed the sectors within the S&P 500, describing which are stronger, weaker and explained why that is the case. Next, Mr. Kachmar explained the Preliminary Performance Measurement with regards to the OPEB and explained Market Value and performance thus far. Mr. Henault asked Mr. Kachmar if other towns/cities had set up their OPEBs yet, to which he answered, yes, increasing they are, although Simsbury was one of the first. Mr. Kachmar said they work with Avon, Westport, Wilton, West Hartford, Stanford and others, all of which have adopted OPEBs. At this point, Mr. Kachmar went to the same Preliminary Performance Measurement Report with regards to the Simsbury Pension Account, again describing performance throughout the years since its inception. Mr. Mason pointed out that while the OPEB is a much more active fund, in terms of management, the Pension fund is more passive and the returns seem to be essentially the same. Mr. Kachmar said that it is somewhat coincidental at this point, but it is something to continually examine and address.

Mr. Blumenthal arrived at 6:20PM.

Mr. Askham asked about the projected returns and how to avoid being underfunded and having to play catch-up, due to under-performing returns. Mr. Kachmar said the strategic allocation in place now, models on an annualized basis and expects a return of approximately 7.26%, when adding in the active managers (are assumed to increase return about 80 basis points) on top of that, brings it over the Board's 7.75% return assumption. Ultimately, Mr. Kachmar said that the 7.75% return assumption is not overreaching.

Mr. Henault reviewed the breakdown of the total Pension Plan breakdown with Mr. Kachmar. Mr. Henault then said that while the Pension Plan is solid, these meetings help keep things on track and moving in the right direction as we head into doing the Budgets. Ms. Petitjean and Mr. Henault discussed employee and Town contributions with Ms. Harris.

Mr. Mason then brought up the fact that while the Town has an Investment Strategy, the "active managers" that had been talked about, don't even know about that policy (which is old and needs to be revised). Mr. Mason then brought up the active vs. passive management of these funds again and said that ultimately, the results seem to be the same.

Mr. Henault told the Board Members to send any follow up questions they had to Mr. Kachmar.

Ms. Petitjean asked Mr. Kachmar if he had a recommendation with regards to the Investment Policy. Mr. Henault said maybe he can look at the numbers and see if he had thoughts about allocation changes and recommendations. Mr. Mason said at this point, this is an issue for the Board of Selectmen,

not the Board of Finance. Ms. Glassman said the Committee comprised of five (5) representatives from the Board of Selectmen, Board of Education and Board of Finance were all involved in appointing FIA, and they report to the Board of Selectmen, but that one Board would not work independently on this item without informing and receiving feedback from the others. Following the discussion, Mr. Henault and Ms. Glassman concluded they would confer to discuss a pension subcommittee, whether they needed a pension subcommittee, and where that would reside if it were formed. They would then report back to the Board after the conversation has occurred.

### III. TRANSFER FROM RESERVES - CRRRA STUDY

Mr. Roy explained that with the end of our legal relationship with CRRRA (Connecticut Resources Recovery Authority) approaching in November, it is a good time to conduct this study of municipal solid waste and recycling options. The study would cost \$12,000. Mr. Roy said there are a lot of moving parts to this, but it is important and the right decisions could result in significant cost savings moving forward. Mr. Henault asked why this was not coming from the operating budget, and Mr. Roy said because it was not considered in the budget. Mr. Roy explained there was a \$14,000 recycling rebate coming, which would offset this cost. Mr. Roy said that rebate money was deposited into the General Fund, but this \$12,000 would have to be a transfer from reserves. Mr. Henault asked if this money could come out of the consultant fund, to which Ms. Harris replied by saying there were other consulting obligations. Mr. Henault said he was very hesitant to take money out of reserves unless it were an absolute emergency, especially considering the winter season has not even begun. He said he was not questioning the validity of the request, just that he does not want to drain our Reserves even further than they currently are. Mr. Askham said he thinks it would be beneficial to conduct this study, but he also is very hesitant to take it out of reserves. Ms. Harris said we will be replenishing our funds after we receive our FEMA money for Irene and the Storm Alfred. Ms. Harris said they may come back at a later date to readdress this request. Ms. Petitjean said that while they don't opposed the expenditure, they will not approve it to come from reserves, so Mr. Roy should find somewhere within his existing budget where they can reallocate the money. Mr. Blumenthal asked about the timing and when this would need to be approved. The response was that it could be accomplished first quarter of this year and would be in the form of a transfer.

