

**Simsbury Board of Finance
TOWN OF SIMSBURY
REGULAR MEETING MINUTES
Tuesday, February 18, 2020 at 5:45 P.M.
Simsbury Town Hall - Main Meeting Room
933 Hopmeadow Street, Simsbury, Connecticut**

PRESENT: Lisa Heavner, Arthur House, Derek Peterson, Robert Pomeroy, Kevin Prell, Linda Schofield (via phone)

ALSO PRESENT: Jackie Battos, BOS; Francine Beland, Town Assessor; Maria Capriola, Town Manager; Amy Meriwether, Director of Finance/Treasurer; Eric Wellman, First Selectman; and other interested parties

1. Call to Order - Establish Quorum

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

2. Pledge of Allegiance

All present stood for the Pledge of Allegiance.

3. FY21 Grand List Growth Projections

Ms. Meriwether reviewed the Grand List - Six Year Forecast FY2019/20 - FY2025/26 document prepared by Town Assessor Francine Beland. She noted the projected grand list year over year actual and projected totals. Questions and discussion followed. Ms. Beland noted the document is based on the current list as filed this year and her projection based on the new development that is currently scheduled. Further questions and discussion ensued. Ms. Beland reported she received one final audit today which will cover the \$25,000 cost of doing personal property audits. She added that more will be coming.

4. Presentation: Fiduciary Investment Advisors

Chris Kachmar of Fiduciary Investment Advisors (FIA) noted highlights from the Town of Simsbury Retirement Plans presentation provided in the meeting packet. He began with updates on the firm and practice area, and he noted FIA is merging with DiMeo Schneider. Questions and discussion followed. He provided a Capital Markets Overview, a Pension Plans Review, OPEB Review and DC Plan Review. He predicts nominal growth for next year and noted Simsbury is in good stead when compared to its peers. Discussion and questions followed. Ms. Heavner requested that the fee analysis be emailed to the BOF. Mr. Kachmar moved ahead to Asset Allocation, noting the Town has done a great job with this. Questions and discussion followed. Tyler Polk of FIA continued the presentation by noting FIA is doing an RFQ for record keeping and there are seven responses to date. He discussed the SECURE Act signed into law on December 20, 2019, noting key features that will impact retirement plans. Further, he explained the Investment Menu Design, noting key tenets and trends. He explained a "Gap" analysis illustrating the Plan's investment menu offerings and respective asset classes. Next, he provided an overview of the T. Rowe Price Retirement Funds. He noted the Glidepath Comparison and Volatility charts for Target Date Portfolios. Lastly, he gave a Fourth Quarter 2019 Executive Summary. Questions and discussion followed about DB and DC plans. It was

noted this is an area that needs to be revisited. Mr. Pomeroy thanked Mr. Polk for his presentation.

5. Presentation: BlumShapiro

Nikoleta McTigue of BlumShapiro began the Audit Presentation with the engagement scope and reporting, noting responsibilities of management and the auditor as reported in the presentation provided in the meeting packet. Further, she referenced financial statements, the Federal Single Audit and State Single Audit. She gave financial highlights and CAFR Audit Results, noting a “Clean” opinion expressed on the basic financial statements and no significant deficiencies or material weaknesses reported in internal control over financial reporting. She reported financial statements for Governmental Activities and a Total Net Position of \$110,826,358 for 2018 and \$109,866,359 for 2019. She provided financial highlights on the Fund Financial Statements page and General Fund and Budget. Questions and discussion ensued. Further, she provided financial highlights for Pension and OPEB, Changes in Net Position, Pension Liability at 76.92% funded and OPEB Liability at 73.41% funded, noting it is quite rare and quite good to be that high. Discussion followed. Ms. McTigue went through the Federal Single Audit, noting the report on compliance is “clean.” However, there was a significant deficiency noted related to a Board of Education policy that needs to be updated. Ms. Meriwether addressed the deficiency noting that the Board of Education policy not in compliance has been updated and will be reviewed by the Policy Committee in the spring. She went through the State Single Audit, also noting a “clean” opinion on compliance. Jessica Aniskoff of BlumShapiro continued the presentation by noting the levels of findings, including Capital Asset Reporting, Fraud Risk Assessment, Accounting Procedures Manual and Positive Pay System. No new recommendations were made. Ms. Schofield thanked Ms. Meriwether for all of her work on this. Ms. Aniskoff reported significant accounting policies described in Note 1 in the CAFR, no new standards adopted, and significant estimates, including Net Pension Liability, Net OPEB Liability, Capital Assets estimated useful lives to calculate depreciation expense, Allowance for uncollectible receivables, and Estimates of Medical Claims Liability (incurred but not reported). Further, she noted no difficulties encountered in performing the audit, no disagreements with management, no uncorrected misstatements, no independence issues, and management did not consult with other accountants. Ms. McTigue referenced the upcoming GASB Standards for 2020, 2021 and 2022. Questions and discussion about abatement agreements, long-term deficiencies, bond premium revenues, and the allocation from the State to the teachers’ pension plan and OPEB plan followed.

6. School Facilities Long Range Planning Update (Oral Report)

Mr. Peterson provided an update based on the January 30 Facilities Task Force meeting, adding that the meeting was well attended and lively. He noted information is available at <https://www.simsbury.k12.ct.us/facilities-study>. He acknowledged Jeff Wyszynski of Tecton Architects for his work on this. He noted the presentation and a proposed milestone schedule are online. An online survey has been available for about two weeks and will end this Friday. He reported that an audit of buildings was done by Tecton and Milone & Macbroom. The Task Force is prioritizing cost and what buildings need what first. Other areas of discussion include building new versus renovating, grade configurations, what the State will provide, the education environment, and comparing Simsbury with other towns in the Valley. He noted he has recommended that Mr. Wyszynski come to a BOF meeting. The next public forum is March 4 at 7:00 P.M. in the SHS Auditorium. He encouraged the public to fill out the survey. Discussion

followed regarding the cost to the Town, neighborhood schools, enrollment numbers and demographics, concern about the wording of the survey, and a lack of research on what's best for the children. Mr. Pomeroy asked that these comments be brought back to the Task Force. It was agreed that Mr. Peterson will set up a time when Mr. Wyszynski can speak with the BOF.

