

<https://www.youtube.com/watch?v=JTq4tXdW27g>

***** FINAL *****
BOARD OF FINANCE
REGULAR MEETING MINUTES

A Quarterly Meeting of the Board of Finance was held virtually on Tuesday, September 15, 2020 at 7:30 p.m. in Fairfield, Connecticut.

MEMBERS PRESENT: Jim Brown-Chair, Lori Charlton, Christopher DeWitt-Vice Chair, Sheila Marmion, John Mitola, Jack Testani, James Walsh

MEMBERS ABSENT: Edward Bateson, Mary LeClerc-Secretary

ALSO PRESENT: Interim CFO Caitlin Bosse, CAO Thomas Bremer, BOE Superintendent Mike Cummings, BOE Executive Director of Personnel and Legal Services Colleen Deasy, Engineering Manager William Hurley, First Selectwoman Brenda Kupchick, BOE Executive Director of Finance & Business Services Doreen Munsell, Executive Director Fairfield Public Schools Angelus Papageorge, BOE Member and BOF Liaison Jeff Peterson, Town Internal Auditor Connie Saxl, Joint Retirement Investment Board (JRIB) Chair Brian Vahey, JRIB Member Ken Brachfeld, BOE Chair Christine Vitale, FairTV

1. Call to Order – Mr. Brown called the meeting to order at 7:33 p.m.
2. Pledge of Allegiance – Mr. Brown led the pledge of allegiance.

Mr. Brown reminded the public that there will be no live public comment. H said the public is encouraged to email comments including their names and home addresses to bof@fairfieldct.org.

3. **ENGINEERING MANAGER (*pending BOS approval on 9/14/20; requires RTM approval*)**

To hear, consider and act upon the following resolution as recommended by the Board of Selectmen:

“RESOLVED, that First Selectwoman Brenda L. Kupchick be, and hereby is, authorized to accept on behalf of the Town of Fairfield, a 2020 Connecticut STEAP Grant up to \$128,205 for Fairfield Center Pedestrian Improvements.

FURTHER RESOLVED, that First Selectwoman Brenda L. Kupchick is hereby authorized to enter into and execute any and all agreements, contracts and documents necessary to obtain said 2020 STEAP Grant with the State of Connecticut.”

Mr. DeWitt motioned to approve the item. Mr. Mitola seconded the motion.

Mr. Hurley provide an update on the STEAP grant. He said the most eligible products have to be shovel ready and meet certain criteria in the grant application.

Mr. Hurley said the project involves replacing the streetscapes of the Main Library and Post Road toward the Brick Walk and the Sherman Green Transit Center Green as well as the Old Post Road sidewalk. He said that this spring, the Town had planned to spend \$61,000 from the downtown sidewalk budget, but work was delayed due to COVID. At the same time, Mr. Hurley said the STEAP grant applications became available and the Town applied for the full amount. He said there is some town share that is allotted and the Town will have money left over for additional costs or to work on other areas in Town.

The motion carried unanimously, 6-0. (Walsh not present yet)

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

Mr. Vahey reviewed the flash reports and provided highlights focusing on returns. He said Vanguard is now the OCIO co-fiduciary in place. Mr. Vahey reviewed the cash flow, monthly pension report and performance numbers which he said were ahead of target. He noted the discount rate is important and the Town is discounting at 7%. Mr. Vahey said the general make-up of the portfolio is still a 60/40 diversified pool. He said the OPEB document primarily consisted of fixed income and equity. Mr. Vahey said returns are slightly higher with a 70/30 split. He said Alliance has had several litigations filed against it and an enforcement action was taken by the SEC so the Town may be able to recoup some money.

5. To review the BOE FY20 year-end financial position

Mr. Peterson explained the brand new instruction models the school system had planned during the summer including a wide-range of safety protocols to welcome back students. He said there are still many unknowns and the plan requires flexibility.

Mr. Cumming detailed the progress and provided a narrative perspective that brought the BOE up-to-date on the health, safety and welfare of students and staff. He addressed primary issues associated with providing education and learning. Mr. Cummings said three learning models were considered in the reopening plan and Central Office decided to bring in the hybrid learning model as well as the remote model. He said the State never allowed a total remote learning model. Mr. Cummings explained the hybrid learning model. He also discussed social distancing and health guidelines. Mr. Cummings said Central Office hired an administrator to oversee the remote learning academy. He said Central Office continues to evaluate the models as they evolve and will present the initial findings to the BOE. Mr. Cummings said teachers are working countless hours to meet the needs of their students. He said Central Office continues to support staff needs.

