



# Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

December 3, 2018

Ericka Butler  
Town Clerk  
Simsbury, CT 06070

Dear Ms. Butler:

A **Special Meeting** of the Board of Finance will be held at **6:00 PM** on **Monday, December 3, 2018**, in the Program Room at the Simsbury Public Library, 725 Hopmeadow Street, Simsbury, Connecticut.

The Agenda is as follows:

1. Call to Order
2. Pledge of Allegiance
3. Tri-Board FY2019/20 Budget Discussion
4. Approval of Minutes:
  - November 13, 2018
5. Finance Director's Report
6. Proposed Capital and CNR Policy
7. Proposed 2019 Meeting Dates
8. Proposed Defined Benefit Plan Investment Policy
9. Pension and OPEB Plan Assumptions
10. Proposed Tax Abatement
11. Adjourn

Yours Truly,

Robert Pomeroy  
Chairman



# TOWN OF SIMSBURY

## BOARD OF FINANCE AGENDA SUBMISSION FORM

1. **Title of Submission:** Tri-Board FY2019/20 Budget Discussion
2. **Date of Board Meeting:** December 3, 2018
3. **Individual or Entity Making the Submission:**  
Amy Meriwether, Finance Director
4. **Action Requested of the Board of Finance:**  
No action is requested for this agenda item.
5. **Summary of Submission:**  
The Tri-Board meeting is a special meeting hosted by the Board of Finance where the Board of Selectmen and Board of Education are invited to come and discuss goals, challenges and major trends related to the upcoming FY2019/20 budget.  
  
In preparation, the Town Manager and Superintendent have put together some discussion items outlining needs, areas of focus and items of interest.
6. **Financial Impact:**  
No impact related to this agenda item.
7. **Description of Documents Included with Submission:**
  - Town Budget Discussion Items
  - Board of Education Budget Discussion Items
  - Levy Calculation Worksheet

# Tri-Board Meeting Town Background Information December 3, 2018



# Board of Selectmen Areas of Focus



- Board of Selectmen recently adopted goals for the remainder of their 2017-2019 term
- Areas of Focus:
  - Financial Management
  - Infrastructure
  - Maintaining Quality of Life/Community Character
  - Recreation
  - Transportation
  - Economic Development

# Board of Selectmen Areas of Focus Continued



- **Economic Development**
  - Infrastructure
  - Business recruitment, development and retention
  - Land use and permitting process
  - Supporting entrepreneurs
  - Strategic vision activities and initiatives
- **Economic Development Commission reconstituted and met on 11/27/18**

# Areas of Focus For Town Manager



- **HR/Labor Relations**
- **Economic Development**
- **Financial Management**
- **Special Projects and Initiatives**
  - **i.e. special studies, ordinance and policy development and implementation, procurement of professional services**

# Budget Development



- **Budget preparation manual and forms developed**
  - Budget kick-off with leadership team 12/6
  - Budget narratives and core services summary due 12/28
  - Operating budget expenditures and revenues and service improvement requests due 1/4
  - Capital project requests due 1/11
  - Town Manager proposed budget submitted to BOS 2/25
  - BOS budget workshop anticipated 3/2

# Budgeting Needs



- MS-4 permit requirements (unfunded state mandate)
- Finance staffing
- Structural deficiencies with Parks and Recreation Special Revenue Fund
- Building up our cash-to-capital for routine and ongoing capital needs
  - Capital Reserve
  - Capital and CNR Policy



# Budgeting Needs



- **Budgeting the fund balance contribution and property tax revenues**
- **Pension & OPEB Trust interest rate assumptions**
  - Reducing the interest rate assumptions from 7% to 6.5% gradually over time (i.e. 2, 3, or 4 years)

# Tri-Board Meeting

Board of Education  
Supplemental Information

# School Facilities Master Plan and Reconfiguration Study Project Update

## **Capital Funding of \$200,000 as of July 1, 2018:**

- To identify needed capital improvements and maintenance requirements for the next ten (10) years, and to prioritize improvements
- To review the potential for alternate configurations of K-12 grades within the school buildings given community population trends

## **RFP Process Completed and Tecton Architects Selected:**

- Kickoff meeting and contract by December 14, 2018
- Detailed facility reviews to begin December, 2018
- Detailed enrollment /demographic review to begin January 2019
- Initial update to the BOE by March 30, 2019
- Project to be completed by December 1, 2019

**FY 2019-20 Fixed Costs – Simsbury Public Schools**

**Additions**

	\$1,074,547	
Impact of negotiated teachers' contract - <u>operating budget only</u>	**	1.55%
Impact of negotiated administrators' contract	\$62,313	0.09%
Impact of negotiated contracts - SFEP	\$106,722	0.15%
Impact of negotiated contracts - Nurses	\$10,981	0.02%
Impact of contracts to be settled (Reserve)	\$254,395	0.37%
Employee insurance (medical & dental only) preliminary	\$507,093	0.73%
		0.00
Retirement Plan Contributions (TBD)	\$0	%
		0.00%
		\$0
		0.00%
	<b>Total Additions</b>	<b>\$2,016,051</b>
		2.92%

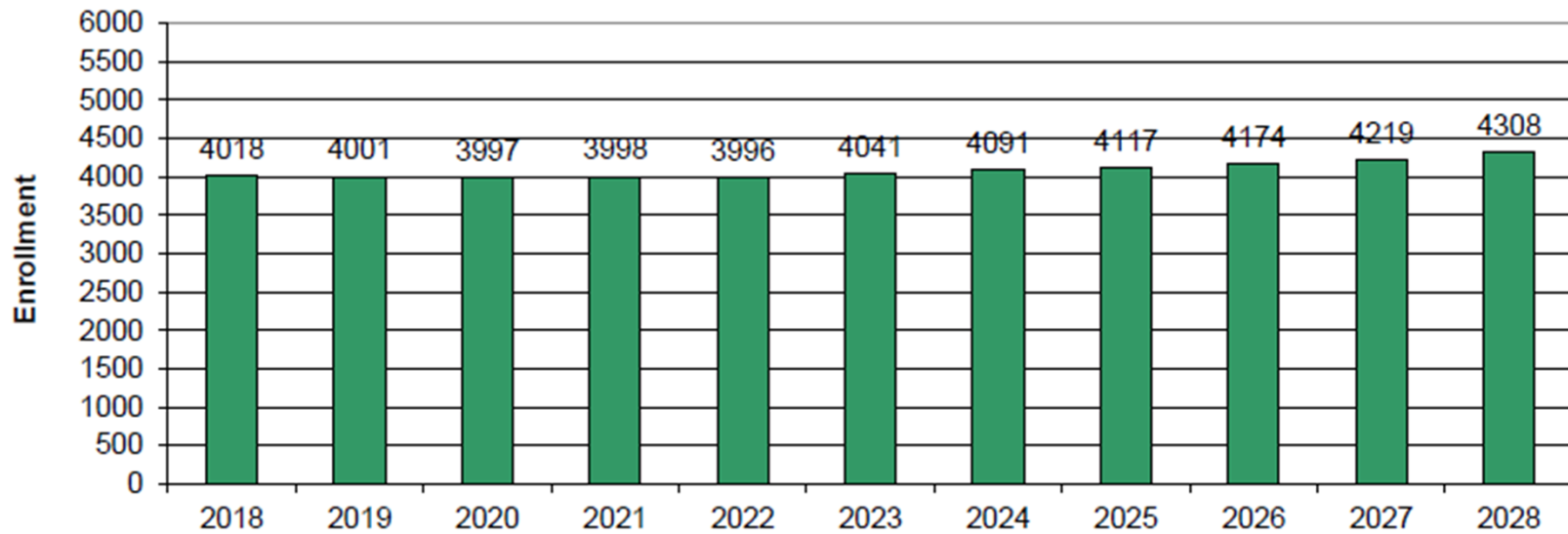
**Reductions**

		-
7 Certified staff retirements	(\$175,000)	0.25%
		-
	<b>Total Reductions</b>	<b>(\$175,000)</b>
		0.25%
	Impact of Preliminary Requested Knowns	<b>\$1,841,051</b>
		2.66%

