Town of Simsbury
Board of Finance

Regular Meeting
September 20th, 2026 – 5:45 P.M.

Minutes

PRESENT
Members in attendance include Lisa Heavner, Lalitha Shivaswamy, Bert Helfand, Art Wallace and Mike Doyle (via Zoom).

Others in attendance included: Kelsey Chamberlain, Deputy Finance Director, Marc Nelson, Town Manager, George McGregor, Director of Planning and Community Development, Chris Kachmar, Fiducient Defined Benefit Advisor, Tyler Polk, Fiducient Defined Contribution Advisor.

CALL TO ORDER
Ms. Heavner called the meeting to order at 5:46 P.M. in the Main Meeting Room in the Simsbury Town Hall.

Pledge of Allegiance
Everyone stood for the Pledge of Allegiance.

Public Audience
Joan Coe, 26 Whitcomb Drive, spoke about the Friends of Simsbury Public Library giving donations for expenditures that are not going through the budgetary process and the condition of the tennis courts at Henry James Memorial Middle School.

Presentation: Fiducient Advisors (Pages 1-67)
Ms. Heavner invited Mr. Wallace, Chair of the Retirement Subcommittee, to introduce the item. Mr. Wallace explained this was a routine broad review of the retirement allocation plans, noting that most of the substance had already been discussed at the Subcommittee's meeting the prior week, and that the Board would be asked to act on one item: a proposed change to the OPEB (Other Post-Employment Benefits) trust's investment structure, which the Retirement Subcommittee had already endorsed.

Mr. Kachmar explained Town, Board of Education, and Police pension plans share the same asset allocation and the same roster of investment managers. Allocation is roughly two-thirds return-seeking assets and about one-third capital preservation / fixed income. The allocation is formally re-tested each year against capital market assumptions, with the goal of generating long-term returns sufficient to meet actuarial requirements. Fiscal-year performance was strong: each pension plan returned approximately 14% for the year, with 3-, 5-, 7-, and 10-year returns well above the actuarial assumption.

Ms. Heavner questioned why the pension plans tend to show underperformance versus benchmark while the OPEB trust has, at times, outperformed, despite the OPEB's lower absolute returns. Mr. Kachmar responded that displayed pension returns are net of investment management fees, while comparisons to benchmarks can obscure this. Active managers in the pension program tend to follow a "quality discipline" that leads them to underweight lower-quality, high-momentum names that carry large index weights and have performed very strongly — because those managers are reluctant to buy stocks, they consider expensive on the Town's behalf. This quality discipline has been a headwind to relative returns recently but is expected over long periods to be additive; short-term relative underperformance can compound into multi-quarter and multi-year numbers, but Ms. Kachmar suggested this dynamic could reverse if market breadth continues to improve, as seen over the summer. The OPEB trust is fully indexed today. Its lower fee structure (versus active management/ETF fees in the pension program) also explains part of the return differential. Over the trailing 10 years ending in June, Mr. Kachmar noted the Town pension plans have annualized at approximately 8%, versus approximately 8.4% for the OPEB trust.

Dr. Shivaswamy asked how the international equity allocation is being monitored given the current global developments and how concentrated international equity exposure is in any one or two countries. Mr. Kachmar responded global equity markets are structurally about 62% U.S. and 38% international by market capitalization; the program's international/domestic mix is built to roughly track that structural opportunity set (approximately 60/40), and the program does not make large tactical bets away from that structure. International markets have shown concentration dynamics like U.S. "hyperscaler" concentration, with strong performance from AI-related names.
In the OPEB trust, the portfolio simply owns the composition of the relevant index. In the pension plans, a dedicated Vanguard emerging-markets index fund is used as a satellite mandate, while active international managers tend to find more opportunity in Europe and, to some extent, Japan. Fiducient’s research team applies the same manager evaluation process internationally as domestically, blending cost-effective indexing with thoughtful active management where a quality tailwind is expected. A dedicated two-person international equity research team engages with managers on an ongoing basis.

