

BOARD OF FINANCE

TOWN OF BRANFORD

1019 MAIN STREET, P.O. BOX 150, BRANFORD, CONNECTICUT 06405

JOSEPH W. MOONEY, CHAIRMAN
VICTOR CASSELLA
HARRY DIADAMO, JR.
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JEFFREY E. VALETTE



EX-OFFICIO
JAMES COSGROVE, First Selectman

CLERK
LISA E. ARPIN, Town Clerk

BOARD OF FINANCE REGULAR MEETING AGENDA MAY 23, 2022 at 7:30 p.m.

A G E N D A – Revised

Lisa E. Arpin
BRANFORD TOWN CLERK

2022 MAY 19 P 6:01

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There will be a meeting of the Board of Finance on Monday, May 23, 2022 at 7:30 p.m. at Fire Headquarters, 45 North Main Street, Branford, CT. The meeting will also be available for remote public viewing via BCTV (Comcast Channel 20) and Facebook Live.

1. To approve the minutes of the March 14, 15, 21 and 28, 2022 meetings.
2. Citizen's Communication
3. To hear a presentation from The Andriole Group and GYL Financial Synergies with regard to the performance of the Town of Branford **Police Pension** Plan for the quarter ended March 31, 2022, and if necessary, rebalance the portfolio.
4. To hear a presentation from The Andriole Group and GYL Financial Synergies with regard to the performance of the Town of Branford **Volunteer Fire** Incentive Plan for the quarter ended March 31, 2022, and if necessary, rebalance the portfolio.
5. To hear a presentation from The Andriole Group and GYL Financial Synergies with regard to the performance of the Town of Branford **Other Post-Employment Benefits** Trust (OPEB) for the quarter ended March 31, 2022, and if necessary, rebalance the portfolio.
6. To hear a presentation from The Andriole Group and GYL Financial Synergies with regard to the performance of the Town of Branford **Coastal Resiliency Fund** for the quarter ended March 31, 2022, and if necessary, rebalance the portfolio.

7. To hear a presentation from The Andriole Group and GYL Financial Synergies with regard to the Fixed Income Separate Account Manager Search and Analysis for the Police Pension, OPEB Trust and Coastal Resiliency Fund.
8. To consider, and if appropriate, adopt an Investment Policy Statement (IPS) for the Town of Branford's Coastal Resiliency Fund.
9. To hear an update from the Tax Collector.
10. To hear a presentation from the Branford Arts and Cultural Alliance and the Shoreline Chamber of Commerce, pursuant to a request from the First Selectman to consider these organizations in Branford's future ARPA allocations.
11. To hear an overview of the fiscal year 2022-2023 budget from the Finance Director, and to set the mill rate for fiscal 2022-2023.
12. Adjournment

Dated this 19th day of May, 2022



Lisa E. Arpin, CMC CCTC
Board of Finance Clerk

OFFICE OF THE TREASURER
BRANFORD, CONNECTICUT



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Date: May 18, 2022
To: Joseph Mooney, Chairman Board of Finance
From: James Finch, Finance Director
Re: Investment Policy for the Coastal Resiliency Fund (CRF)

Background

Last August the board appointed GYL Financial Synergies and The Andriole Group as financial advisors to the Coastal Resiliency Fund. During the appointment discussion we noted that the statute governing coastal resiliency funds provides a list of permissible investments we preferred to have an investment policy statement (IPS) since we adopted an IPS for the pension and OPEB funds.

Resolution:

Resolved that the Board of Finance adopts the attached Investment Policy Statement for the Town of Branford's Coastal Resiliency Fund.

Mai S. Appin
BRANFORD TOWN CLERK

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Statement of Investment Policy, Objectives, and Guidelines
Town of Branford Coastal Resiliency Fund

Leslie E. Quinn
BRANFORD TOWN CLERK

I. GENERAL INFORMATION

The Town of Branford (hereinafter the "Town") has established a "Coastal Resiliency Fund" ("CRF") formally known as the Town of Branford Coastal Resiliency Fund (the "Fund"). The Fund will be invested through the general fund cash surplus available at the end of any fiscal year and the proceeds of bonds, notes or other obligations issued pursuant to subsection (b) of section 7-374b of the general statutes. Upon recommendation of the Town, any part, or the whole, of such reserve fund may be used and appropriated to pay for municipal property losses, capital projects and studies related to mitigating hazards and vulnerabilities of climate change including, but not limited to, land acquisition. Although the Town as a public entity is not subject to the Employment Retirement Income Security Act of 1974 (hereinafter "ERISA") it shall conduct its Fund activities in accordance with the spirit of ERISA.

II. INVESTMENT RESPONSIBILITY

The "Board" shall refer to the governing board established to administer the Fund. The Board members shall have the power to make such rules and regulations as may be necessary for the administration of the Fund and the investment and reinvestment of the Fund assets subject to the State of Connecticut Substitute Senate Bill No. 1062, Public Act No. 19-77.