\*\*represents general wage increase of 1.85% + step increase

## Simsbury, CT Projected Enrollment

K-12 To 2028 Based On Data Through School Year 2018-19



**SIMSBURY PUBLIC SCHOOLS ENROLLMENT**  
**PROJECTIONS\***

GRADES	2018-19	2019-20 (projected)	CHANGE
9-12	1,419	1,362	-57
7-8	610	630	+20
K – 6	1,989	2,009	+20
<b>Total</b>	<b>4,018</b>	<b>4,001</b>	<b>-17</b>

\*New England School Development Council Projections (NESDEC)

NESDEC identified trends & notes:

- Five year enrollment is projected to be flat: 4001 to 4041. High School will decline while elementary enrollment increases.
- Ten year enrollment projected to increase: 4,001 to 4,308 roughly +7%
- The administration provides the BOE with a very detailed report in December and we will provide you with a copy of that presentation once completed.

Conn. State Department of Education			Conn. State Department of Education			Conn. State Department of Education		
Net Current Expenditures Per Pupil			Net Current Expenditures Per Pupil			Net Current Expenditures Per Pupil		
2015-16			2016-17			* 2017-18		
Rank in Area	Town	Total Local Expenses	Rank in Area	Town	Total Local Expenses	Rank in Area	Town	Total Local Expenses
1	BLOOMFIELD	21,160	1	EAST WINDSOR	21,308	1	EAST WINDSOR	22,324
2	HARTFORD	19,313	2	BLOOMFIELD	20,915	2	BLOOMFIELD	21,693
3	WINDSOR LOCKS	19,013	3	EAST GRANBY	19,383	3	EAST GRANBY	20,077
4	EAST GRANBY	18,921	4	WINDSOR LOCKS	19,231	4	HARTFORD	19,647
5	EAST WINDSOR	18,604	5	HARTFORD	19,140	5	WINDSOR LOCKS	19,399
6	BOLTON	17,492	6	WINDSOR	17,710	6	WINDSOR	18,526
7	WINDSOR	17,286	7	BOLTON	17,604	7	BOLTON	17,935
8	SOUTH WINDSOR	16,835	8	SOUTH WINDSOR	17,060	8	NEWINGTON	17,389
9	NEWINGTON	16,294	9	SIMSBURY	16,618	9	GLASTONBURY	17,291
10	MANCHESTER	16,251	10	NEWINGTON	16,496	10	AVON	17,190
11	FARMINGTON	16,237	11	FARMINGTON	16,470	11	SIMSBURY	17,147
12	SIMSBURY	16,036	12	BERLIN	16,426	12	SOUTH WINDSOR	16,699
13	BERLIN	15,776	13	AVON	16,239	13	SUFFIELD	16,626
14	GLASTONBURY	15,729	14	GLASTONBURY	16,085	14	FARMINGTON	16,572
15	AVON	15,726	15	SUFFIELD	16,049	15	BERLIN	16,457
16	SUFFIELD	15,698	16	CANTON	15,860	16	WEST HARTFORD	16,445
17	CANTON	15,494	17	MANCHESTER	15,836	17	CANTON	16,391
18	WETHERSFIELD	15,097	18	WEST HARTFORD	15,761	18	MANCHESTER	16,361
19	WEST HARTFORD	15,022	19	WETHERSFIELD	15,528	19	WETHERSFIELD	15,637
20	PLAINVILLE	14,858	20	GRANBY	15,252	20	PLAINVILLE	15,624
21	GRANBY	14,547	21	PLAINVILLE	15,237	21	GRANBY	15,455
22	ROCKY HILL	14,522	22	ROCKY HILL	15,038	22	ROCKY HILL	15,223
23	MERIDEN	13,955	23	EAST HARTFORD	14,278	23	BRISTOL	15,021
24	BRISTOL	13,894	24	SOUTHINGTON	14,230	24	SOUTHINGTON	14,414
25	SOUTHINGTON	13,811	25	BRISTOL	14,044	25	EAST HARTFORD	13,781
26	EAST HARTFORD	13,437	26	MERIDEN	14,018	26	MERIDEN	13,731
27	NEW BRITAIN	13,196	27	NEW BRITAIN	13,391	27	NEW BRITAIN	13,059
	<b>Area Average</b>	16,082		<b>Area Average</b>	16,489		<b>Area Average</b>	16,893
	<b>State Average</b>	16,910		<b>State Average</b>	17,382		<b>State Average</b>	17,974

\* *Unaudited*

# Budget Priorities

- Capture FTE efficiencies from enrollment decline at Simsbury High School
- Review and enhance World Language elementary program
- Provide social emotional supports at Simsbury High School
- Security improvements both capital and staff
- Provide IT network support
- Review potential use of non-lapsing fund
- Explore areas of collaboration with town
- OPEB and pension contribution adjustments



**Town of Simsbury**  
**Levy Calculation Worksheet**  
**FY2019/20**

	<b>FY2018/19 Budget</b>	<b>FY2019/20 Projected</b>	<b>Change</b>	<b>Percent Change</b>
Town Operating Budget	\$ 20,519,427	\$ 21,077,555	\$ 558,128	2.72%
School Operating Budget	69,693,042	71,086,903	1,393,861	2.00%
Debt Service	4,063,100	5,241,175	1,178,075	28.99%
Capital Transfers	2,242,800	2,242,800	-	0.00%
Gross Expenditures	<u>96,518,369</u>	<u>99,648,433</u>	<u>3,130,064</u>	<u>3.24%</u>
Anticipated Revenue	8,968,171	9,095,452	127,281	1.42%
Appropriation of Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
Total Revenue and Approp of Fund Balance	<u>8,968,171</u>	<u>9,095,452</u>	<u>127,281</u>	<u>1.42%</u>
Net Expenditures	<u>\$ 87,550,198</u>	<u>\$ 90,552,981</u>	<u>\$ 3,002,783</u>	<u>3.43%</u>

**Mill Rate Calculation**

Property Taxes				
Prior Year Tax Collections	401,547	401,547		
Town Tax Relief Programs	(300,000)	(300,000)		
Supplemental Auto/New Construction	863,274	900,000		
Property Taxes	79,920,950	82,622,027		
Car Taxes	6,664,427	6,929,408		
Total Property Taxes	<u>87,550,198</u>	<u>90,552,981</u>		
Net Grand List (non-vehicle)	2,227,893,352	2,248,485,000		
Tax Collection Rate	98.50%	98.50%		
<b>Mill Rate</b>	<b>36.42</b>	<b>37.31</b>	<b>0.89</b>	<b>2.44%</b>

**Simsbury Board of Finance  
TOWN OF SIMSBURY  
REGULAR MEETING MINUTES  
Tuesday, November 13, 2018 at 5:45 P.M.  
Simsbury Public Library - Program Room  
725 Hopmeadow Street, Simsbury, Connecticut**

**PRESENT:** Lisa Heavner, Derek Peterson, Robert Pomeroy (by phone), Kevin Prell, Linda Schofield, Moira Wertheimer

**ALSO PRESENT:** Maria Capriola, Town Manager; Matthew Curtis, Simsbury Schools Superintendent; Burke LaClair, Simsbury Schools Business Manager; Amy Meriwether, Director of Finance/Treasurer and Eric Wellman, First Selectman

**1. Call to Order - Establish Quorum**

Chairman Pomeroy called the meeting to order at 5:45 P.M.

