

<https://www.youtube.com/watch?v=j8Yb8Rt0-H4>

MEMBERS OF THE PUBLIC: IN LIGHT OF COVID-19, AND PURSUANT TO EXECUTIVE ORDERS 7B and 9H, THE TOWN IS CONDUCTING THIS MEETING VIA WEBEX AND TAKING LIVE PUBLIC COMMENT VIA WEBEX DURING THE MEETING.

**Board of Finance Regular Meeting Final Minutes
Tuesday, January 5, 2021
7:30 pm**

The Regular Board of Finance Meeting was held virtually on Tuesday, January 5, 2021 at 7:30 pm in Fairfield, Connecticut.

MEMBERS PRESENT: Edward Bateson, Jim Brown-Chair, Lori Charlton, Christopher DeWitt-Vice Chair, Mary LeClerc-Secretary, Sheila Marmion, John Mitola, Jack Testani, James Walsh
ALSO PRESENT: CFO Jared Schmitt, Stephen Chykirda of Hooker & Holcombe, Police Chief Chris Lyddy

1. Call to Order

Chairman Brown called the meeting to order at 7:32 pm.

2. Pledge of Allegiance

Mr. Brown led the Pledge of Allegiance.

Mr. Brown made a motion to add the following item from the December meeting and make it Item 5 on this agenda:

To hear, consider and act upon a request from the Purchasing Policy Committee to transfer \$20,000.00 from the General Fund Contingency (01002010-58010) to the Board of Finance- Fees and Professional Services budget (01003130-53200) for the creation of a new Purchasing Policy.

Mr. DeWitt seconded the motion which carried unanimously.

3. To hear, consider and act upon the following resolution as recommended by the Board of Selectmen (*pending BOS approval on 1/4/21; requires RTM approval*)

WHEREAS, it is in the best interest of the Town of Fairfield to expend a total of \$64,304 over a three year period on engine maintenance costs on the 33' Safeboat Defender and the 23' Safeboat and upgrades of the electronics on the 33' Safeboat Defender, \$48,228 of said costs to be funded by a grant available under the Federal Department of Homeland Security Port Security Grant Program (PSGP) and a twenty-five percent match from the Town of Fairfield (\$16,076); and NOW, THEREFORE BE IT RESOLVED, that Brenda Kupchick, First Selectwoman, be and hereby is authorized to accept in the name of and on behalf of the Town of Fairfield a Federal Department of Homeland Security Port Security Grant in the amount of \$48,228; and FURTHER RESOLVED, that the First Selectwoman is hereby authorized, on behalf of the Town of Fairfield, to sign and execute any and all necessary documents to secure said grant; and FURTHER RESOLVED, that \$64,304 is hereby appropriated to fund said maintenance and purchases.

Mr. Mitola made a motion to approve Item 3. Ms. Charlton seconded the motion.

Mr. Brown thanked Chief Lyddy for his 38 years of service and wished him a happy and healthy retirement. Chief Lyddy presented this item saying it is a typical grant from the Federal Homeland Security. He said the federal government saw Long Island Sound as a risk and provided funding for the Town to purchase the two Safeboat vessels. Chief Lyddy said these assets are expensive to maintain. He said this grant will be used over three years for general maintenance and to replace the electronics in the 33' Safeboat as they are antiquated. He said the grant will fund 75% of the cost.

Ms. Marmion asked if the Fairfield Police patrol the waters or mainly use the vessels for search and rescue. Chief Lyddy told her that just like there are patrols on the streets, the boats are used to answer calls on LI Sound. He said the Town is eligible because it is adjacent to infrastructure that is vulnerable. Chief Lyddy said 90% of the time the boats are used is for answering calls and 10% is for protecting infrastructure. Ms. Marmion asked if other towns contribute to the cost of the vessels. Chief Lyddy replied that the coastal communities work together with the USCG. He said all towns maintain their own boats. Chief Lyddy said the town maintains the fleet, but upgrades are performed using Homeland Security dollars.

Mr. Walsh asked if the Police Department maintains a budget for the vessels and also asked if the grant wasn't available, would the department go to the BOF to request the \$80,000. Chief Lyddy said yes, in the near future, the electronics would need to be replaced, but it would be closer to \$60,000. He said there isn't a separate line item, but there are three line items: marina assets, repair and equipment and maintenance and repair of vehicles. Chief Lyddy said the department took advantage of a larger grant a few years ago for the larger boat to replace all four engines. He said he doesn't anticipate this grant going away. He said the 33' foot boat was purchased in 2011 and the 23' foot boat was purchased in 2015.

Mr. Bateson asked what assets are at the Marine Unit. Chief Lyddy said there are two boats and ski-doo's. He said they are staffed with three full-time officers and alternates. He said the department can extend funds over a three year period to replace oil filters, get oil changes and general maintenance. Chief Lyddy said the major expense will be the electronics and the rest will be maintenance.

Mr. Testani asked if the marine officers are familiar with what maintenance the boats will need. Chief Lyddy responded that two of the officers have been with the unit for over 10 years and have written the grant. Chief Lyddy thanked the Board for its support of the Fairfield Police over the years.

