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Patrick B. O'Sullivan
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Joint Board of Finance Regular Meeting with Pension Board

Monday, May 17, 2021 7:00 p.m.
Zoom Meeting

(Unapproved)

Attendance

Board of Finance Members Present: Chairman Kevin Houlihan, Vice Chairman James Leahy, Patricia Romano, Joseph Nuzzo, and P. J. Shanley

Pension Board Members Present: Chairman Eric Hendlin, Mitch Goldblatt, Barbara Miller, and Rebecca Harlow

Staff: John Cifarelli, Finance Director; Audrey Geer, Assistant Finance Director; Deborah Satonick, Recording Secretary

Guests: Michele L. Boyles; Milliman; Chris Kachmar, Fiducient

1. Call to Order

- Chairman Houlihan and Chairman Hendlin called the meeting to order and made introductions. There were no emails or public participation.

2. New Business

A. Presentation by Michelle L. Boyles of Milliman

- Ms. Boyles made a thorough presentation on the Police and Town Pension Plan. Both are closed plans, and Ms. Boyles reported on the current employee membership status of terminated, active, and “on pay” members for each of the plans. She noted that this presentation is a snapshot evaluation as of January 1, 2021.
- Mr. Shanley inquired if there is a cap on the Pension Plans and Ms. Boyles advised that there is no cap.
- Ms. Boyles reported that the expected rate of return is 6.25% and she is supportive of this conservative approach, noting that the Town plans are more conservative than many other pension plans within the State of Connecticut. She explained that the funding requirements use the actuarial value of assets over a five-year period.

- Ms. Boyles discussed the Mortality Table in reference to the current membership population in both plans. The Board of Finance thanked Ms. Boyles for her thorough presentation.

B. Presentation by Chris Kachmar - Fiducient

- Mr. Kachmar advised that Fiduciary Advisors has had a merge with another company in Chicago and has been rebranded as Fiducient Advisors. He spoke briefly on the history and the credentials of the company, advising that they have been working with the Town of Orange for many years.
- Mr. Kachmar advised the Board of Finance that they meet quarterly with the Pension Board to discuss the performance of the plans, the managers, and the overall asset allocation. He spoke about the importance of diversity in the portfolios, which allows for broader returns. Mr. Kachmar also indicated that interest rates and inflation are expected to increase in the future.
- Mr. Kachmar reported on the quarterly aggregate performance, as of the end of March 31st, of the Pension plans, noting that there was a modest 2% increase. However, when looking at the portfolio performance over a one year timeframe, the portfolio is up by 39%.
- Mr. Kachmar explained that they play an advisory role regarding the Pension plan portfolio, making suggestions and recommendations, but it is the Pension Board that must vote and approve on any recommendations that have been made. Mr. Shanley inquired about the fee structure to manage the portfolio and this was explained in greater detail.
- The members of the Board of Finance thanked Mr. Kachmar for the presentation.

C. Adjournment of Joint Meeting

Mr. Hendlin made a motion to adjourn the Joint Pension Board and Board of Finance meeting, seconded by Ms. Miller. All were in favor and the motion PASSED.

[The Board of Finance took a ten minute recess and reconvened the remainder of the Board of Finance meeting.]

3. **Amity Update**

- Mr. Nuzzo reported that Fiducient also manages the 16.7 million dollar Pension plan for Amity and their performance has been very similar to that of the Town's Pension plans.
- Mr. Nuzzo reported that Amity will be using \$55k from their end-of-year surplus to fund technology for the purchase of one-to-one computers for students in seventh through twelfth grade. Currently, \$57k has been already allocated for this purchase. He presented a complete update on planned expenditures, including an expected roof repair in 2022 and drainage work in the fields at the Orange Middle School. He also spoke on other Capital Expenditures that are planned.
- The April forecast for the Amity surplus is \$954,327. There is a 1% transfer in the amount of \$507,844,

making a total surplus of \$1,462,171 by the end of April. A large part of this surplus is related to their Medical Account.

4. Vice Chairman's Report

- Vice Chairman Leahy spoke at great length regarding the Amity surplus, noting that the Town has budgeted \$850k as Amity's return to the Town of Orange. He pointed out the Amity surplus is very important to taxpayers when preparing next year's budget.
- Chairman Houlihan noted that Amity is expected to receive over \$500k from the Stimulus Act. He inquired how this money will be used, as Amity is using their current surplus for items that were not in the budget. Mr. Nuzzo indicated that this money has not been come up for discussion. Chairman Houlihan felt that some of this money could be used to offset some of these expenditures not in the budget.

5. Discuss & Approve Funding for OBOE Capital Request - \$203,780

- Mr. Leahy displayed the list of OBOE Capital projects that are to be funded and Mr. Cifarelli suggested that this allocation be contingent on the budget being approved.

Mr. Leahy made a motion to allocated \$203,780 in the Capital Fund to be used for the list of OBOE Capital items as presented. Ms. Romano seconded the motion subject to the approval of the budget at the referendum. All were in favor and the motion PASSED.

6. Discuss & Approve Funding for Town Government Capital Request - \$325,000

- Mr. Leahy again displayed the list of Town Government Capital items to be funded.

Mr. Nuzzo made a motion to allocated \$325,000 in the Capital Fund to be used for the list of Town Government Capital items as presented. Ms. Romano seconded the motion subject to the approval of the budget at the referendum. All were in favor and the motion PASSED.

7. Discuss & Possible Action on Funding for Capital Projects – Okenquist Committee

- Mr. Cifarelli reported that the repair of the tennis courts at High Plains Community Center is under contract to be completed this year. In addition, the library has obtained a \$16k grant for the library furniture, so both items have been removed from the Capital Project list.
- Mr. Cifarelli suggested that repair of the sidewalks at the OBOE and the library should be considered for approval, while the other Capital items should be put on a temporary "hold." The Board members reviewed all of the Capital items in detail.

Mr. Leahy made a motion to allocate funds, not to exceed \$95k, for the repair of the sidewalk at the OBOE and at the library. Ms. Romano seconded the motion and all were in favor. The motion PASSED.

- Mr. Cifarelli noted that several municipalities who received money from the federal government have used the funds for current operating expenses. The regulations, however, indicate that this money should not be used for Pensions or to reduce taxes. The Town of Orange has correctly adhered to these regulations regarding the proper use of the funds.

8. Discussion & Approval of Minutes – April 29, 2021 Special Meeting

- The Board members reviewed the minutes and made edits as necessary.

Mr. Shanley made a motion to approve the April 29, 2021 Board of Finance minutes, seconded by Ms. Romano. All were in favor, with Mr. Nuzzo abstaining. The motion PASSED.

9. Review Revenue & Expense Reports for April 30, 2021

- Due to the lateness of the meeting, the Board members had a quick review the Revenue and Expense Reports.

10. Old Business

A. Review Cost of Tropical Storm Isaias

- The Board members did a quick review of the costs involved with storm Isaias.

B. Adjournment

Mr. Shanley made a motion to adjourn the meeting at 10:09 p.m. Ms. Romano seconded the motion and all were in favor. The motion PASSED.

Respectfully Submitted,
Deborah Satonick
Recording Secretary