Dr. Shivaswamy asked what safeguards exist against an internal AI research tool "hallucinating". Ms. Kachmar explained that Fiducient's proprietary tool, referred to as "Athena", is used strictly to aggregate and compile data as a preliminary step, and is not a substitute for the firm's analysts or for direct, ongoing dialogue with portfolio management teams. The tool is intended to

streamline preparatory work ahead of team-to-team underwriting conversations, not to replace human judgment.

Turning to the OPEB trust's investment structure, Mr. Kachmar noted the OPEB program's allocation is similar to the pension plans but is not identical, largely due to differences in the underlying index/mandate construction. The OPEB trust currently implements its allocation using exchange-traded funds (ETFs), which were efficient and easy to implement when the trust was first funded. The trust has since grown to a size where it has reached a "crossover point" allowing a shift to traditional index mutual funds, predominantly through Fidelity, without materially changing the allocation. Current run-rate investment expense is approximately 18 basis points; moving to traditional index funds would reduce this to approximately 4 basis points. The proposed restructuring involves only minor repositioning within global equity, alongside small corresponding edits to the target weights in the Investment Policy Statement. Ms. Heavner endorsed the proposal, noting the Subcommittee had discussed it at length and characterizing it as a "win-win": maintaining substantially the same allocation while significantly lowering costs over time.

Mr. Wallace made a motion to accept the Retirement Plan Subcommittee’s recommendation to restructure the OPEB Trust’s investment structure as presented. Dr. Shivaswamy seconded the motion. All were in favor and the motion passed unanimously.

Mr. Polk presented the quarterly defined contribution plan governance update, covering fund menu design and industry benchmarking for the Town's 457, Board of Education, and 401(a) plans. The plan offers target-date funds, a capital-preservation option through MissionSquare, passive indexed options across bonds, U.S. equity, and international equity, active options in the same asset classes, and a lightly utilized managed-account option for participants who want individualized management. Industry benchmarking shows 85% of surveyed plans offer target-date funds, as does the Town's plan; the Town's plan offers all major asset classes represented industry-wide and does not offer a brokerage window. The Town's utilization pattern, concentrated in target-date funds, followed by active/passive U.S. equity and the stable-value option which closely mirrors industry trends. Target-date funds use a "glide path" that shifts from higher equity to higher fixed-income allocation as participants age; T. Rowe Price, the Town's provider, maintains a somewhat higher equity glide path than peer target-date managers, reflecting a philosophy that prioritizes protecting against outliving retirement savings over near-term market risk. Plan balances grew notably quarter-over-quarter, driven by both contributions and market performance. No changes were recommended to the fund menu. All funds remain on "maintain" status except two funds placed "on watch" for quantitative and qualitative reasons: the MFS Value Fund and the T. Rowe Price Growth Stock Fund.

Mr. Wallace asked for additional color on the MFS fund placed on watch, Mr. Polk explained that the fund's portfolio manager, departed the firm. It was also noted the fund's downside protection and diversification benefits are valued in the DC plan, but the combination of the manager’s departure and performance placed it on watch. Per standard practice, a fund is not kept on watch longer than four quarters before a decision is made to return it to maintain status or remove it.

Ms. Heavner referenced a recent presentation by a State chief investment officer indicating a move toward a larger cash position given market conditions and asked whether Fiducient was considering something similar. Mr. Kachmar responded short-term rates may move modestly higher pending an anticipated near-term rate action. More significantly, the 10-year Treasury yield has recently exceeded 5% for the first time since 2007, and broad investment-grade yields are now roughly 5.5%–5.75%. This shift in the relationship between fixed income yields and equity valuations/dividends could lead Fiducient's forthcoming capital market assumption update to favor a somewhat larger allocation to fixed income going forward, though no specific recommendation has yet been finalized.