The Board is charged with the responsibility for the management of the assets of the Fund. The Board shall discharge their duties solely in the interest of the Fund, with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The specific responsibilities of the Board relating to the investment management of Fund assets include:

1. Adhering to the guidelines set forth in the Town's ordinances and State of Connecticut Substitute Senate Bill No. 1062, Public Act No. 19-77.
2. Adhering to the guidelines as defined in the spirit of ERISA and all other applicable regulations.
3. Projecting the Fund's financial needs and communicating such needs to the investment managers on a timely basis.
4. Determining the Fund's risk tolerance and investment horizon and communicating these to the appropriate parties.
5. Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Fund's assets.

6. Prudently and diligently selecting qualified investment professionals, including investment manager(s) and investment consultant(s).
7. Regularly evaluating the performance of the investment manager(s) to assure adherence to policy guidelines and monitor investment objective progress.
8. Developing and enacting proper control procedures: For example, replacing investment manager(s) due to fundamental change in investment management process, or failure to comply with this investment policy statement and other established guidelines.

III. INVESTMENT OF FUND

In order to meet its needs, the investment strategy of the Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management for the Fund assets shall be:

Growth of Principal – To emphasize growth of principal while avoiding excessive risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index.

The secondary objective in the investment management of the Fund assets shall be:

Liquidity - To ensure the ability to meet all expected or unexpected cash flow needs by investing in securities which can be sold readily and efficiently.

IV. VOLATILITY OF RETURNS

The Board understands that in order to achieve its objectives for the Fund assets, the Fund will experience volatility of returns and fluctuations of market value. It states that the Fund could tolerate a maximum loss of 15% over any one-year period, and a maximum loss of 0% over the investment horizon. Therefore, the Board supports an investment strategy that minimizes the probability of losses greater than stated above. However, it realizes that the Fund's return objective is its primary concern. There is, of course, no guarantee that the Fund will not sustain losses greater than those stated herein.

V. INVESTMENT GUIDELINES

Investments not specifically addressed by this statement are forbidden without the Board's written consent.

The Board may direct investment of a portion of the Fund provided it is not more than forty percent, or with respect to such a reserve fund for which the Board has adopted an asset allocation and investment policy, fifty percent, of the total amount of such reserve fund shall be invested in equity securities, and (2) any portion of such reserve fund not invested pursuant to subdivision (1) of subsection 1.C. of the Substitute Senate Bill No. 1062, Public Act No. 19-77 may be invested in:

- (A) Bonds or obligations of, or guaranteed by, the state or the United States, or agencies or instrumentalities of the United States,
- (B) certificates of deposit, commercial paper, savings accounts, and bank acceptances,
- (C) the obligations of any state of the United States or any political subdivision thereof or the obligations of any instrumentality, authority, or agency of any state or political subdivision thereof, if, at the time of investment, such obligations are rated in the top rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, and applicable to such obligations,
- (D) the obligations of any regional school district in this state, of any municipality in this state or any metropolitan district in this state, if, at the time of investment, such obligations of such government entity are rated in one of the top two rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, and applicable to such obligations,
- (E) in any fund in which a trustee may invest pursuant to section 36a-353 of the general statutes,
- (F) investment agreements with financial institutions whose long-term obligations are rated in the top two rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner or whose short-term obligations are rated in the top rating category of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, or
- (G) investment agreements fully secured by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States.

Aggregate Fund Asset Allocation Guidelines (at market value)

1. Investment management of the assets of the Fund shall be in accordance with the following guidelines provided an asset allocation and investment policy have been adopted:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equities	0%	50%
Fixed Income and Cash Equivalents	50%	100%

2. In the absence of an approved asset allocation and investment policy, the investment management of the assets of the Fund shall be in accordance with the following guidelines:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equities	0%	40%
Fixed Income and Cash Equivalents	60%	100%

VI. INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the investment consultant shall be compiled at least quarterly and communicated to the Board for review. The investment performance of the portfolio, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

VII. INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status, and capital markets expectations as established in this statement of investment policy, the Board plans to regularly review the investment policy.

James P. Finch
Finance Director

Date

ADDENDUM A
INVESTMENT POLICY STATEMENT
Historical Policy Changes

11/1/2021 – 11/30/2021

32.50 Citigroup Treasury Bill-3 Month
32.50 Bloomberg Intermediate Government
11.00 S&P 500
8.00 MSCI EAFE (Net)
5.50 MSCI Emerging Markets IMI (Net)
3.50 S&P MidCap 400
3.50 Russell 2000
3.50 Dow Jones U.S. Real Estate Capped

12/1/2021 – Present

65.00 Bloomberg Intermediate Government
11.00 S&P 500
8.00 MSCI EAFE (Net)
5.50 MSCI Emerging Markets IMI (Net)
3.50 S&P MidCap 400
3.50 Russell 2000
3.50 Dow Jones U.S. Real Estate Capped