

**Board of Finance
TOWN OF SIMSBURY, CONNECTICUT
REGULAR MEETING MINUTES
Tuesday, February 13, 2024, at 5:45 P.M.
Simsbury Community Media Live Stream**

PRESENT:

Lisa Heavner, Robert Helfand, Todd Burrick, and Art Wallace.

ALSO PRESENT:

Amy Meriwether, Director of Finance; Marc Nelson, Town Manager; Chris Kachmar, Fiducient Advisors; Tyler Polk, Fiducient Advisors; Wendy Mackstutis, First Selectman.

1. Call to Order - Establish Quorum

Ms. Heavner called the meeting to order at 5:45 P.M.

2. Pledge of Allegiance

All present stood for the Pledge of Allegiance.

3. Presentation Fiducient Advisors

Mr. Kachmar provided an overview of the Town of Simsbury's Retirement Plans and the Quarterly Investment Review for the 4th Quarter 2023. He reported that for the calendar year the pension plans were up about 11% and the OPED was up a little more than that. He reported a good performance from most of the managers and a decent year. Mr. Kachmar reported they are at 33% fixed income in the Asset Allocation today and they are proposing to take them up to 38%. He said they are optimally allocated and there may be an opportunity on the margin to get a little more conservative given the higher interest rates and the better fixed income return profiles. He added it might be an opportune time in the cycle to de-risk a little. He continued the presentation with the Current v's the Proposed Target Allocations. The Board had questions which were addressed by Mr. Kachmar. He continued with the presentation stating the OPED was up 14.4% in 2023 and he said it's performing nicely. He added the Board will have to think about introducing active management at some point but not at the moment. The Board discussed moving forward with a motion to eliminate the Templeton Institution and the reallocation of the pension plans as recommended by Fiducient pending the approval of the Retirement Sub-Committee.

MOTION: Mr. Burrick made a motion, effective February 13, 2024, to approve the elimination of Templeton Institution and the reallocation of the pension plans as recommended by Fiducient on page 24 of their agenda packets subject to the recommendation of the Retirement Sub-Committee. Mr. Helfand seconded the motion. All were in favor and the motion passed unanimously.

Mr. Polk with Fiducient continued with the presentation and reviewed the governance calendar, some regulatory legislative changes, and the Review Committee best practices. He reviewed some optional provisions that could be offered to plan participants and added there is no time constraints on deciding these. He continued with the presentation included a slide on Fiduciary Best Practices and said there is no changes needed to the Investment Policy Statement at this time. He continued reviewing the balances and included a slide on the T. Rowe Price

Retirement Funds and said they don't recommend any changes. The Board had questions which were addressed.

MOTION: Mr. Wallace made a motion, effective February 13, 2024, to appoint Robert Helfand and Todd Burrick to the Retirement Sub Committee. Ms. Heavner seconded the motion. All were in favor and the motion passed unanimously.

4. Finance Directors Report

- a) Town Quarterly Budget Status Report as of December 31, 2023
- b) Board of Education Quarterly Budget Status Report as of December 31, 2023
- c) Budget Discussion
- d) Proposed Board of Finance Agenda Items
- e) Draft Annual Report
- f) Simsbury Junior Woman's Club Grant Appropriation

Ms. Meriwether went through her report and Ms. Heavner thanked her and all involved in working on and reporting their savings initiatives. Ms. Heavner asks if their retirees have been putting sufficient money into the Health Fund to cover the claims that have been paid out. Ms. Meriwether said she would look into this. The Board had additional questions which were addressed. Ms. Heavner asked about paying off a bond early to see if there would be any financial benefits, and Ms. Meriwether said she would ask their bond advisor and get back to the board. Ms. Meriwether explained it is not advisable to bond early and hold on to that money. She reported they are on the final review stages of their final audit and Ms. Heavner asked that when it comes back in the next few weeks that it is emailed to the Board. Ms. Meriwether explained that their grand list remained flat at 0.06% which is around \$60K increase in value. Ms. Heavner asked for a copy of the report that was filed with the State and Ms. Meriwether said she will send it out tomorrow.

a) Ms. Meriwether reported on the Towns Quarterly Budget report highlighting that for the period ending in December 31, 2023 they are anticipating around \$125M in revenues by the end of the FY2024 which is about \$3.3M to the good. She went through the major line items affecting this. The Board had questions which were addressed. Ms. Meriwether reported that the anticipated Expenditures spend is around \$120.5M in comparison to their budget of \$121.5M with anticipated savings of around \$940K. She went through the line items effecting these numbers and added if all these Expenditures and Revenues come to fruition, they are expecting a surplus of about \$4.2M which will bring their estimated fund balance to around 19.59% of fund balance.

b) Ms. Meriwether reported the BOE are expected to have a \$500K - \$700K deficit mainly due to Special Education. She provided an overview of the main drivers and added to mitigate this deficit they will be looking at a spending freeze, reallocating some of their applicable grant funds, and anything else that can help out. Mr. Wallace asked how the surplus is handled going into the new year and Ms. Meriwether said it's at the discretion of the BOF. She added typically it's taken into their Capital Reserve fund to offset any major capital expenditures or last year it was put it towards the Mill Rate Stabilizer fund. Ms. Heavner added that they follow the Massachusetts model where they wait until October when the books close to know they have the

money, and then it goes into the following years budgeting consideration. She added line-item savings can be moved around within Departments. Mr. Nelson spoke about intra Departmental transfers. Ms. Heavner asked about Parks and Open Space and Ms. Heavner explained the reporting. Ms. Heavner asked if the internal line-item transfers can be done before the next meeting. The Board had questions which were addressed.