Presentation: Economic Development Overview

Director of Planning and Community Development George McGregor presented the department's periodic development activity update. The department issues approximately 2,600 permits per year, resulting in about 4,000 inspections annually handled by two full-time building officials. Gross planning department fee revenue, nearly all from building permits, was approximately $750,000 in FY2019–20, rising to approximately $1.3–1.4 million in each of the last two fiscal years. A $2 increase to building permit fees effective July 1, 2025, accounts for roughly $120,000 of the increase, with the remainder attributable to elevated building activity. Permit valuations are estimated at the time of permit application and later reconciled ("rightsized") to actual construction value; last fiscal year's permitted construction activity totaled approximately $70 million in construction value. The assessor's office separately updates estimated current tax value for permitted projects for inclusion in the following year's grand list. Planning department application volume, which is a leading indicator of future permit activity, has remained consistent over the past several years, with 2026 off to a strong start.

Recently completed projects include Raising Cane's fast-service restaurant at Simsbury Commons, The Goddard School at 200 Hopmeadow St, The Nest childcare at 30 Hopmeadow St, an indoor pickleball facility and a trampoline park located in Simsbury Commons, demolition and reconstruction of the dental/orthodontic office facility at 619 Hopmeadow St, International Skating Center's (ISC)expansion of two smaller rinks, 245 Hopmeadow St which is used as a dormitory for ISC visitors and training teams.

Ongoing projects include Luminary at 3236 Iron Horse Blvd, Planet Fitness on Bushy Hill Road, 1263 Hopmeadow St has a front pad site along with a retail building, Hoffman Genesis (formerly Nissan) dealership, 46 Albany Turnpike undergoing a rebrand and addition to the building, and Willow Arms in Tariffville is undergoing a $3.4 million renovation.

Items that are in the pipeline include Chase Bank at 730 Hopmeadow St, Holiday Inn Express 1503 Hopmeadow St, additional residential units at Dorset Crossing, Mclean age-restricted independent living units, 4 lot subdivision on Holcomb St (3 of the 4 units are complete), Cambridge Court has a new developer who will resume construction on 5 previously-permitted

homes and approximately 28 homes remain to be built, Vessel project 446 Hopmeadow St 42 multifamily units.

Discussion followed regarding historical student-generation estimates for recent development having come in lower than originally projected, which participants attributed in part to shifting demographics (later marriage and childbearing, smaller household sizes) rather than modeling error. Assistant Superintendent Neil Sullivan offered to share the annual October 1st enrollment breakdown by development/neighborhood that he prepares for the Board of Education, noting Statewide declining school enrollment trends outside of a few exceptions. Mr. McGregor's presentation is attached.

Dr. Shivaswamy made a motion to move up agenda item (f) for the executive session. Mr. Helfand seconded the motion. All were in favor and the motion passed unanimously.

f) Pursuant to §CGS 1-200(2) the Board of Finance and staff will meet to discuss strategy and negotiations with respect to collective bargaining for the units represented by the Simsbury School Administrators and Supervisors Association.

Ms. Heavner made a motion to adjourn to executive session Pursuant to §CGS 1-200(2) the Board of Finance and staff will meet to discuss strategy and negotiations with respect to collective bargaining for the units represented by the Simsbury School Administrators and Supervisors Association and to invite Assistant Superintendent Sullivan and Deputy Finance Director Chamberlain. Mr. Helfand seconded the motion. All were in favor and the motion passed unanimously.

The meeting adjourned to executive session at 7:06 P.M.

The executive session was adjourned at 7:42 P.M

Vacancy Sub-Committee Update:

Dr. Shivaswamy reported that the Vacancy Subcommittee met twice, in August and September. Dr. Shivaswamy provided the sub-committee a presentation and proposed timeline on strategies for attracting high-technology companies to Simsbury, drawing on prior studies previously compiled by another Board member.

Finance Director's Report (Page 68-74):

Ms. Chamberlain stated tax abatements are down approximately $10,000 compared to the prior year. In August, funds were rolled into three CDs with 3, 6, and 9 month terms; the budget assumed a 3.5% interest rate, and actual rates achieved were slightly higher, suggesting likely excess interest income for the year. Overall revenues are tracking on budget/target relative to the prior year. Town Clerk's office revenue is running at approximately 35.61% of budget due to elevated

conveyance tax payments. The Board requested a breakdown, ahead of the next meeting, of the tax department's revenue sources (current-year taxes vs. prior-year collections/fees and fines) to clarify the driver behind the year-over-year increase from 53% to 54% of budget received which is approximately $1 million. Overall expenditures are tracking similarly to the prior year. The Elections expenses are running approximately 10% over the prior year due to the additional August 2026 election/voting activity. Memorial Pool expenditures show a significant decrease versus the prior year due to a new employee's payroll coding error. Staff is working on correcting this error.