Mr. Mitola remarked that if Central Office can maintain State guidelines and keep numbers low there is a chance everyone can return to school full-time. Mr. Peterson said that the school system is still required to maintain the remote model even if students return full-time.

Ms. Marmion asked how Central Office is going to assess students now that they are back at school and said there are related costs. Mr. Cummings said Central Office is focused on staff to build relationships with students as a priority. He said teachers are understanding students' many needs. Mr. Cummings said Central Office is avoiding standardizing testing.

Ms. Marmion asked if public school enrollment has increased and if that has affected the cost since some people from urban areas are moving into Fairfield. Mr. Cummings said that less than 100 students have relocated from New York to Fairfield.

Mr. DeWitt said there was also the economic situation where private school students switched to public schools to which Mr. Cummings said it is not a big number. Ms. Charlton inquired if the remote learning academy will be available for the full year. Mr. Cummings said the State said it is a year-long option for parents. Mr. DeWitt asked if money was spent money on things that weren't needed. Mr. Cummings said Central Office has not fulfilled every request.

Mr. Walsh asked if the Governor's executive orders were a requirement. Mr. Cummings discussed the Governor's executive orders and timeline. He then reviewed the education model and how many hours are spent at school and at home on subjects. Mr. Peterson discussed cameras and videotaping in the classroom. Mr. Cummings said both models are following the same curriculum. Ms. Deasy reported that there are some teachers on medical leave. Ms. Vitale said it is also important to remember since it's early in the school year and health numbers change and the entire district moves to full remote, students may be back on their chrome books. She said that factored into the BOE's decision making before making a \$1 million investment in classroom cameras. She said live streaming is a big investment. Mr. Walsh requested numbers on the increase or decline in home schooled students and students moving from private to public school.

Ms. Munsell presented the highlights of the budget transcripts, balances and transfers. She said the savings was contributed to substitute salaries cost savings and utilities savings with buildings shutdown, transportation savings, technology and maintenance. She said the areas of overage were health insurance, which was the largest; the transition to family coverage; special education was a deficit and software, technology and maintenance projects were over. Ms. Munsell said shortfalls were balanced out resulting in a savings of \$3.641 million.

Ms. Munsell furnished COVID actual costs and the estimated potential projections that change constantly. She said cost breakdowns were listed by department. Ms. Munsell said Central Office does not have any clarification on the COVID relief number provided by the State. Mr. DeWitt noted the Town has not received any money from the State and as of today, Central Office is short \$1,050,000. Ms. Munsell said the COVID non-lapsing fund number, \$1.22 million, was moved over from the BOE budget of \$1.5 million. The Board examined total expenditures as of 9/2/20, encumbrances, requisitions and the unencumbered balance.

The Board discussed adding a voting item to approve the transfer of funds to the non-lapsing account to either the October or November regular meeting agenda. Members analyzed the exhibits. Mr. Walsh said he wanted to go through Exhibit A because he said things have changed drastically. Mr. Cummings went through what was expended. Ms. Munsell said she will supply a number to the BOF on what was spent. Mr. Walsh also requested Mr. Papageorge supply the number of masks purchased. Mr. Cummings said he will provide a document to show areas of savings. Mr. Walsh gave examples of where he thinks there should be savings. Ms. Vitale reiterated that this situation is fluid.

Ms. Charlton requested that the ranges of the different models be framed for the whole year and be furnished at the next meeting. Mr. Brown said the Board needs to meet again to vote on the \$3,033,000 before the next quarterly meeting.

Ms. Munsell commented that Central Office can't close out until this is voted on. Mr. Brown announced the above-mentioned voting item will be on the October 6, 2020 BOF agenda.

Mr. Walsh asked Mr. Cummings and Ms. Munsell to go through their purchasing policy. Ms. Munsell said Central Office follows the same requirements as the Town. The Board then discussed an extensive purchasing policy. First Selectwoman Kupchick said the Town's Purchasing Department is overloaded with work. She said she would like the BOE Purchasing Department added to the Town's with the BOE funding the department instead of filling the BOE purchasing agent position. First Selectwoman Kupchick said she would like to have a conversation with Mr. Cummings on purchasing policies.

6. To review the Town FY20 year-end financial position

Ms. Bosse discussed the summary sheet on projected net operational variance summarizing a revenue shortfall of \$2 million, an expense favorable variance of \$2 million and a budget surplus of \$1.3 million. She said the numbers could change slightly. Ms. Saxl said she is working on COVID and storm reimbursement requests. Ms. Bosse said there was a larger shortfall on taxes than expected. She said the tax sale didn't occur and she explained tax deferrals. Ms. Bosse said the \$1.7 million shortfall is subject to 18% interest. First Selectwoman Kupchick asked if the Tax Collector sends quarterly numbers to the BOF. Mr. Brown said that information would be beneficial for the October meeting. Mr. Walsh requested the Tax Collector attend the next meeting to elaborate.