The motion carried unanimously.

4. To review and discuss the impact of mortality assumptions, VERIP, and asset values on Pension and OPEB liabilities and ADEC

Mr. Mitola made a motion to review Item 4. Ms. LeClerc seconded the motion.

Mr. Brown said the Board will not review the CAFR (Comprehensive Annual Financial Report) tonight as Mr. Centofanti will review it with the board in February. He said there are some references to pension and OPEB in the CAFR that might be mentioned.

Mr. Brown said Hooker & Holcombe has agreed to discuss concepts around funding valuations and gross liabilities, funding statuses and unfunded liability. He said it is an opportunity before the budget session to ask questions about OPEB liabilities as it will be a major part of the budget meetings in March. Mr. Schmitt suggested using the analysis that H&H did as a starting point. Mr. Schmitt presented and reviewed the Town of Fairfield Early Retirement Pension Analysis document.

Mr. DeWitt asked if this will impact this year or next fiscal year. Mr. Chykirda said it will be in the 21-22 FY. He said because it didn't happen until January 1, 2021, the liability would be measured on July 1, 2021 so it will be impacted in the 22-23 budget. He said the measurement date is 7/1/20 for the fiscal year that is coming up which is the 21-22 budget. Mr. Chykirda said it wouldn't flow through to the ADEC until they measure for the 22-23 fiscal year. Mr. Brown commented that as the Board goes through the budget for 21-22, this will not have an impact. Mr. Chykirda said because the VERIP happened late in the year, it would not.

Mr. Mitola wanted to confirm that the VERIP impact is the \$68,000 added to contribution for the next fiscal year. Mr. Chykirda confirmed that was correct.

Ms. Charlton wanted to clarify that the numbers are just pensions and not OPEB. She said the impact is \$2.1 million due to changes in liability and the \$68,000 will roll into FY 22 ADEC for pension only. Mr. Chykirda agreed with this.

Mr. Walsh asked Mr. Schmitt if these are actual numbers and what the assumptions are based on the VERIP. He asked what the difference was between the numbers the RTM voted on and the actual salary amounts and number of employees who actually participated in the program. Mr. Schmitt said the report is based on the actual people who ended up participating in the VERIP. Mr. Chykirda said they were all included in the presentation to the RTM, but it was based on 54 participants. He said this is based on 23, but a lot less people participated and less people were offered the program and 17 people took the incentive. Mr. Walsh stated that 17 people out of an estimated 23 people took it so the numbers will be 25% less than in the original report. Mr. Walsh also asked for the average salary which Mr. Schmitt didn't have and didn't want to guess. Mr. Walsh asked for comparisons of the estimated 23 vs the actual 17. Mr. Walsh said the cash flow model that was presented to the RTM will need to be done again to see what will be needed to fund pension and OPEB in the next two years. Mr. Schmitt said when the new valuation is done, the impact related to OPEB will be two years out.

Mr. Bateson asked if people could still opt into the VERIP or if the numbers were final. Mr. Chykirda said the program is closed and the numbers are final. Mr. Bateson went back and looked at the numbers that the RTM saw and said he thinks the report should be completed with a side by side of numbers of what the RTM had and the actual numbers. Mr. Schmitt and Mr. Chykirda agreed to do a baseline preliminary versus a final one.

Mr. Mitola asked if out of the 17 people in the VERIP if any are coming back as contract employees for a period of time. Mr. Schmitt said the intention was to bring a few of them back on a part-time, temporary basis for two-three months. Mr. Mitola asked for the information on the employees coming back.

Mr. Brown asked to have that information as well as the request made by Mr. Walsh for the February meeting. Mr. Walsh asked Mr. Schmitt to give the Board the signed agreements of the VERIP participants and also for the last 60 days for any position in town where salary has been increased or a step or level has changed.

Ms. Charlton wanted to point out that there will be some cost in the current year because there are lumps of payments being made. She said if people were given salary incentives to stay, the salaries increase and the pension increases. She asked how the Town will know what that number is. Mr. Schmitt said he is not aware of that happening, but if it did, he will get back to the Board. He did say that if someone's salary goes up, it would have a minor impact on the pension. Ms. Charlton said if people were given incentives to stay, it would affect the budget.

Mr. Brown said he wants to know the financial impact. He asked for the cost of the salaries for those who stayed and what budget year that affects. He said he'd like to know the long term/short term impact on the budget by the February BOF meeting. Mr. Brown said the First Selectwoman was clear that this would be budget neutral so he asked how with the increased costs will she get the savings. Mr. Brown asked Mr. Schmitt how these costs decrease to make them budget neutral. Mr. Schmitt said they've been upfront that there is going to be a ripple effect of the reorganization that will cause positions to change. He said he is not aware of that happening to anyone. Mr. Brown requested a summary of the whole reorganization with cost increases and cost decreases. Mr. Schmitt said once the reorganization is finished, he will have the numbers, but it isn't finished yet. Mr. Walsh said he would like to see a working document rather than wait. He said he would like to follow up quarterly and know what positions changed for people and were goals met or not. Mr. Schmitt said they will do that on a quarterly basis.