Mr. Mason made a motion to table the request. The motion was seconded by Ms. Petitjean and was unanimously passed.

Mr. Henault then thanked Mr. Roy and his staff for their work during Storm Alfred.

### I. STORM UPDATE

Mr. Roy handed out a presentation to the Board "Town Wide Debris Collection & Disposal Status Update". Mr. Roy started out by saying what an unprecedented event Storm Alfred turned out to be. He said the clean up efforts began immediately. Mr. Roy said the original debris estimates by True North and Town were for 125,000 CY, based on industry formulas, total area, number of homes and a windshield survey. The final total is approximately 274,000 CY. Mr. Roy went through a debris comparison sheet illustrating debris volume for Avon, Farmington, Granby, S. Windsor and W. Hartford. The overall project cost was then discussed, breaking down as \$3.15M for Ceres Environmental and \$.45M for True North, totaling to approximately \$3.6M. He then showed a chart detailing the cost breakdown.

Mr. Roy spoke briefly about how valuable the services of True North were during the clean-up.

Ms. Petitjean asked about the status of filing for FEMA reimbursement. Mr. Roy explained where in the process we were.

## II. ACCOUNTING RESOURCES - PAC

Mr. Henault explained that members of the PAC Committee had requested accounting resources. He wanted to make sure there were accounting controls and resources with regards to PAC. Ms. Harris said this is a Special Revenue Fund and they were supposed to provide a budget, which they did not. She then explained that the PAC operates on a seasonal calendar, while the Town works under a Fiscal Year. Ms. Harris said they had no accounting. She said they need to analyze their costs, as there have been multiple years of losses. Their fiscal timing was discussed, Mr. Mason said they should be working on a Calendar Year. Mr. Henault said that, as a special revenue fund, they should do as are told from Ms. Harris and the Board of Selectmen. Mr. Henault said he wants to make sure they are receiving accounting resources, and Ms. Harris confirmed that yes, they are now. Mr. Blumenthal asked about where they receive their funding and Ms. Harris explained the different sources by which they receive funds.

## III. OTHER BUSINESS

Mr. Henault said the First Selectman and the Superintendent had requested that the Board of Finance move the February meeting, as they were unable to make it as scheduled, and it is a Capital Presentation Meeting. He asked Ms. Harris and Mr. Burke about alternative dates, to which Ms. Harris said Tuesday, February 28th would work at 6PM. Mr. Henault said this is a suggestion, but he will double check with others prior to officially changing the date.

Mr. Henault asked when the Audit Report would be completed and Ms. Harris said before the end of the year.

Next, Mr. Henault brought up the subject of whether or not the members would like to receive all of their information via email as opposed to printed materials. He asked them to think about it.

Mr. Henault then mentioned Veteran and Senior Tax Relief, saying Mary Glassman had appointed a committee to look at that further, and she had asked someone from the Board of Finance participate.

Ms. Petitjean said that the Public Buildings Committee had awarded a contract to Millennium in the amount of \$2.836M and is currently underway. Secondly, the Board of Education said they are looking at a facilities and enrollment task force and Ms. Petitjean said that they should consider piggy-backing on the work the Board of Education is doing, and possibly look at it from a Town-wide perspective.

Mr. Henault welcomed Mr. Blumenthal to the Board and wished everyone a happy holiday season.

Ms. Petitjean made a motion to adjourn the meeting at 7:35PM. The motion was seconded by Mr. Blumenthal and passed unanimously.

Respectfully submitted,

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Paul Henault, Chairman  
Commissions Clerk

Leslie U. Faraci,