**2. Pledge of Allegiance**

All present stood for the Pledge of Allegiance.

**3. Approval of Minutes**

• **October 22, 2018**

**MOTION: Ms. Wertheimer made a motion to approve the Minutes as written. Mr. Prell seconded the motion. All were in favor and the motion passed unanimously.**

**4. Finance Director's Report**

Ms. Meriwether provided updates on the Purchasing Policy, the Capital and CNR Policy, the Auditing Services Request for Qualifications and Cyber Security.

**5. Proposed Defined Benefit Plan Investment Policy**

Ms. Meriwether noted the Defined Benefit Pension Plan Investment Policy is being brought forward for review by the Board of Finance and noted the language should be updated to replace Retirement Subcommittee with Board of Finance and then delegate authority to the Retirement Plan Subcommittee to act on its behalf. Discussion ensued. There was agreement to discuss this further at the next meeting.

**6. Budget Status Report**

Ms. Meriwether provided the following documents as part of her Budget Status Report: General Fund Statement of Revenues; General Fund Statement of Expenditures; Simsbury Farms State of Revenues, Expenditures and Changes in Fund Balance; and a Capital Projects Summary. She gave a General Fund overview. She then provided a summary of budgetary highlights, including tax revenue, the Education Cost Sharing Grant, investment revenue, Westminster School's contribution and the CIRMA Distribution. Lastly, Ms. Meriwether gave a Simsbury Farms overview. Discussion ensued.

### **7. Proposed 2019 Meeting Dates**

The Proposed 2019 Meeting Dates were discussed. There was agreement to try to rework a few dates and to add this to the next meeting agenda.

### **8. Tri-Board Meeting Discussion**

Ms. Meriwether provided various data sets compiled for discussion in preparation for the annual Tri-Board Meeting scheduled for December 3, 2018. At this meeting the Boards will discuss goals, challenges and major trends for the upcoming FY2019/20. Provided data sets included: Consumer Price Index, Municipal Cost Index, Construction Price Index, Employment Cost Index, average wage increases as reported by CCM and Social Security Administration's Cost of Living Adjustments. Ms. Meriwether also prepared projected revenues and expenditures for FY2019/20. The worksheets were presented on a projection screen for live updating based on different scenarios at the discretion of the Board. Mr. Pomeroy explained the three scenarios and discussion followed. Ms. Schofield noted there was agreement on 2% growth for the BOE and 2.7% for the BOS, adding it may be less, so different scenarios should be kept in mind.

### **9. Communications**

#### **• Proposed Purchasing Policy**

Ms. Meriwether provided the final draft to be presented to the BOS. Ms. Schofield thanked her for the information.

#### **• Purchasing Procedures and Guidelines**

Ms. Meriwether noted this goes with the Purchasing Policy.

#### **• Volunteer Ambulance Association Funding Request**

A memorandum from Melissa Appleby was provided, noting the Town Manager's Office has been in contact with Mike Delehanty, SVAA's executive director. The SVAA does not plan to make an operating or capital request during the FY20 budget cycle. Brief discussion ensued.

Ms. Schofield and Ms. Heavner requested printed meeting packets going forward.

### **10. Adjourn**

**MOTION: Mr. Prell, Ms. Wertheimer second, to adjourn at 7:03 P.M.; unanimously approved**

Respectfully submitted,

Karen Haberlin  
Commission Clerk



# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

**To:** Board of Finance  
**From:** Amy Meriwether, Finance Director/Treasurer  
**CC:** Maria Capriola, Town Manager  
**Date:** December 3, 2018  
**Re:** Finance Director's Report

---

## **Flexible Spending Accounts**

At its meeting on November 14, 2018 the Board of Selectmen approved the implementation of Flexible Spending Account (FSA) Plans. A flexible spending account allows employees to set aside a portion of their salary on a pre-tax basis to pay for qualified uninsured health (medical, Rx, dental and vision) or dependent care expenses.

This program will result in potential savings to the Town due to the savings in payroll taxes. Based on 20 participants, the total cost would be \$1,300. Based on FSA elections of \$1,500 per participant, the annual payroll tax savings to the Town would be \$2,295. The total savings to the Town would be \$995.

## **Grants and Donations**

Over the course of the last several months of FY2019/20 several donations and grants have been accepted by the Board of Selectmen. Below is a listing of grants/donations received to date:

- Community Connectivity Grant - \$169,764 to provide advanced warning signage with rectangular flashing beacons at four critical trail crossings and to update the existing pedestrian crossings at the Farmington Canal Heritage Trail and Farmington River Trail
- Local Prevention Council Grant - \$5,817 to purchase Narcan for police officers to carry
- Local Bridge Program Grant - \$364,000 to fund 50% of the costs to rehabilitate two (2) bridges over Bissell Brook at Firetown Road and Barndoor Hills Road
- Greater Hartford Transit District Dial-A-Ride Assistance Grant - \$6,600 to assist with the operating costs of the Dial-A-Ride program
- Bulletproof Vest Partnership Grant - \$3,237 to fund 50% of the cost to replace seven (7) bulletproof vests
- Ensign Bickford Foundation Donation - \$2,500 to be used to support expenses associated with the production of the 6<sup>th</sup> Annual Try Simsbury Adventure Race
- Main Street Partnership Donation - \$5,000 to be used to support expenses associated with the production of the annual Simsbury Celebrates

- Keller Williams Realty of Greater Hartford Donation - \$2,000 to be used to support expenses associated with the production of the annual Simsbury Celebrates
- JAG Local Violent Crime Prevention Grant - \$6,000 to be used for police equipment such as protective gear, cruiser equipment, body/car cameras etc.
- State Homeland Security Grant - \$357,659 to be used for emergency response and preparedness activities



# TOWN OF SIMSBURY

## BOARD OF FINANCE AGENDA SUBMISSION FORM

1. **Title of Submission:** Proposed Capital and CNR Policy
2. **Date of Board Meeting:** December 3, 2018
3. **Individual or Entity Making the Submission:**  
Amy Meriwether, Finance Director
4. **Action Requested of the Board of Finance:**  
If the Board of Finance supports the revisions to the Capital and CNR Policy, the following motion is in order:  
  
*Move, effective December 3, 2018 to adopt the proposed Capital and CNR Policy as presented.*
5. **Summary of Submission:**  
At a special meeting on October 22, 2018 the Board of Finance reviewed year end close results and management recommended year end transfers for the fiscal year ended June 30, 2018. Two such recommendations included funding the remaining balances owed to the FY2015/16 – FY2017/18 CNR funds and transferring additional funds into the Capital Reserve Fund to be used in future budget years as a way to implement a cash to capital program. These recommendations were outside the scope of the established Capital and CNR policies. It was the consensus of the Board to review the Capital and CNR policy for possible update.  
  