Agenda Items:

a) Supplemental Appropriation – North Central Area Agency on Aging Grant (Pages 75-76)

Ms. Chamberlain presented a request for a $5,000 supplemental appropriation, fully grant-funded (no Town match), for the Aging & Disability Commission's senior luncheon program, funded via a North Central Area Agency on Aging grant.

Dr. Shivaswamy made a motion effective September 15, 2026, to approve a supplemental appropriation in the amount of $5,000 for the Aging and Disabilities Commission's senior luncheon program, funded by the North Central Area Agency on Aging grant with no Town match. Mr. Helfand seconded the motion. All were in favor and the motion passed unanimously.

b) Supplemental Appropriation – State Legislative Directed Grant (Page 77)

Mr. Wallace made a motion to table the supplemental appropriation for the State Legislative Directed Grant. Dr. Shivaswamy seconded the motion. All were in favor and the motion passed unanimously.

c) Policy Review (Pages 78-153)

The Board reviewed proposed new language, developed at the Town Manager's request, formalizing the Board's practice regarding fluctuations in the debt service schedule: the Town may use cash for capital funding to smooth a temporary dip in debt service, and may use capital reserves for a period of no more than three years to smooth a temporary spike in debt service. Board members discussed whether the language was appropriately non-binding; it was agreed that the use of "may" (rather than "shall" or "will") preserves flexibility, and that the policy simply documents an existing available tool rather than mandating its use. It was noted this tool will be directly relevant to upcoming debt planning discussions regarding the Squadron Line project, which is expected to create a debt service spike.

Mr. Helfand made a motion to accept the amendment to the Capital Planning and Financing Policy, adding the language outlined on packet page 100 regarding capital funding and debt service stabilization. Mr. Wallace seconded the motion. All were in favor and the motion passed unanimously.

The Board reviewed proposed new language codifying the Board's standard practice of declining to fund items during the fiscal year that could reasonably have been anticipated during the budget process and deferred to the next budget cycle, except in cases of genuine emergency or unforeseen circumstances posing risk to town operations, property, public health/safety, or future costs. Board members agreed this reflects existing, consistently applied practice.

Mr. Helfand made a motion to accept the proposed language for Fund Balance Policy, V. General Fund number 6 bullet point. Dr. Shivaswamy seconded the motion. All were in favor and the motion passed unanimously.

Ms. Heavner raised a question about proposed fund balance language for the health fund, specifically the absence of previously discussed language limitation utilization to no more than one-third above the 25% target, noting that the Town's prior financial advisor had recommended including such language while the current advisor had not. Board members found some of the drafted language unclear and, with the Finance Director not in attendance to explain the reason behind the omission, agreed to table the item pending her return.

d) Draft Board of Finance Annual Report Letter (Pages 154-157)
Ms. Heavner noted a draft annual report letter had been circulated previously but still requires updated figures. By consensus, the Board asked the Finance Director to return with a completed draft with updated numbers for review and approval at the next meeting.

Review of Minutes:

e) July 21, 2026, Regular Meeting Minutes (pages 158-177)
Dr. Shivaswamy made a motion, effective September 15, 2026, to approve the minutes with the amendments from the Chair of July 21, 2026, Regular Meeting. Mr. Helfand seconded the motion. The motion passed 4-0-1, with Ms. Heavner, Mr. Helfand, Mr. Doyle and Dr. Shivaswamy in favor, and Mr. Wallace abstaining.

Adjourn:
Mr. Helfand made a motion to adjourn the Regular Meeting of the Board of Finance at 8:13 P.M. Mr. Wallace seconded the motion. All were in favor and the motion passed unanimously.

Respectfully submitted,

Kelsey Chamberlain
Deputy Finance Director