

**BOARD OF FINANCE
MINUTES OF QUARTERLY REVIEW MEETING
July 28, 2010**

The Quarterly Review Meeting of the Board of Finance was held in Seminar Room 300, Board of Education Administrative Offices, 501 Kings Highway East, Fairfield, CT on Wednesday, July 28, 2010 at 7:30 p.m.

MEMBERS PRESENT

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

MEMBER ABSENT

Kevin Kiley

BOARD OF SELECTMAN

Kenneth Flatto (7:50)

ALSO PRESENT

Paul Hiller, Chief Fiscal Officer and Clerk of the Board of Finance, Matt Spoerndle, Phoniex Advisor

Chairman Flynn requested a moment of silence for the two firefighters who tragically lost their lives fighting a house fire last week. Chairman Flynn also requested a moment of silence for Grace Dickman, wife of Carl Dickman, former State Representative and Selectman.

The Pledge of Allegiance was recited.

AGENDA

1. Discussion of current Rating Agency Reports and Projected Debt Service Funding.

Mr. Hiller reviewed and distributed to the Board a modified waterfall report based on recent bond sales. He advised the Board they would issue \$25 million in bonds during the fiscal year 2012, and will further issue another in 2014, based on some preliminary estimates. The Chair asked to put together an updated schedule based on a new presumption, "only the dept that has been approved by the BOF and the RTM at this time". This will be based on a presumption that the Town will get back 20% for Stratfield School in State Aide and 17% for Tomlinson School in State Aide.

Mr. Hiller noted there are two major components remaining, which is the debt to be permantly financed for Stratfield School and Fairfield Woods School - 2.9 million for paving - 1.9 next spring - 1.0 million in 2012. Based on the presumption that the Town will get back 20% on Stratfield School in State Aide and 17% on Fairfield Woods School in State Aide. Also, Mr. Hiller reported \$350, 000 for the cost of establishing a softball field, which was pulled from the recent bond sale. The said figures are just under \$23 million.

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Chairman Flynn asked Mr. Hiller, in terms of this schedule, is it up to date; including terms of all projects the town has agreed to bond to date, with some presumptions of reimbursement?

Mr. Hiller noted it is a close estimate, but could change modestly, based on approved projects.

Mr. Hiller reported even without any new bonded projects, the annual debt service is scheduled to rise to \$24.9 million in the next fiscal year and to peak at \$28.3 million in the 2014 - 2015 fiscal years.

Mr. Hiller reported after breaking the 10 percent threshold in 2009-10, annual debt service dropped to 9.5 percent in this fiscal year – the town budget is \$251.5 million and annual debt service is \$23.8 million. It is scheduled to rise to \$24.9 million in the next fiscal year and to peak at \$28.3 million in the 2014 - 2015 fiscal years.

Mr. Hiller noted, the State and Fiscal reports are positive, even though Moody's Aaa rating had a negative outlook. He also stated in corresponding with Alexandra Cimiotti, Analyst, for Moody's, her concern is the fund balance levels are below the average of all the other Aaa services in the State and the Fund Balance is negative.

Mr. Hiller reported the other two towns who are below in fund balances are Greenwich and Stamford. The smaller communities, such as Weston and Avon are higher.

Matt Spoerndle, Phoniex Advisor, was present and spoke in reference to Moody's Aaa report. He noted they don't like the Internal Service Fund level, even though the BOF and the Town have made efforts to improve, its not where they want it to be.

The Board felt it would be to their advantage if Moody's would give the Town a goal on what they would like to see for next fiscal year.

Mr. Hiller advised the Board what Moody's would like to see is a plan of the Internal Service Fund. In the future this deficit will be eliminated.

Mr. Flatto noted, in terms of the Risk Management Fund, he would like to put workers compensation through the General Fund not the Internal Service Fund. He stated many communities are doing the same. Also, the deficit came from a workers compensations carrier who credited a claim instead of debiting it. Mr. Flatto thought if it was moved over, the deficit would decrease significantly. He further noted the workman's compensation claim accrual is what has driven the deficit in this fund.

Mr. Hiller noted since Moody's report was issued, two things that have strengthened the General Fund; the Town paid a settlement of \$10,000, which had been reserved at \$75,000 and saved on Anthem Blue Cross.

Chairman Flynn asked Mr. Hiller to provide the Board in advance with all copies of documents that is distributed to the rating agencies.

The Board and Mr. Flatto noted they would like the annual debt service not to exceed ten (10) percent of the town's annual operating budget.

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Mr. Flatto walked the Board through the Town Debt Information and Comparison to other AAA Communities report that his office put together for their review.

No Public Comment.

2. Discussion on Future Capital Plan.

Chairman Flynn noted the Board would hear the future capitol plan in two parts, one tonight and the other at a later date in the month.

Mr. Hiller presented the future capitol plan to the Board and they discussed it at length. .

After discussion:

Chairman Flynn asked for a more comprehensive plan.

The Board scheduled a Special Meeting for Monday, August 30, 2010 at 7:30 p.m. to review and discuss future Capital Plans and Debt Service Bonding requirements associated with such plans. It is anticipated that the Board of Selectman will participate in this meeting along with Representatives of the RTM and Board of Education.

No Public Comment

3. Review of Preliminary FY '10 Revenues and Expenses.

Chairman Flynn noted the revenue expenses are just preliminary because the audit has not yet been completed.

Mr. Hiller distributed the revenue reports to the Board and they discussed it at length.

The Board noted they would like an updated report on Solid Waste's dumping fees as well as a review of the Solid Waste Revenue Services and expenses for the past three (3) years. Mr. Hiller will provide the Board with their request.

No Public Comment.

There being no further business to come before the Commission, Robert Bellitto *moved* and Thomas Flynn *seconded* to adjourn the meeting at 10:47 p.m. *Motion passed unanimously.*

Respectfully submitted,

Josephine Keogh

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