Details were also discussed on costs regarding pension, OPEB and ADEC. Mr. Schmitt said there will be savings on pension and OPEB relating to not filling certain positions and restructuring. Mr. Walsh asked if the three positions not being filled have been identified. Mr. Schmitt said the reorganization is still going on. Mr. Chykirda talked about funding the OPEB and ADEC. Ms. Charlton also went through the report. Mr. Chykirda told the Board he is scheduled to meet with the Pension Board at the end of this month. Ms. Charlton said the early retirees are the ones that cost the most because they basically get free health care for a few years.

Mr. Brown commented that this was a great discussion right before the RTM votes on the OPEB contracts. Mr. Walsh requested that Mr. Chykirda send the Board the ADEC after the Pension Board meeting. Mr. Chykirda said he will have the numbers done about a week after the meeting which will be the first week in February. He said the OPEB numbers won't be known until the end of February.

5. To hear, consider and act upon a request from the Purchasing Policy Committee to transfer \$20,000.00 from the General Fund Contingency (01002010-58010) to the Board of Finance-Fees and Professional Services budget (01003130-53200) for the creation of a new Purchasing Policy.

Mr. Walsh made a motion to approve Item 5. Mr. DeWitt seconded the motion.

Mr. Brown said this item is carried over from the December meeting.

He said instead of having Mr. Centofanti write the Purchasing policy, the Purchasing Policy Committee is asking for a transfer of \$10,000 for him to review the policy. Mr. DeWitt said the actual proposal to Mr. Centofanti was \$7,500-\$10,000 so he is requesting \$10,000 but is hoping it will be less. He said Mr. Centofanti looked at the policy and thought it was good and is much happier reviewing it.

Ms. Marmion asked about the timing for Mr. Centofanti getting back to the Board with comments. Mr. DeWitt said the end of March was the original deadline and since he doesn't have to do any writing now, it should be sooner. Ms. Charlton said it should take 30-48 hours to review and get out to Board members.

Mr. Testani said it seemed the Administration and the First Selectwoman had input and cooperation, so he would prefer the cost to be lower. Mr. DeWitt said First Selectwoman Kupchick supported Mr. Foley and the working group going forward.

The motion carried unanimously.

6. To hear, consider and act upon the draft minutes of November 17, 2020, December 1, 2020, December 9, 2020, December 16, 2020, December 21, 2020

Mr. Mitola made a motion to approve Item 6. Mr. DeWitt seconded the motion.

The minutes were approved unanimously except for the 12/21/20 minutes which carried 8-0-1 (Ms. Marmion abstained).

7. To hear, consider and act upon any communications

Ms. Marmion wanted an update on the Audit Sub-Committee. Mr. Brown said Ms. Charlton is the Chair, Ms. LeClerc is Vice-Chair and he is the Secretary. Ms. Charlton gave an update on the progress of the DPW audit report. She said of 76 items, 17 are fully closed, meaning all questions are answered. She said 59 remain open with questions, but of those, 17 pertain to the purchasing policy that is well underway which leaves 42 items open. Mr. Charlton said the auditors will review it by March 30, 2021. Ms. Charlton said at the next meeting, the administration will look to provide target dates. She said they have limited resources looking at issues, but the progress continues. She said she will provide updates and noted that Ms. Saxl gave updates earlier at the Audit Subcommittee meeting and Mr. Brown will put her on the February meeting agenda. He said she should be at the meetings to give updates twice a year. Mr. Schmitt said the Audit Subcommittee would like him to set timelines/deadlines. He said he committed to speaking with the First Selectwoman to figure out when the overall audit will be complete, but not to assign specific dates to items within the budget. He said he will give updates throughout the process.

Mr. Mitola said that at some point the Board needs to move on with the audit and get some of the items closed. Mr. Walsh asked if the Board would get audit reports before Ms. Saxl would appear before the Board. Ms. Charlton said a summary of reports and whole reports will be provided. She said Ms. Saxl modified previous report that she issued regarding the process of entering into solar panels and power. She said Ms. Saxl revisited the analysis and revised the report, but the subcommittee members didn't see the report. Ms. Charlton said she will get the report before she comes to the Board.

Mr. Schmitt said relating to the DPW audit, the First Selectwoman will update everyone when the budget is announced. He said the Town has a new DPW director who is getting up to speed and will be essential to giving feedback to issues and how they are addressed. Mr. Brown said the solar panel issue came before the Board some years ago and he always wonders whether or not they work.

Mr. Brown went over the other Committees:

Fund Balance Committee

Mr. Walsh

Mr. Mitola

Ms. LeClerc

Mr. Brown recommends the Committee get together over the next six weeks.

Budget Committee

Mr. DeWitt

Ms. Marmion

Mr. Testani

8. Adjourn

Having no further items to discuss, Mr. DeWitt made a motion to adjourn the meeting at 10:07 pm.

Mr. Walsh seconded the motion which carried unanimously.

Respectfully submitted,

Pru O'Brien

Recording Secretary