Ms. Meriwether reported on the Simsbury Farms fund which they are anticipating a deficit of around \$334K. She added they were already budgeting for a deficit of around \$370K due to a planned use of fund balance to offset their Capital expenditures going into FY24.

Ms. Meriwether reported on the Health Insurance Fund balance with projections for the year around \$16M in Revenues with an overall increase to the fund of around \$680K. She reported on some other highlights of the fund.

For the Sewer Fund Ms. Meriwether reported Revenue is around \$4.4M compared to their budget of \$4.2M. On the Expenditure side Ms. Meriwether said she will look into the utilities line item and get back to the Board as the number seemed high. She said there's a \$852K deficit to the fund and added they anticipated a 1.5% deficit to try and utilize some of the reserves for their Capital projects. Ms. Heavner asked why the reserve level is so high which Ms. Meriwether indicated she would follow up with Mr. Roy on why the Residential properties has a very high fund balance and the plan for that.

Ms. Meriwether reported on the Capital projects stating there's nothing major to highlight. Ms. Heavner stated to the public that the reason they ask for the inception date is because if the funds are not spent within three years it's reverted. She added it's also a nice planning document.

Ms. Meriwether reported no major updates with the CNR, and explained to the newer Board members the policy that allows the Department Heads to overspend by \$5K and added there is no project close to that position. She added the same policy applies to the CIP in that if the funds are not spent within three years the money is reverted. Ms. Meriwether said she would investigate the signage project and get back to the Board and will update the Life Safety Analysis for the PAC number. Ms. Mackstutis asked about following up on project timelines which was addressed.

Ms. Meriwether reported on the Board of Education and highlighted the Excess Cost grant, and they are still waiting for their award to be granted. She discussed one of the quirks of the BOE Special Education budget stating they report the net numbers as opposed to the gross.

Ms. Heavner asked the Board their thoughts on doing an Assignment, which is an intent to spend, in the General Fund when they have a material overage. It segregates the money which cannot be used for the budget until they are sure what's going to happen at year end. She said she was referring in particular to doing an Assignment for \$700K in the General Fund in anticipation of the Board of Educations proposed deficit related to special education costs.

MOTION: Mr. Burrick made a motion, effective February 13, 2024, to assign general fund reserves in the amount of \$700,000 in anticipation of the Board of Education proposed deficit

related to special education costs. Mr. Helfand seconded the motion. A discussion followed. All were in favor and the motion passed unanimously.

c) Budget Discussion:

The Board had a discussion on the budget and a review of the Levy Calculator showing different scenarios and assumptions. Ms. Heavner said it's important to look at the out years and Ms. Meriwether went through a few options to smooth out debt over longer periods. She added she's doing research in relation to long term planning. The Board had questions which were addressed. Ms. Heavner asked if the budget dates can be posted on the Town's FY2025 budget page. Ms. Heavner said she is looking forward to seeing the Comprehensive Annual Financial Report and asked the Board to think about reducing their debt especially with the current high interest rates.

Ms. Heavner added that the budget meeting was rescheduled to Wednesday, April 3rd, 2024, due to a Presidential Primary on the Tuesday.

Ms. Meriwether said that she will have more information on the budget's overall picture once Mr. Nelson submits his numbers. Ms. Heavner requested information as to which inflationary number OPM is going to use for the municipal cap. She added it would also be helpful to see the other Farmington towns budget update numbers as they come in.

d) Proposed Board of Finance Agenda Items:

Ms. Heavner said these are not items that need to be voted on but they help the Board plan discussions accordingly throughout the year. She asked the Board to review and add anything they would like to include.

e) Draft Annual Report:

Ms. Heavner gave an overview of the report saying it's like a citizen's description of the state of the finances of the town. One of the duties of the Town Manager in the Simsbury Charter is to assist the Board of Finance in the preparation of the Annual Report. The Board must approve the annual report. Ms. Heavner asked for feedback from the Board and asked all to look into what other towns produce in terms of content. Mr. Nelson said he will look into growing the scope of the contents going forward and Ms. Heavner suggested to include a Table of Contents and appointed Board Members.

MOTION: Mr. Helfand made a motion, effective February 13, 2024, to approve the Annual Report contingent on any changes, as advisable from the Comprehensive Annual Report. Mr. Wallace seconded the motion. All were in favor and the motion passed unanimously.

f) Simsbury Junior Woman's Club Grant Appropriation

Ms. Heavner suggested this type of discussion be moved to a consent agenda to approve and the Board agreed. As it was not done for this case Ms. Meriwether provided an overview of this request stating it was a \$500 grant that was applied for by the Junior Woman's Club and they would like to use this money to offset the cost of the Veterans picnic.

MOTION: Mr. Helfand made a motion, effective February 13, 2024, to approve a supplemental appropriation for the Simsbury Junior Woman's Club grant for the amount of \$500 awarded. Mr. Wallace seconded the motion. All were in favor and the motion passed unanimously.

5. Approval of Minutes – December 19, 2023

MOTION: Mr. Burrick made a motion, effective February 13, 2024, to approve the Minutes from December 19, 2023, as submitted. Mr. Helfand seconded the motion. All were in favor and the motion passed unanimously.

Ms. Heavner asked if the minutes be posted on the Town Website before the next meeting.

6. Executive Session - Pursuant to CGS 1-200(6)(c) and 1-200(6)(e) – Cyber Security Update

MOTION: Mr. Helfand made a motion, effective February 13, 2024, to proceed to Executive Session pursuant to CGS 1-200(6)(c) and 1-200(6)(e) for the Cyber Security Update. Mr. Wallace seconded the motion. All were in favor and the motion passed unanimously.

The Board moved into Executive Session.

Respectfully submitted,
Marion Lynott
Commission Clerk