

\*\*\*\*\*FINAL\*\*\*\*\*

**BOARD OF FINANCE  
MEETING MINUTES  
February 25, 2020**

The Quarterly Review Meeting of the Board of Finance was held in Seminar Room 295 A&B at the Board of Education Administrative Offices, 501 Kings Highway East, on Tuesday, February 25, 2020, at 7:30 pm.

**MEMBERS PRESENT:** Jim Brown-Chair, Lori Charlton, Christopher DeWitt-Vice Chair, Mary LeClerc-Secretary, Sheila Marmion, Jack Testani, James Walsh

**MEMBERS ABSENT:** Edward Bateson, John Mitola

**ALSO PRESENT:** Ken Brachfeld, Joint Retirement Investment Board member, Matt Spoerndle, Phoenix Advisors LLC, Interim CFO Caitlin Bosse, Conservation Director/Interim DPW Director Brian Carey, Joseph Centofanti of PKF O'Connor Davies, Schools Superintendent Mike Cummings, First Selectwoman Brenda Kupchick, BOE Finance Director Doreen Munsell, BOE member /BOF Liaison Jeff Peterson, Solid Waste and Recycling Director Mike Zembruski, FairTV

1. Call to Order – Chairman Brown called the meeting to order at 7:38 p.m.
2. Pledge of Allegiance – Mr. Brown led the Pledge of Allegiance.

**Mr. Brown motioned to take items out of order due to scheduling conflicts. Mr. Testani seconded the motion which carried unanimously, 7-0.**

- Move Item 6 to Item 3
  - Move Item 4 to Item 6
  - Move Item 3 to Item 5
3. Update from Phoenix Advisors on Fund Balance percentage and debt level ratios for AAA communities as compared to Town of Fairfield (Was Originally Item #6)

Matt Spoerndle of Phoenix Advisors that advises the Town, discussed the Comparative Credit Analysis vs. Connecticut Moody's "AAA" Issuers handout that was prepared by Phoenix Advisors, LLC.

Mr. Spoerndle explained the Connecticut Triple A peer analysis; how Fairfield compares to the other Triple A communities in the State. He discussed total fund balance, unassigned general fund balance, debt burden and service, revenues and operating expenditures, equalized net taxable grant list, per capita income, tax collection rate, and annual unemployment rate.

Mr. Spoerndle said West Hartford is a community that is comparable to Fairfield. Mr. Walsh said the Town shouldn't be on the low end of the total fund balance as a percentage of its revenues where it might have to dip into the fund balance; it should be in the middle where it is about now. Mr. Spoerndle said he would absolutely not recommend going back down to 5% if the Town wants to keep its strong AAA rating.

First Selectwoman Kupchick asked if any of the Town's fund balance was used during Superstorm Sandy. Mr. Brown replied no. Mr. Walsh commented that the Town still hasn't received reimbursement money from Superstorm Sandy and would like an update from the First Selectwoman when she has it. Mr. Walsh said a coastal town like Fairfield doesn't want to be either at the top or at the bottom when it is in a situation with the fill pile; the middle would be appropriate.

Mr. Spoerndle discussed many other factors besides the fund balance that the rating agencies take into consideration. Mr. DeWitt stated that the Town's policy is very important and we continually review it.

Mr. Spoerndle said the Town's pension is in quite good shape; the funded level is healthy. He said the waterfall chart was designed to look into the future and identify capital needs coming up and how best it would fit in to overall bonding, impacts and ratios.

There was much discussion on how to fund the fill pile costs.

4. To review the performance of the Town's Pension and OPEB funds

Mr. Brachfeld presented. Mr. Brown said that when the account was over \$50 million, the Joint Retirement Investment Board was going to review that. Mr. Brachfeld said a 7% pension fund is still good.

Mr. Brachfeld announced there is a different format now - an OCIO, Outsource Chief Investment Officer. He said this is a new trend instead of having the Board do all the legwork which made it difficult for volunteer members to choose investments. Mr. Brachfeld said the Board can now ask the OCIO to do a lot of this work.