The Board of Finance established a work group consisting of Board of Finance members, Rob Pomeroy and Lisa Heavner, to review this matter at a meeting held on November 8, 2018. The group was tasked with reviewing a revised draft Capital and CNR policy as presented by management. After review and discussion, several edits were made to the policy and a final draft has been prepared for review by the full Board of Finance.
6. **Financial Impact:**  
None
7. **Description of Documents Included with Submission:**
  - Proposed Capital and CNR Policy



# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

## **TOWN OF SIMSBURY CAPITAL PLANNING AND FINANCING POLICY STATEMENT**

*Adopted by the Simsbury Board of Finance on November XX, 2018*

### **I. Introduction & Purpose**

The use and purpose of this policy is to promote consistency and continuity in decision making related to capital improvement planning and to set the general parameters within which capital spending decisions are made. This policy establishes the general financing goals and the specific elements that comprise a long-range planning and financing strategy, including capital financing guidelines and the transfer of funds to and from the Capital Projects Funds, Capital and Non-Recurring Fund and Capital Reserve Fund.

The goals of this policy statement are to:

1. Make a strong commitment to the strategic management of the Town's capital financing process.
2. Promote financial stability and focus attention on the Town's long term financial capacity to meet capital needs.
3. Designate acceptable parameters of debt issuance and management.
4. Provide a framework for monitoring capital financing practices and results.
5. Effectively communicate the Town's priorities and plans for undertaking capital projects to internal and external stakeholders.
6. Provide a framework for monitoring capital financing practices and results.

### **II. Effective Date**

This policy shall remain in effect until revised or rescinded. The Town reserves the right to amend this policy.

### **III. Definitions and Guidelines**

1. Capital Project is defined as any project, resulting in or contributing to the acquisition of, or addition to, a capital asset with an anticipated cost equal to or exceeding \$10,000 for equipment purchases, \$20,000 for building improvements and \$100,000 for infrastructure improvements and with an anticipated life equal to or exceeding (5) five years for equipment purchases, and (10) ten years for buildings, improvements and infrastructure.
2. The capital plan shall be prepared and updated annually by the Town Manager and Finance Director and present programmatic needs and priorities for a (6) six year period.

3. The first year of the (6) six year capital plan will be adopted annually by the Board of Selectmen and the Board of Finance as part of the budgeting process.
4. Future operating costs associated with new capital projects and assets will be projected and included in operating budget forecasts.
5. Each capital project submitted for consideration shall identify operating budget impacts and potential financing methods available.
6. The Town shall take the appropriate actions to maintain its “Aaa” credit rating and strategically utilize debt service expenditures.
7. The Town Manager and Finance Director will recommend the optimum mix and financing sources for all capital projects, in conjunction with the adopted Debt Management Policy.
8. Whenever possible, capital costs should be financed by means other than borrowing. Borrowing should be limited to infrastructure or facility improvement projects with an estimated life expectancy of at least 15 years and cost of at least \$250,000.
9. Capital projects financed through the issuance of general obligation bonds shall be financed, when practical, for a period which does not exceed the useful life of the asset.
10. Maintenance Scheduling – The Town intends to set aside sufficient revenues to finance ongoing maintenance needs and to provide periodic replacement and renewal to keep its capital facilities and infrastructure systems in good repair to maximize a capital asset’s useful life and to avoid unnecessary borrowing.

#### **IV. Capital Projects Fund(s) Policy**

The Capital Project Fund(s) is used to account for the financial resources used for the acquisition of major pieces of equipment, vehicles in the fleet, studies (if related to a larger capital project), professional services, building improvements, land acquisitions, building acquisitions or construction of major capital facilities and capital infrastructure improvements.

This fund may receive contributions from the sale of town owned buildings and property, transfers from the General Fund, transfers from the Capital Reserve Fund, unexpended balances of completed capital projects in the Capital Projects Fund(s), grants and donations.

If applicable, funds shall be invested in accordance with the Town’s investment policy.

#### **V. Capital and Non-Recurring Fund Policy**

The Capital and Non-Recurring Fund is established to provide for small capital and non-recurring expenditures which would distort year to year budget comparison. Non-recurring is to mean an expenditure that occurs no more frequently than once in a five year period.

Capital items and studies of single or aggregate cost that exceed \$10,000 but are less than \$250,000 shall be accounted for as expenditures in the capital and non-recurring fund. The Capital and Non-Recurring Fund will also include fleet purchases that are less than \$100,000 per vehicle.

The Town shall not fund on-going operating expenditures from the Capital and Non-Recurring Fund.



This fund may receive contributions from transfers from the General Fund, transfers from the Capital Reserve Fund, unexpended balances of completed capital projects in the Capital Projects Fund(s), grants and donations. Funding shall be transferred into the Capital and Non-Recurring Fund in the fiscal year for which the projects are budgeted/adopted.

If applicable, funds shall be invested in accordance with the Town's investment policy.

## **VI. Capital Reserve Fund Policy**

The Capital Reserve Fund is established to allow more flexibility, to serve as a future source of cash to capital financing of capital projects, and to provide a revenue source for emergency capital needs such as an emergency repair to a building not covered by insurance. It is a part of the Town's capital financing strategy and seeks to fund to a level deemed sufficient to fully fund recurring expenditures for replacement capital equipment and maintaining public facilities that do not meet the Town's general obligation bond issuance guidelines.

The target funding level shall be an amount sufficient to fund the capital fund budget cash to capital plus \$200,000. This is to ensure a sufficient balance remains in the Capital Reserve Fund for unanticipated needs or emergencies.

This fund may receive contributions from the sale of town owned buildings and property, transfers from the General Fund, unexpended balances of completed capital projects in the Capital and Non-Recurring Fund and Capital Projects Fund(s), grants, donations and interest from investments.

If applicable, funds shall be invested in accordance with the Town's investment policy.

## **VII. Accounting Guidelines**

The following are a list of specific accounting practices related to capital transactions:

1. On the first day of the fiscal year, the General Fund appropriations to the Capital Projects Fund(s), Capital and Non-Recurring fund and Capital Reserve Fund will be transferred.
2. On the first day of the fiscal year, the Capital Reserve Fund appropriations to the Capital Projects Fund(s) and the Capital and Non-Recurring Fund will be transferred.
3. All bond proceeds will be deposited directly into the Capital Projects Fund(s).
4. Proceeds from the sale of town property will be deposited directly into the Capital Projects Fund or Capital Reserve Fund upon recommendation by the Board of Finance
5. Interest earned by the Capital Projects Fund(s) for the entire fiscal year will be transferred into the Capital Reserve Fund on the last day of the fiscal year, if applicable.
6. Grant funds, including school construction progress payments will be deposited into the Capital Projects Fund(s).
7. All debt service payments and debt issuance costs will be paid from the General Fund and/or Debt Service Fund.
8. All capital projects expenditures will be paid directly from the Capital Projects Fund(s).