Ms. Bosse reported investment income was favorable due to low interest rates. She said revenue was on target for the Building department and the Fire Marshal's office. Ms. Bosse said COVID impacted the Parks and Recreation Department's revenue line. She said the COVID reimbursement number is about \$400,000, but she cannot confirm this until the Town receives the award letter. She said the shortfall is \$1.950 million.

On the expense side, the Board discussed the operational and COVID savings line items and unemployment expenses. Ms. Bosse said there is a potential for reimbursement through the CARES Act. Mr. Walsh asked First Selectwoman Kupchick to check with Congressman Himes regarding the CARES Act. Ms. Saxl said she submitted reimbursement to FEMA and has been speaking with FEMA daily. She said she hopes to hear about the reimbursement amount in about two weeks. Ms. Saxl said she will apply to the State for reimbursement on anything that wasn't federally reimbursed. First Selectwoman Kupchick said she will meet with Ms. Saxl to review and call Congressman Himes to explain our challenges. Ms. Saxl said that initially, FEMA said it would reimburse 75% and the rest would be reimbursed through the State.

Ms. Bosse then reviewed the Executive Summary. She said the net estimated variance is \$70,000 and the surplus fund balance is \$1.4 million for FY20. Mr. Brown took a sense of the body to take the estimated increase fund balance and put it toward OPEB. He said when the exact number is determined, the BOF will take a vote to transfer.

7. To hear, consider and act upon a request from the Chief Fiscal Officer to approve Schedules "A", "B", "C", "D", and "E" carrying over funds for encumbrances and re-appropriations as of June 30, 2020 as supported by purchase orders or letters of request by Department Heads or the Chief Fiscal Officer

Mr. DeWitt motioned to approve the item. Mr. Mitola seconded the motion.

Ms. Bosse reviewed Schedule A for open purchase orders that she said Department Heads would like to carry over for goods not received in FY20. She said Schedule C has no related purchase orders, but are requests to carry over money left over in the account due to COVID related delays in getting materials. Ms. Bosse said Schedule D is the BOE purchase orders and Schedule E is the busing contract open amounts. Mr. DeWitt and Mr. Walsh questioned the BOE miscellaneous open purchase orders for office supplies - some from 2019. First Selectwoman Kupchick said this will be addressed in the purchasing policy working group with Mr. Bremer. Mr. Walsh said it is a 150% increased amount of purchase orders to be carried over than before and requested an explanation from the BOE. Mr. Brown said the BOF will move this one piece of the motion to the October meeting as Ms. Bosse said it would do no harm.

Mr. Walsh motioned to amend the motion to vote on Schedules “A”, “B”, “C” only and postpone Schedules “D”, “E” until the next the next regularly scheduled meeting of October 6, 2020. Mr. Testani seconded the amendment which carried unanimously, 7-0.

Mr. Walsh motioned to approve the item, as amended, and approve Schedules “A”, “B”, “C”. Mr. Testani seconded the motion which carried unanimously, 7-0.

8. To hear, consider and act upon a request from the Chief Fiscal Officer to approve transfers as of June 30, 2020

Mr. Walsh motioned to approve the transfers as of June 30, 2020. Mr. Brown seconded the motion which carried unanimously, 7-0.

9. To hear, consider and act upon any communications

Mr. Brown announced that the Capital Planning Workshop was moved from September 29 to October 1. After consulting with Ms. Bosse, Mr. Bremer, Mr. Flynn, Ms. Kupchick and Ms. Saxl, it was determined Mr. Flynn needs additional time to work on facilities projects which Mr. Bremer said will affect the waterfall plus the BOE is behind on its schedules due to COVID. Therefore, Mr. Brown requested moving the October 1st Workshop to a date uncertain toward the end of October or the middle of November until all this documentation is prepared for the BOF. Mr. DeWitt said he will chair the October 6th meeting since Mr. Brown will be traveling for work. He said the BOF will hear from the Tax Assessor at the October 6th meeting.

10. Adjourn

There being no further business to come before the Board, Mr. Testani motioned to adjourn the meeting at 11:44 p.m. Ms. Marmion seconded the motion which carried unanimously, 7-0.

Respectfully submitted,

Sheila Tesei
Recording Secretary