Mr. Brachfeld said that after reviewing six managers, the Board selected VanGuard, a leader in low cost investment advice, as the OCIO. Ms. Bosse said Callan's contract runs through April/May. Mr. Brachfeld said Vanguard will increase services and lower costs to the Town. He said a fund the Town's size will save the Town \$79 million over 20 years.

Mr. DeWitt commented that the Town has not had fees with volunteers, but it will with the OCIO and will still see a savings. Mr. Brachfeld said the OCIO makes it easier to attract board members as well. He said it sometimes takes several meetings to decide on investments that with the OCIO can now be implemented in the same day. He explained VanGuard has a legal fiduciary responsibility. Mr. Brachfeld thanked Board Chair Brian Vahey saying he primarily drove this discussion which will have a positive impact for the Town.

5. To consider and act upon the following resolution as recommended by the Board of Selectmen: (Was Originally Item #3)

“WHEREAS, it is in the best interest of the Town of Fairfield Water Pollution Control Authority to purchase and install a new generator at the Wastewater Treatment Plant; and

WHEREAS, the cost of purchasing and installing a new generator is now \$717,900, where \$347,250.00 reimbursement is provided through a Federal Pre-Disaster Mitigation Grant through a FEMA Grant administered by the State of Connecticut's Department Emergency Management & Homeland Security, and the remaining balance of \$370,650.00 is to be funded by the Water Pollution Control Authority; and WHEREAS, \$115,750 was previously approved by Town Bodies;

NOW, THEREFORE, BE IT RESOLVED, that Brenda L. Kupchick, First Selectwoman of the Town of Fairfield, is duly authorized to enter into and sign contracts on behalf of the Town of Fairfield Water Pollution Control Authority with the State of Connecticut's Department Emergency Management & Homeland Security for the purpose of obtaining a Federal FEMA Grant and to accept and expend said Grant: and

FURTHER RESOLVED, that the First Selectwoman is authorized to provide such additional information and execute such other documents as may be required by the state or federal government in connection with said contracts and to execute any amendments, rescissions, and revisions thereto to secure said grant; and

FURTHER RESOLVED, that the Purchasing Authority is authorized to enter into the proposed contract with L. Holzner Electric Co. to provide all labor, materials, equipment and all else necessary for the replacement of the generator and the automatic transfer switch (ATS) equipment at the Waste Water Treatment Plant, as detailed in bid #2020-38, in an amount not to exceed \$717,900.00. Therefore, \$254,900.00 is hereby authorized to be funded by the WPCA.”

**Ms. Marmion motioned to waive the reading. Mr. DeWitt seconded the motion which carried unanimously, 7-0.**

Mr. Carey gave an update on the project. He said the Town received funding from FEMA and the project went out to bid again. He said the amount came back over the FEMA amount so the Town asked for an extension and went out to bid again. Mr. Carey said FEMA has not adjusted the amount. He said the funding is now coming out of the WPCA budget so the Town doesn't lose the grant.

**Mr. DeWitt motioned to approve the item. Ms. Marmion seconded the motion which carried unanimously, 7-0.**

6. To receive and consider the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2019 as prepared by PKF O'Connor Davies, LLP (Was Originally Item #4)

Mr. Centofanti reviewed the Financial Report. Mr. Centofanti said it is a 30-year average and the Town is six years into it. Ms. Charlton asked what is funded by the Town and what is funded by the State. Ms. Bosse said she will look into that. Ms. Charlton said she is not sure why the Town is leaving the BOE non-teacher personnel piece unfunded. Mr. Walsh said it's pay as you go. Mr. Centofanti said he will verify if the BOE non-teacher personnel are in the Town calculation. He then explained the GASB calculation.

Mr. Centofanti went through CAFR highlights and then reviewed the Federal and State single audits and GASB 87 for 2021. He said he is sending out schedule leases.

Mr. Centofanti said he is working on a worksheet that will come out in the spring. Mr. Walsh said he thought the BOE building space was purchased like a condominium. Mr. Centofanti said he will look into this.