# TOWN OF SIMSBURY

## BOARD OF FINANCE AGENDA SUBMISSION FORM

1. **Title of Submission:** Proposed 2019 Meeting Dates

2. **Date of Board Meeting:** December 3, 2018

3. **Individual or Entity Making the Submission:**

Amy Meriwether, Finance Director

4. **Action Requested of the Board of Finance:**

If the Board of Finance supports adopting the proposed 2019 regular meeting schedule, the following motion is in order:

*Move, effective December 3, 2018, to adopt the 2019 regular meeting schedule as presented.*

5. **Summary of Submission:**

The Freedom of Information Act requires a schedule of regular meetings be filed with the Town Clerk annually no later than January 31<sup>st</sup>. The draft schedule reflects past practice such as:

- Not scheduling meetings on town or state observed holidays
- Special meetings can be scheduled as needed.

This item was originally presented at the Board of Finance's regular meeting on November 13, 2018. Included within the original submission were two Thursday dates that posed scheduling conflicts with members of the Board of Finance. This item was tabled. In the interim, the schedule was revised to include only Tuesday dates and is being re-presented for review.

6. **Financial Impact:**

No impact related to this agenda item.

7. **Description of Documents Included with Submission:**

- Proposed 2019 Regular Meeting Schedule



# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

Amy Meriwether – Finance Director/Treasurer

To: Ericka Butler, Town Clerk  
Cc: Board of Finance  
From: Amy Meriwether, Finance Director/Treasurer  
Date: November 13, 2018  
Re: Board of Finance – 2019 Regular Meeting Schedule

---

At their meeting on November 13, 2018 the Board of Finance agreed by consensus to establish a regular meeting schedule for 2019.

Meeting dates are as follows:

Tuesday, January 15, 2019

Tuesday, February 19, 2019

Tuesday, March 12, 2019 – Board of Education Budget Presentation

Tuesday, March 19, 2019 – Board of Selectmen Budget Presentation

**Tuesday, April 2, 2019 – Public Budget Hearing, 6:00 pm Simsbury High School Amphitheatre; Regular Meeting to follow**

Tuesday, April 23, 2019 – Budget Hearing Continuation; Regular Meeting to follow

**Tuesday, May 14, 2019 – Post Budget Referendum Meeting, 8:30 pm Henry James Junior High School Cafeteria**

Tuesday, June 18, 2019

Tuesday, July 16, 2019

Tuesday, August 20, 2019

Tuesday, September 17, 2019

Tuesday, October 15, 2019

Tuesday, November 19, 2019

Tuesday, December 17, 2019

Tuesday, January 20, 2020

The meetings will be held in the Main Meeting Room of the Town Hall, located at 933 Hopmeadow Street at 5:45 pm unless otherwise noted. Meetings will be properly noticed in accordance with FOIA requirements.



# TOWN OF SIMSBURY

## BOARD OF FINANCE AGENDA SUBMISSION FORM

1. **Title of Submission:** Proposed Defined Benefit Plan Investment Policy

2. **Date of Board Meeting:** December 3, 2018

3. **Individual or Entity Making the Submission:**  
Amy Meriwether, Finance Director

4. **Action Requested of the Board of Finance:**

If the Board of Finance supports the approval of the Defined Benefit Plan Investment Policy, the following motion is in order:

*Move, effective December 3, 2018 to adopt the Defined Benefit Plan Investment Policy amending the language to replace Retirement Plan Sub-Committee with Board of Finance and delegate acting authority to the Retirement Plan Sub-Committee.*

5. **Summary of Submission:**

The Town's pension plan investment manager, Fiduciary Investment Advisors, has performed its periodic review of the Defined Benefit Plan Investment Policy. No changes were recommended. The policy was presented at the Retirement Plan Sub-Committee meeting on September 12, 2018 and subsequently approved by the committee.

Per the Town Charter: "The Board of Finance shall supervise and maintain the Town pension and other post-employment benefit funds in accordance with rules and regulations contained in agreements between the Town employees and the Town of Simsbury and or the Board of Education regarding pension and other post-employment benefits. The Board of Finance shall, after consultation with the Board of Education and the Board of Selectmen, ensure the pension funds are prudently invested and shall also supervise and maintain the Retiree Benefit Fund established pursuant to the Town code of ordinances and designate the annual contribution to be made to insure said pension and post-employment funds. The investment and management of the assets of any such fund shall be in compliance with the prudent investor rule as set forth in Conn. Gen. Stat. Sections 45a-541 to 45a-541l inclusive of the General Statutes."

In accordance with the above, the Defined Benefit Pension Plan Investment Policy is being brought forward for review by the Board of Finance. At a minimum the policy language needs to be updated to replace Retirement Sub-Committee with Board of Finance and then delegate authority to the Retirement Plan Sub-Committee to act on its behalf.

6. **Financial Impact:**  
None

7. **Description of Documents Included with Submission:**

- Proposed Defined Benefit Plan Investment Policy



# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

**TOWN OF SIMSBURY**  
**DEFINED BENEFIT PENSION PLANS INVESTMENT POLICY STATEMENT**  
*Adopted by the Retirement Plan Subcommittee in November 2012*  
*Amended on September 12, 2018*

## **I. Introduction & Purpose**

The TOWN OF SIMSBURY DEFINED BENEFIT PENSION PLANS (the “Plans”) have been established to provide retirement benefits to those individuals eligible to receive them. This policy statement outlines the goals and investment objectives for the Plans. This document is intended to provide guidelines for managing the Plans, and to outline specific investment policies that will govern how those goals are to be achieved. This statement:

- Describes the investment objectives of the Plans;
- Defines the responsibilities of the Retirement Plan Sub-Committee (“Committee”) and other parties responsible for the management of the Plans;
- 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 Plans as a whole.

## **II. Investment Objective**

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

- To achieve the stated actuarial target of the Plans;
- To maintain sufficient liquidity to meet the obligations of the Plans;
- To diversify the assets of the Plans in order to reduce risk;
- To achieve investment results over the long-term that compare favorably with those of other pension plans, professionally managed portfolios and of appropriate market indexes.

## **III. Assignment of Responsibilities**

**Retirement Plan Sub-Committee** – The Retirement Plan Sub-Committee is charged with the responsibility of overseeing the assets of the Plans. To that end, the Committee’s responsibilities include: establishing and maintaining the Plans’ investment policy, objectives and portfolio guidelines with respect to asset allocation, risk parameters, and return evaluation and for specific interpretation of said investment policy, as well as selecting the investment vehicles, and periodically monitoring the performance of investments. The Committee, however, may establish rules or other resolutions governing its investment policy and may delegate the authority to act on its behalf to certain members or agents (such as the Town Manager, the

Director of Finance, or designated Sub-Committees). The Committee will meet periodically. The Committee shall discharge its duties with the care, skill, prudence and diligence appropriate to the circumstances then prevailing. The Committee recognizes that some risk must be assumed to achieve the Plans' long-term investment objectives.

The Committee and/or its designees are directed to:

1. Oversee compliance by the investment manager(s) with the investment policy;
2. Evaluate the performance of the investment manager(s) against specific investment objectives;
3. Approve fee schedules of the investment manager(s) based on contractual agreements;
4. Select the investment custodian(s); and,
5. Approve the continuation of business relationships with investment manager(s), custodian(s), and other vendors, if any.

**Investment Consultant** – The Committee will engage the services of an 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 an Investment Policy Statement and the Plans' asset allocation, conduct manager searches when necessary, monitor the performance of the managers/funds, and communicate on other matters of relevance to the oversight of the Plans.

**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 Plans, 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 Plans accounts (for example, to accommodate distribution needs).