Mr. Peterson excused himself from the meeting at 8:00 P.M.

7. Draft Annual Town Report

Ms. Heavner noted it is important that the chairs of the BOS, BOE and BOF each submit a letter to be included in the Annual Town Report. She also noted that the people who serve on boards and commissions should be listed.

8. Draft Debt Management Policy

Mr. Pomeroy provided background on the work group and reported they have completed a revised draft of the Debt Management Policy as presented in the meeting packet. Ms. Heavner thanked everyone involved in the effort and noted the Policy is really about the structure of government, rules and responsibilities, and fiduciary duties in law and in policy. She noted she will be voting for the proposed Debt Policy because it's in the best interests of the Town to have one debt policy. She noted that this policy does not change past practice or responsibilities and that the BOF retains its authority to set overall debt, debt service as a percentage of operating costs, bond terms, and line item authority on the BOS and Capital budgets. Ms. Heavner noted that in supporting this policy she did not concede that BOS approval is a necessary condition of its adoption, but did acknowledge that the BOS has approved the policy as written. She thanked members of the BOF for their research and writing of the Policy. She thanked Sean Askham for publicly stating he did not view this document as a change in past practice or responsibility. She noted having important checks is essential. Lastly, she thanked the following people for their support and efforts on this: Sean Askham, Chris Peterson, Maria Capriola, Melissa Appleby, Amy Meriwether, and the members of the BOF. She also thanked Representative Hampton, Former Representative Linda Schofield, and Senator Witkos. Discussion followed about the general guideline of funding over ten years.

MOTION: Ms. Schofield made a motion to adopt the Debt Policy as presented. Mr. House seconded the motion. The motion passed with one abstention from Mr. Prell.

9. Board of Education Budget Status Report

Ms. Meriwether noted highlights on the report made to the BOE on January 28. She gave an overview of revenues and General Fund expenditures for July through December. Under General Control she noted a slight increase as compared with the same time last year due to staff retirements and anticipated replacements in the Central Office. There is the possibility of using non-lapsing accounts to cover these costs. Under Insurance and Pension she noted it was projected to use \$300,000 of non-lapsing funds to offset the increase in health insurance costs, but only about \$150,000 will need to be used. Further, she noted a slight increase in out-of-district students and an expected increased cost grant for the reimbursement.

10. Recommended Transfer to Capital Non-Recurring Fund from the Town Clerk LOCIP Fund for Vault Update

Ms. Meriwether noted the Board approved a transfer in April of 2019 of \$27,700 from the Town Clerk LOCIP Fund to the Capital Non-Recurring Fund to fund the replacement of flooring in the Town vault in addition to some high density shelving in the Planning/Building Department. The Town Clerk would like to add high density shelving to the scope of the vault project, adding a transfer in the amount of \$25,000 to the project.

MOTION: Ms. Heavner made a motion to approve a transfer of \$25,000 from the Town Clerk LOCIP Fund to the Capital Non-Recurring Fund to cover the cost of high density shelving in the Town vault. Mr. Prell seconded the motion. All were in favor and the motion passed unanimously.

11. Finance Director's Report

Ms. Meriwether noted the Grants and Donations in her report. Under Defined Contribution and Deferred Compensation Pension Plans RFQ Update she noted FIA will presenting responses and bid results to the BOF, Town staff and the Retirement Plan Subcommittee on March 23. Under FY20 Bond Issuance she reported the Town was able to maintain its AAA bond rating status and attain a true interest cost of 1.56% for the 15 year bond for the HJMS project. The first debt payment is due in August 2020, which is FY21. Discussion followed. Regarding Town Aid Road she reported they have not heard anything yet and typically payments are usually received by this time. She noted these funds are still expected to be coming based on the most recently released Governor's Budget.

12. Approval of Minutes - January 21, 2020

The following edits were requested to be made to the minutes:

- *Under Item 3, the last paragraph should read:*

Mr. House observed the parity in party representation on the BOF resulting from the November 2019 election and asked what consequent procedural differences might ensue because of that change. Mr. Pomeroy noted there has been very good communication among board members and encouraged openness. Going forward Mr. Pomeroy and Vice Chair Lisa Heavner will share responsibility for creating meeting agendas. After discussion it was agreed that board members are allowed to meet in caucus and by telephone and email.

- *Under Item 6, the following text should be added:*

Ms. Schofield made the following requests:

- Long range demographic trend information, so we know if the projection of 300 or so new students is the peak or the beginning of a trend
- Historical information on the percent of the capital budget spent on BOS vs. BOE projects
- A comparison of how many square feet of buildings and acres of land/parks the BOS vs. the BOE is responsible for
- The impact of every \$1M in borrowing on the mill rate and similarly the impact of raising the debt service ceiling by 1% or more on the mill rate

MOTION: Mr. Prell made a motion to approve the January 21, 2020 Regular Meeting Minutes with those changes. Mr. House seconded the motion. All were in favor and the motion passed unanimously.

13. Communication

- Building Department Revenue Report - January 2020
Ms. Meriwether noted this report was included as an FYI.

14. Adjourn

MOTION: Mr. Prell, Mr. House second, to adjourn at 8:18 P.M.; unanimously approved

Respectfully submitted,

Karen Haberlin
Commission Clerk