Ms. LeClerc updated the Board on the Audit-Sub Committee meeting. She said in the engagement letter there were four or five pieces. Mr. Centofanti said he would like to finish up next week. He said he is finishing up interviews, but the third piece still has to be finished. He said he has spent more of the budget he was given because the audit is taking longer than anticipated. Ms. LeClerc said the Board allocated \$20,000 and Mr. Centofanti has spent \$25,000. Mr. Centofanti estimates that he needs another \$15,000. Mr. LeClerc thinks it's in the Town's best interest to finish and get the results ASAP. Ms. Bosse confirmed the Town can make a transfer from the approved \$1.8 million fill pile funding.

Ms. LeClerc said the third component is reviewing the bidding quotes which will bring the total to \$35,000. Ms. Bosse said the original \$20,000 came from the \$1.8 million where other fill pile expenses came from. Mr. Brown said the Board will get a fill pile update in March. Ms. Bosse said Mr. Carey could confirm if there is money available. Mr. Carey said, as of today, there is money available. He said bids are out to remediate seven sites and investigate the landfill. Mr. Carey said the Town will have a cost to do all the sampling to meet EAP requirements. He said he will be getting a baseline and is looking at \$250,000. Mr. Carey said he assumes those costs will exceed the \$450,000 that is remaining. He said for the short-term, there is funding to cover Mr. Centofanti's additional expenses or Mr. Carey said he can pull funding from the DPW Fees and Professional Services budget. Mr. Carey said he will attend the March 11 Board of Finance meeting to provide an update.

Ms. LeClerc said the Board could request Mr. Centofanti limit the number of bids to be reviewed. Ms. Charlton said it covers 300 transactions and is a large scope. She said it is fine to limit the scope and if the Board decides to dig in further, the internal auditor can perform this work. Mr. Walsh said he feels the Town owes the public a full, thorough audit and Mr. DeWitt agreed. Mr. Centofanti said he will have the report ready by March 31.

**Ms. LeClerc motioned to authorize \$15,000 of additional funds to complete the audit as quickly as possible and for this funding to come out of the \$1.8 million. Mr. Testani seconded the motion which carried unanimously, 7-0.**

7. To review the BOE Q2 FY20 financial position

Ms. Munsell gave the project balance summary. Ms. Bosse said she will contact Hooker & Holcomb to write up OPEB BOE numbers. Ms. Munsell discussed the \$400,000 shortfall in health insurance and explained the negative Special Ed costs.

8. To review the Town Q2 FY20 financial position

Ms. Bosse gave the Projected Net Estimated Operational Variance report.

#### Revenue

She reported changes were due to a tax sale collected. She explained contributing factors for investment income, building revenue, State Aid and Other (including Fire Marshal fee).

Expenses

Ms. Bosse reviewed the FY20 Operation savings. She said vacancies result in salary savings and she is going to rename it as salary savings. She said there are 12 vacancies. Ms. Charlton thinks it would be helpful to break out the number and understand the components. Ms. Bosse explained the calculation process. Mr. Walsh and Mr. Brown said they will look at reports and take Ms. Charlton's advice to define and compile the variance report.

Compactors and solid waste & recycling overtime was discussed. Mr. Carey said the site operations contractor number was not carried into the budget. He said that he and Mr. Zembruski asked other vendors why they didn't bid and were told they had no interest. Mr. Zembruski said there's a new owner - Enviro. Mr. Carey said he anticipates a positive variance from the snow removal line due to the warm weather.

Ms. Bosse summarized the net estimated variance and budgeted contribution to surplus which she said resulted in an estimated increase in the Fund Balance of \$2.3 million.

Members of the Fund Balance Committee said they wrote the policy with a 10% debt policy that they will send to Ms. Bosse. They said they will review all policies and meet with the Administration.

9. To hear, consider and act upon any communications

Mr. Brown noted the next Board of Finance meeting is March 11, 2020, not March 3, 2020.

10. Adjourn

**There being no further business to come before the Board, Mr. DeWitt moved to adjourn the meeting at 10:48 p.m. Mr. Walsh seconded the motion which carried unanimously, 7-0.**

Respectfully submitted,

Sheila Tesei  
Recording Secretary