#### **IV. Asset Allocation**

The asset allocation target ranges set forth in Appendix A represent a long-term view. Short-term market volatility may cause the asset mix to fall outside the targeted range.

#### **V. Rebalancing**

The Committee, at its discretion, may or may not institute rebalancing as necessary. Such adjustments should be executed with consideration to turnover, transaction costs, and realized losses over the long term. The necessity to rebalance will be reviewed periodically.

#### **VI. Selection Criteria for Investment Managers**

Investment managers/funds retained by the Plans shall be chosen using various criteria, including but not limited to the following:

- Past results, considered relative to appropriate indexes and other investments having similar investment objectives. Consideration shall be given 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 Plans;
- Level of experience, personnel turnover, financial resources, and staffing levels of the investment management firm or fund.

The Plans will utilize a multi-manager structure of complementary investment styles and asset classes to invest the Plans' assets.

The Investment Consultant is additionally tasked with regular oversight of the roster of investment managers deployed on the Plans' behalf. The motivation for this effort is to ensure that the managers continue to administer their portfolios in a manner consistent with the overall approaches and qualifications that appealed to the Committee initially and that anomalies and deviations from these approaches and qualifications are identified and addressed. When deemed necessary, the Investment Consultant will provide other manager candidates for the Committee's consideration.

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

## **VII. Securities Guidelines**

The Plans' investments may include separately managed accounts and/or mutual funds/co-mingled funds, including marketable and non-marketable alternatives and exchange traded funds. The Committee 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 Plans' 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 Committee 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 Town of Simsbury. A copy of each firm's guidelines, and/or summary of proxy votes shall be provided to the Committee upon request.

### **IX. Investment Monitoring and Reporting**

The Committee will periodically review performance of the investments in the Plans. 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 Plans. 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 Committee 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. Termination of an Investment Manager or Fund**

A manager/fund may be terminated when the Committee has lost confidence in the manager's ability to:

- Achieve performance and risk objectives;
- Comply with investment guidelines;
- Comply with reporting requirements;
- Maintain a stable organization and retain key investment professionals.

There are no hard and fast rules for manager termination. However, if the investment manager 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 manager/fund, within a reasonable time, may be grounds for termination.

Any recommendation to terminate a manager/fund will be treated on an individual basis and will not be made solely based on quantitative data. In addition to those above, other factors may include, but shall not be limited to, professional or Town of Simsbury turnover, or material change to investment processes.

The process for selecting a replacement for a terminated manager would follow the criteria outlined in the section of this Investment Policy Statement titled Selection Criteria for Investment Managers.



**XI. Approval**

*It is understood that this investment policy is to be reviewed periodically by the Committee 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.*

**The Town of Simsbury:**

By: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_



# TOWN OF SIMSBURY

## BOARD OF FINANCE AGENDA SUBMISSION FORM

1. **Title of Submission:** Pension and OPEB Assumptions
2. **Date of Board Meeting:** December 3, 2018
3. **Individual or Entity Making the Submission:**  
Amy Meriwether, Finance Director
4. **Action Requested of the Board of Finance:**  
No action is requested for this agenda item

5. **Summary of Submission:**

At the Retirement Plan Sub-Committee meeting on May 9, 2018, Milliman presented the July 1, 2017 pension valuations for the General Government, Police and Board of Education pension plans. The expected rate of return for these plans, based on a 75-year time horizon, is 6.59%. The current interest rate assumption is 7.00%.

At its November 14, 2018 meeting the Retirement Plan Subcommittee reviewed and discussed a possible change in the interest rate assumption for the General Government, Police and Board of Education Pension Plans. Based on their review and discussion, the Retirement Plan Subcommittee made a motion to recommend to the Board of Finance that the interest rate assumption be adjusted from 7.00% to 6.50%. Two scenarios on how to get to the 6.50% are included in your packet for discussion.

Plan assumption changes, including the interest rate assumption, were also evaluated for the OPEB plan. At the Retirement Plan Sub-Committee meeting on September 12, 2018, Milliman reviewed the July 1, 2017 OPEB valuation. Six different scenarios were presented, each with a different set of assumptions that impact the amount that we contribute to the Trust. The document presented at that meeting is attached.

At its November 14, 2018 meeting the Retirement Plan Subcommittee further reviewed these assumptions and made a motion to recommend to the Board of Finance a change in the following assumptions when calculating the Town contributions to the OPEB Trust: adjust the teachers assumption; change the cost method to "entry age normal," change the asset valuation to "5 year smoothed," and reduce the interest rate assumption from 7.00% to 6.50%.

**6. Financial Impact:**

None for FY 18/19. To be determined for FY 19/20 based upon selected option in the attached.

*Pension Plans*

- To reduce the interest rate assumption to 6.75% in FY 19/20, the Town net contribution would be \$1,705,511 and the BOE contribution would be \$1,173,662 for an aggregate contribution of \$2,879,173. This reflects 2.9% of the projected overall FY 19/20 budget.
- To reduce the interest rate assumption to 6.5% in FY 19/20, the Town net contribution would be \$1,878,417 and the BOE contribution would be \$1,263,084 for an aggregate contribution of \$3,141,501. This reflects 3.1% of the projected overall FY 19/20 budget.

