

**BOARD OF FINANCE  
MINUTES OF SPECIAL MEETING  
August 30, 2010**

A Special Meeting of the Board of Finance was held in Seminar Room 300, Board of Education Administrative Offices, 501 Kings Highway East, Fairfield, CT on Tuesday, August 30, 2010 at 7:30 p.m.

**MEMBERS PRESENT**

Chairman Thomas Flynn, Robert Bellitto, Jr., Ken Brachfeld, James Brown, Kevin Kiley, Mary LeClerc, Robert Stone, Michael Tetreau

**MEMBERS ABSENT**

Christopher DeWitt

**ALSO PRESENT**

Kenneth Flatto, Sherri Steeneck, James Walsh, Board of Selectmen, Town of Fairfield  
Paul Hiller, Chief Fiscal Officer and Clerk of the Board of Finance  
Sue Brand, Chairman, Board of Education  
David Title, Superintendent of Schools, Board of Education  
Peter Ambrose, Kristen McCarthy Vahey, RTM  
Richard White, Director of the Department of Public Works, Town of Fairfield  
Matthew Spoerndle, Phoenix Advisors LLC

Chairman Flynn called the meeting to order at 7:32 p.m.

**AGENDA**

To review and discuss the First Selectman's Capitol Plan and Debt Service Bonding requirements associated with current Rating Agency reports and projected debt service funding, including related waterfall model for the next several years.

Chairman Flynn called the meeting to order at 7:32 p.m.

Chairman Flynn informed noted that there is only one agenda item tonight. Chairman Flynn explained that there will be a review and discussion of the First Selectman's Capital Plan and Debt Service Bonding requirements and there will be a public comment session at the end of the meeting.

Mr. Hiller introduced Mr. Spoerndle and then reviewed the handouts.

First Selectman Flatto stated that this is an important process which was last done in 2003. Mr. Flatto stated that Fairfield's debt service is not too bad but it is not great either, adding that the current debt service stands at about 9 ½ - 10 % of the budget. Mr. Flatto then reviewed his handouts. Mr. Flatto also stated that the largest projects have already been completed in the decade of the 90's and the early 2000's. Mr. Flatto said that with

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these large projects already done, the debt and bonded portions of future budgets should be manageable, and over the next five years or so, should be measured with no large items to be considered.

### Capital Financial Plan – new projects document

#### Key points:

- DPW has \$3M yearly capital needs over the next 5 years
- Estimates and recommendation presented in this report are not meant to be considered as cast in stone but rather as negotiating point for the next 4-5 years
- Reimbursement amounts are based on individual projects
- The First Selectman recommended capping Capital Improvement Projects at \$3M yearly
- This year's total for Capital Improvement Projects was well under \$3M
- There is no money for paving in the DPW estimates in this report
- Fire department trucks are not in the estimates but could filter in over the next 4-5 years

Mr. Bellitto Jr. stated that State and Federal reimbursement amounts cannot be counted on going forward as was evidenced this past budget year.

Mrs. Brand stated that all BOE projects are based on enrollment projections and projects are all currently being evaluated by the Board.

Mr. Flatto stated that the BOE amount recommended in his report is about 60% of requests in his 5 year Capital Financial Plan in order to keep the debt service under the 10% mark.

Mr. Walsh inquired what plans are in place in anticipation of the termination of the current lease for the BOE offices which will happen in 2012. Mrs. Brand and Mr. Flatto stated that the lease situation options are being researched now in anticipation of this event.

### Proposed Bonding Program discussion

- Even though debt may be reduced, debt service doesn't decline at the same magnitude due to interest fluctuations
- Mr. Spoerndle and Mr. Hiller reviewed the waterfall model
- The \$30M amount includes the following projects:
  - \$15.5M FWMS project
  - \$ 4.710M Stratfield School project
  - \$ 2.9M paving
  - \$ 350K softball field at Hoyden's Lane
  - \$ 3.08M Penfield Pavilion project
- BAN for short term projects uses the assumption that the Town will repay at a more aggressive rate than has been done in the past.
- Bond Anticipation Notes (BAN)
  - These are a financing vehicle used before finalizing the structure of long term notes
  - The maximum length of a BAN is 8 years and then it reverts to a long term vehicle
  - Interest only until year 3 and then principal payments must begin
  - The Town usually converts BAN's to long term bonds around year 3 of the BAN

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- Assumption was made that the annual \$3M CIP would be repaid in 3 years
- 10% is the debt service threshold that was set by Moody's for a high rating, such as AAA. A lower debt service percentage is also okay but holding the percentage around 10% is a good practice.

Ms. Vahey noted that a balance of services needed versus expenses (taxes) is critical.

Chairman Flynn noted that, in his opinion, it is good to look at infrastructure projects on a regular basis so all Town bodies are aware of what is coming in the future.

Mr. Ambrose stated that there should be a way to prioritize projects so the RTM can give credibility to the projects being considered.

Ms. Vahey stated that criteria for evaluating projects would be helpful, especially with non-profits as an example. Perhaps by categories rather than special projects.

Mr. White stated that the DPW has an inherent prioritization process in place when considering projects to be done.

Ms. Steeneck suggested that prioritizing by the First Selectman should be done to help decide spending plans.

Mr. Flatto responded that Ms. Steeneck's idea is a good concept but, in his experience, it doesn't work in reality.

Chairman Flynn asked the First Selectman to update his 5 year plan.

Mr. Kiley stated that he felt this meeting was very informative and will be helpful in future deliberations for project funding requests.

Mr. Walsh suggested that it might be a good idea to hold this type of meeting every six months.

**PUBLIC COMMENT**

J. Alfred Dunn, 16 Berry Lane Court

Rating agencies are only concerned with "Ability To Pay". He gave credit to the Board for trying their best.

Jeffrey Steele, RTM District 2

It is a good idea to do this annually, if not semi-annually. Prioritizing is a good idea and would help the process.

David Becker, RTM District 1

He is concerned with the capital allocation process; vague and unrealistic; real world would not allow for planning in this manner; consistently maintaining the 10% debt service threshold is unrealistic; Fairfield needs to deleverage now

Gaylord Meyer, 51 Spruce Street, Southport

She stated that not much has changed in 3 years in the financial world; she was recently involved in a referendum where the majority said don't bond \$350K; A \$4M required contribution to the pension fund

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is coming soon, and from where?; She cannot pay the taxes and will be forced to leave town if the current level of spending continues.

Carolyn Richmond, RTM District 1

We favor some sort of project rating system.

The meeting was adjourned at 10:35 p.m.