City of Bristol
Special Board of Finance Meeting
May 16, 2022

A special meeting of the Board of Finance was held on Monday, May 16, 2022 at 5:00 p.m. in the BOE Auditorium and via Zoom. The following were in attendance: Chairperson John Smith, Mayor Jeffrey Caggiano, Commissioners Glenn Heiser, Jon Mace, David Maikowski, and Marie O'Brien. Commissioner Burns and Whitford were present on Zoom. Also present from the Comptroller's Office: Diane Waldron.

Ladies and Gentlemen:

A special Board of Finance meeting will be held on Monday, May 16, 2022 at 5:00 p.m. in the Board of Education Auditorium, 129 Church Street, Bristol, Connecticut.

Agenda

1. **Call to order**
2. **Corporation Counsel: To waive the indemnification contract language within the Arsenal Growth Equity IV Fund Subscription and Diversified Government REIT Inc Subscription contracts**
3. **Adjournment**

PER ORDER OF THE CHAIRPERSON
John E. Smith

1. **Call to Order**

Chairperson Smith called the meeting to order at 5:05 p.m.

2. **Corporation Counsel: To waive the indemnification contract language within the Arsenal Growth Equity IV Fund Subscription and Diversified Government REIT Inc Subscription contracts**

Corporation Counsel Tom Conlin discussed the reason for the request however, the exposure is limited. The contract language for Boyd Watterson is required for if the City fails to fulfill the contract. The City has no intention to mislead and in most circumstances these contracts are usually a boiler plate contract. In most situations there is negotiation between Corporation Counsel and the contractor. In the future, the Investment manager should go back to the Fund Manager as the City does not enter into agreements with indemnification language. Corporation Counsel suggested that an exemption be requested by the Advisor when signing these contracts or at least provide a cross indemnification. Corporation Counsel reviews contracts to limit the City's exposure.

Discussion was held among the Board of Finance. Commissioner Heiser questioned if the investments were within the Retirements Fund or the City and does the City have the fiduciary responsibility, where the City would have the ultimate responsibility. Tom confirmed, the Retirement Board has the fiduciary responsibility for the investments, and the City would have the liability responsibility. Commissioner Whitford expressed his concerns with the amount invested in Arsenal and the fees, as these are red flags to him and he doesn't want to make any changes to accommodate this fund.

Chairman Smith stated the Board of Finance has responsibilities as laid out in the Charter, whatever the comfort level is from a legal perspective. While he understands Commissioners concerns on other things. Commissioner Burns stated the Retirement Board has the responsibility to decide where the funds go, and the Board of Finance indemnifies them. Tom Conlin stated it's indemnification for every City Board. Commissioner O'Brien questioned what protections the City is giving up by approving this waiver. Tom explained when he writes these agreements he asks for blanket indemnification.

Commissioner Burns questioned if the Board of Finance voted no what would happen. Mayor Caggiano stated that was a major topic of discussion at the Retirement Board meeting and the City missed round one of funding and tomorrow is the deadline for round two.

Commissioner Smith stated the Board of Finance has limits of responsibilities, and sometimes oversteps their bounds. Where the Retirement Board places the funds is entirely up to them however, the Retirement Board should be questioning the Investment Manager on where the money is placed. The Board of Finance does not want to take responsibility for not allowing the Retirement Board to place the funds in this investment and lose opportunities. The Retirement Board needs an affirmative vote from this Board to move forward.

Commissioner Maikowski stated if you block this going forward you are setting a bad precedent going forward The percentage of funds invested is not this Board's prevue.

Chairman Smith stated Tom DeNoto who is a member of the Retirement Board has made a request to speak. Tom DeNoto stated the market is moving on a day to day basis. The actual investment of the pension funds need to be left to the Retirement Board. Mayor Caggiano stated it's a difficult situation sitting on both boards. One of the clear things the Retirement Board needs is to be allowed to make investment decisions. The Board of Finance needs to stay in its lane. Board of Finance members can attend Retirement Board meetings and can ask questions under Public Participation. Commissioner O'Brien has comfort that Corporation Counsel has looked at this and hasn't rejected this.

Commissioner O'Brien made a motion seconded by Mayor Caggiano

"To waive the indemnification contract language within the Arsenal Growth Equity IV Fund Subscription and Diversified Government REIT Inc Subscription contracts."

Following a voice vote, the Chairperson declared the motion carried. Commissioner Burns and Whitford voted no.

3. Adjournment

Commissioner Mayor made a motion seconded by Commissioner Mace

"To adjourn at 5:35 p.m."

Following a voice vote in which there was no opposition, the Chairperson declared the motion carried.

Attest:

Diane M. Waldron

Diane M. Waldron
Board of Finance Clerk