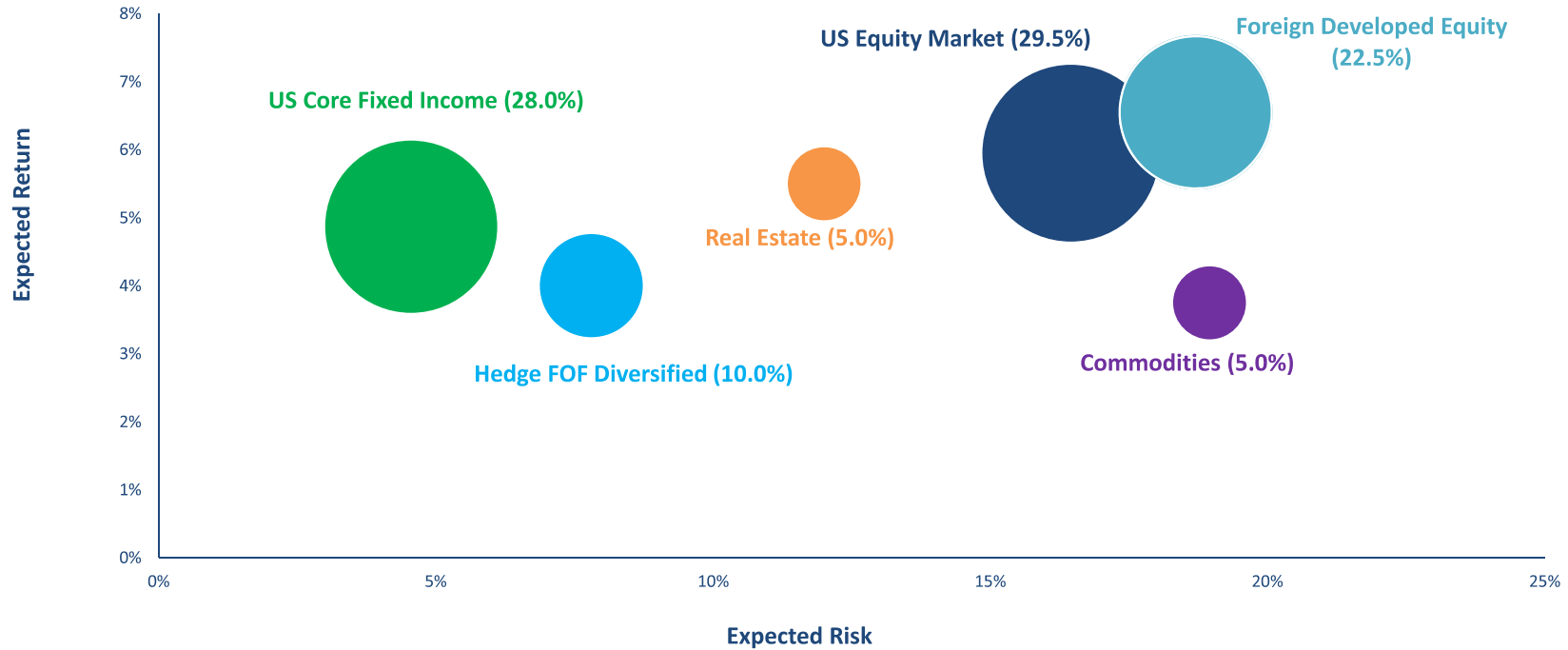
*OPEB Trust*

- To reduce the interest rate assumption to 6.75% in FY 19/20, the Town net contribution would be (\$11,949) and the BOE contribution would be \$293,451 for an aggregate contribution of \$281,502. This reflects 0.28% of the projected overall FY 19/20 budget.
- To reduce the interest rate assumption to 6.5% in FY 19/20, the Town net contribution would be \$30,125 and the BOE contribution would be \$331,805 for an aggregate contribution of \$361,930. This reflects 0.36% of the projected overall FY 19/20 budget.

**7. Description of Documents Included with Submission:**

- Pension Plans Risk/Return Characteristics of the Current Target Asset Allocation
- Pension Plans Expected Investment Returns Over Time
- Pension Plans Financial Impact of Reducing the Interest Rate Assumption
- General Government Employees' Retirement Income Plan Long Range Forecast – Alternative Interest Rate Scenarios
- Other Post-Employment Benefits Program July 1, 2017 Valuation Summary of Results

**TOWN OF SIMSBURY PENSION PLANS**  
**Risk / Return Characteristics of the Current Target Asset Allocation**  
Based on Milliman's 2017 Capital Market Assumptions



This work product was prepared solely for the Town of Simsbury for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. The explanatory notes contained in the July 1, 2017 valuation reports dated March 26, 2018, including statements of reliance and limitations on use, continue to apply.

## TOWN OF SIMSBURY PENSION PLANS

### Expected Investment Returns Over Time

Based on Milliman's 2017 Capital Market Assumptions



This work product was prepared solely for the Town of Simsbury for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. The explanatory notes contained in the July 1, 2017 valuation reports dated March 26, 2018, including statements of reliance and limitations on use, continue to apply.

**TOWN OF SIMSBURY PENSION PLANS**  
**Financial Impact of Reducing The Interest Rate Assumption**

Based on July 1, 2017 Valuations

	General Government			Police			Board of Education		
	7.00%	6.75%	6.50%	7.00%	6.75%	6.50%	7.00%	6.75%	6.50%
<b>Interest Rate Assumption</b>									
<b>Normal Cost</b>									
Total Normal Cost	674,691	713,132	754,120	530,370	561,811	595,310	742,875	779,430	818,152
Expected Employee Contributions	341,419	341,419	341,419	249,009	249,009	249,009	310,370	310,370	310,370
Expected Expenses	35,900	35,900	35,900	25,100	25,100	25,100	38,900	38,900	38,900
Net Normal Cost	369,172	407,613	448,601	306,461	337,902	371,401	471,405	507,960	546,682
<b>Amortization Payment</b>									
Accrued Liability	29,980,033	30,757,495	31,567,634	19,420,468	19,957,278	20,517,910	28,057,807	28,775,541	29,521,612
Actuarial Value of Assets	23,425,550	23,425,550	23,425,550	16,366,441	16,366,441	16,366,441	21,193,924	21,193,924	21,193,924
Unfunded Accrued Liability / (Surplus)	6,554,483	7,331,945	8,142,084	3,054,027	3,590,837	4,151,469	6,863,883	7,581,617	8,327,688
Funded Ratio	78.1%	76.2%	74.2%	84.3%	82.0%	79.8%	75.5%	73.7%	71.8%
Amortization Period	16	16	16	16	16	16	16	16	16
Past Service Cost (Amortization Payment)	519,580	572,010	625,064	242,096	280,143	318,706	544,107	591,489	639,312
<b>Actuarially Determined Contribution for FY 2018-19</b>									
Net Normal Cost + Past Service Cost	888,752	979,623	1,073,665	548,557	618,045	690,107	1,015,512	1,099,449	1,185,994
Interest to End of Year	62,213	66,125	69,788	38,399	41,718	44,857	71,086	74,213	77,090
Actuarially Determined Contribution	950,965	1,045,748	1,143,453	586,956	659,763	734,964	1,086,598	1,173,662	1,263,084

This work product was prepared solely for the Town of Simsbury for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. The explanatory notes contained in the July 1, 2017 valuation reports dated March 26, 2018, including statements of reliance and limitations on use, continue to apply.

## General Government Employees' Retirement Income Plan Long Range Forecast - Alternative Interest Rate Scenarios

This forecast is based on the results of the July 1, 2017 actuarial valuation and assumes that the Town will pay the Actuarially Determined Contribution each year, the asset returns will match the assumed interest rate on a market value basis each year, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Valuation Date	Interest Rate	Values as of the Valuation Date				Fiscal Year Ending	Cash Flows Projected to the Following Fiscal Year			
		Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio		Town Contributions	Employee Contributions	Benefit Payments	Net Cash Flows
7/1/2017	7.00%	\$29,980,033	\$23,425,550	\$6,554,483	78.1%	2019	\$950,965	\$366,426	(\$1,731,046)	(\$413,655)
7/1/2018	7.00%	31,124,000	24,647,000	6,477,000	79.2%	2020	971,000	379,000	(1,822,000)	(472,000)
7/1/2019	7.00%	32,250,000	25,621,000	6,629,000	79.4%	2021	1,024,000	385,000	(1,953,000)	(544,000)
7/1/2020	7.00%	33,378,000	26,827,000	6,551,000	80.4%	2022	1,053,000	400,000	(2,050,000)	(597,000)
7/1/2021	7.00%	34,457,000	28,338,000	6,119,000	82.2%	2023	1,058,000	413,000	(2,139,000)	(668,000)
7/1/2022	7.00%	35,535,000	29,663,000	5,872,000	83.5%	2024	1,082,000	425,000	(2,351,000)	(844,000)
7/1/2017	7.00%	\$29,980,033	\$23,425,550	\$6,554,483	78.1%	2019	\$950,965	\$366,426	(\$1,731,051)	(\$413,660)
7/1/2018	6.75%	31,922,000	24,647,000	7,275,000	77.2%	2020	1,073,000	379,000	(1,822,000)	(370,000)
7/1/2019	6.50%	33,920,000	25,560,000	8,360,000	75.4%	2021	1,249,000	385,000	(1,953,000)	(319,000)
7/1/2020	6.50%	35,087,000	26,740,000	8,347,000	76.2%	2022	1,296,000	400,000	(2,050,000)	(354,000)
7/1/2021	6.50%	36,203,000	28,343,000	7,860,000	78.3%	2023	1,310,000	413,000	(2,139,000)	(416,000)
7/1/2022	6.50%	37,316,000	29,779,000	7,537,000	79.8%	2024	1,342,000	425,000	(2,351,000)	(584,000)
7/1/2017	7.00%	\$29,980,033	\$23,425,550	\$6,554,483	78.1%	2019	\$950,965	\$366,426	(\$1,731,048)	(\$413,657)
7/1/2018	6.875%	31,519,000	24,647,000	6,872,000	78.2%	2020	1,022,000	379,000	(1,822,000)	(421,000)
7/1/2019	6.75%	33,068,000	25,591,000	7,477,000	77.4%	2021	1,135,000	385,000	(1,953,000)	(433,000)
7/1/2020	6.625%	34,646,000	26,783,000	7,863,000	77.3%	2022	1,232,000	400,000	(2,050,000)	(418,000)
7/1/2021	6.50%	36,203,000	28,305,000	7,898,000	78.2%	2023	1,314,000	413,000	(2,139,000)	(412,000)
7/1/2022	6.50%	37,316,000	29,672,000	7,644,000	79.5%	2024	1,354,000	425,000	(2,351,000)	(572,000)

Based on the July 1, 2017 Valuation

11/13/2018

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

**Town of Simsbury Other Post-Employment Benefits Program**  
**July 1, 2017 Valuation Summary of Results**

09/05/2018

	2015 Results For Comparison	Baseline with No Changes	Updated Teachers Assumptions	Change Cost Method	Implement 5-Year Asset Smoothing	Lower Discount Rate #1	Lower Discount Rate #2
<b>Teachers Assumptions</b>	Same as 2015	Same as 2015	<b>Updated</b>	<b>Updated</b>	<b>Updated</b>	<b>Updated</b>	<b>Updated</b>
<b>Cost Method</b>	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	<b>Entry Age Normal</b>	<b>Entry Age Normal</b>	<b>Entry Age Normal</b>	<b>Entry Age Normal</b>
<b>Asset Valuation Method</b>	Market Value	Market Value	Market Value	Market Value	<b>5 Year Smoothed</b>	<b>5 Year Smoothed</b>	<b>5 Year Smoothed</b>
<b>Discount Rate</b>	7.00%	7.00%	7.00%	7.00%	7.00%	<b>6.75%</b>	<b>6.50%</b>
Accrued Liability	\$18,371,550	\$19,537,024	\$19,407,220	\$20,201,828	\$20,201,828	\$20,776,647	\$21,376,185
Actuarial Value of Assets	12,285,779	\$14,049,864	\$14,049,864	\$14,049,864	\$13,795,779	\$13,795,779	\$13,795,779
Funded Ratio	66.9%	71.9%	72.4%	69.6%	68.3%	66.4%	64.5%
Unfunded Accrued Liability	6,085,771	5,487,160	5,357,356	6,151,964	6,406,049	6,980,868	7,580,406
Amortization Period	20	18	18	18	18	18	18
Amortization Growth Rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Past Service Cost	409,772	398,473	389,047	446,750	465,202	497,964	531,052
Total Normal Cost	723,057	820,212	801,924	800,609	800,609	843,040	888,222
Employee Contributions	129,739	169,195	169,195	169,195	169,195	169,195	169,195
Net Normal Cost	593,318	651,017	632,729	631,414	631,414	673,845	719,027
Interest	70,217	73,464	71,524	75,471	76,763	79,097	81,255
Actuarially Determined Contribution	1,073,307	1,122,954	1,093,300	1,153,635	1,173,379	1,250,906	1,331,334
Town	389,198	370,649	370,649	370,726	381,916	422,619	464,693
BOE	684,109	752,305	722,651	782,909	791,463	828,287	866,641
Expected Benefit Payouts	1,026,815	962,453	969,404	969,404	969,404	969,404	969,404
Town	425,057	434,568	434,568	434,568	434,568	434,568	434,568
BOE	601,758	527,885	534,836	534,836	534,836	534,836	534,836
Net Town Contribution to Trust	46,492	160,501	123,896	184,231	203,975	281,502	361,930
Town	(35,859)	(63,919)	(63,919)	(63,842)	(52,652)	(11,949)	30,125
BOE	82,351	224,420	187,815	248,073	256,627	293,451	331,805

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.





# TOWN OF SIMSBURY

## BOARD OF FINANCE AGENDA SUBMISSION FORM

1. **Title of Submission:** Proposed Tax Abatement, 690 Hopmeadow Street

2. **Date of Board Meeting:** December 3, 2018

3. **Individual or Entity Making the Submission:**  
Amy Meriwether, Finance Director

4. **Action Requested of the Board of Finance:**  
No action is requested for this agenda item

5. **Summary of Submission:**

On September 24, 2018 the Town received an application for business development assistance for the property located at 690 Hopmeadow Street. The application requested a 10 year tax abatement from Grand List Year 2020 through Grand List Year 2029, a waiver of the sewer hookup charge (subsequently rescinded by the applicant), and a waiver of 6 permit fees related to construction and building.

Pursuant to the Business Development Incentive Policy, the Business Development Incentive Committee is required to review received applications. The voting members are: 1 Board of Finance member (R. Pomeroy); 1 Zoning member (D. Ryan); 1 Board of Selectmen member (C. Cook); 1 community member-at-large (B. Ethier); and 1 EDC member (vacant). The Town Manager is a non-voting member with participation rights. Staff reports from the Finance Director, Planning Director and Assessor were prepared. The request was consistent with the policy guidelines.

At their November 19, 2018 meeting, the Business Development Incentive Committee unanimously supported and forwarded favorable recommendations to the Board of Selectmen to authorize the 10 year reduction of taxes per the schedule presented below and authorize the waiver of 50% of all requested construction and permit fees. The total recommended 10-year tax abatement request is as follows:

- 100% reduction in the tax bill for years 1 & 2 (FY21/22, FY22/23)
- 95% reduction in the tax bill for year 3 (FY23/24)
- 90% reduction in the tax bill for year 4 (FY24/25)
- 85% reduction in the tax bill for year 5 (FY25/26)
- 75% reduction in the tax bill for year 6 (FY26/27)
- 65% reduction in the tax bill for year 7 (FY27/28)
- 55% reduction in the tax bill for year 8 (FY28/29)
- 35% reduction in the tax bill for year 9 (FY29/30)
- 15% reduction in the tax bill for year 10 (FY30/31)

Staff's conservative estimate of the value of the abatement schedule as presented is \$446,000.

The estimated fee waivers reflect \$16,969, or 50% of anticipated fees that will be paid by the property owners.

At their meeting on November 26, 2018, the Board of Selectmen reviewed the application and recommendations of the Business Development Incentive Committee. All Board members were in favor of the tax abatement as presented but requested a second look at the value of the abatement schedule prior to making a formal motion. Additionally Board members generally were in support of a “not to exceed” amount for the abatement, which is yet to be determined. The Assessor is in the process of re-evaluating the \$446,000 value and will report back at the next Board of Selectmen meeting on December 17, 2018.

**6. Financial Impact:**

The value of the abatement has yet to be determined but is expected to be within the range of \$446,000-\$571,000. The value of the anticipated fee waivers is approximately \$16,969.

**7. Description of Documents Included with Submission:**

None