

**BOARD OF FINANCE
MINUTES OF QUARTERLY REVIEW MEETING
July 27, 2011**

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 27, 2011 at 7:30 p.m.

MEMBERS PRESENT

Chairman Thomas Flynn, Robert Bellitto, Jr., Vice Chairman, Ken Brachfeld, , James Brown, Robert Stone, Mary LeClerc, Kevin Kiley, Christopher DeWitt

ALSO PRESENT

Michael Tetreau, First Selectman, Paul Hiller, Chief Fiscal Officer and Linda Gardiner, Budget Director

Chairman Flynn called the meeting to order at 7:30

Chairman Flynn welcomed back to the Board, Robert Mayer. He noted the Board has expressed how they enjoyed working with Mr. Mayer in the past and are looking forward to working with him again.

AGENDA

To hear an update from the Purchasing Director on potential revisions to current purchasing policy and procedures.

Twig Holland, Director of Purchasing, gave a brief overview to the Board regarding the revised bidding requirements. She noted she met with various department heads, superintendent of schools and the first selectman to revise all their business needs. In addition, she met with purchasing managers in other towns and school districts to hear how they operate their policies and practices. She also noted, discussions have been productive, with a couple of outstanding issues remaining to be resolved. They are in the process of fine-tuning the recommended bidding guidelines and counsel will be required to review it to make sure that the policies fully comply with the principals of the public bidding and rules. She expects to have the revisions ready for review for the board by the September meeting.

Mr. Belitto asked if the proposed policy can be reviewed by all department heads.

Mr. DeWitt noted he would be very interested in seeing the proposed policies before the September meeting.

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To hear, consider and act upon a request from the Board of Education to fund a multi-year roof warranty program for school roofs and to consider a special Board appropriation for such program. (Tabled from meeting of June 7, 2011)

The Board discussed this item at length. They questioned page three of the report with respect to the cost/repairs of the maintenance of the roof.

After discussion:

Christopher DeWitt *moved* and Ken Brachfeld *seconded* to table item #2 of the agenda to its regular meeting on October 4, 2011. Motion passed unanimously.

To review the current status of the FY '11 budget as of June 30, 2011.

Paul Hiller and Linda Gardiner discussed and reviewed the Seasonality Report with the Board at length.

Mr. Hiller reported the Town is 1 ½ million better than what was originally projected a year ago. He is quite confident that the Town has had a successful year.

Mrs. Gardiner noted MUNIS year to date data reports are preliminary figures. They are still in the process of receiving and booking invoices for fiscal year 2011, which is not in the MUNIS report as presented.

Mrs. Gardiner also noted the Seasonality Report analyzes selected accounts within the General Fund, the Internal Service Fund, and the Self-Supporting Fund. The Seasonality Report does not reflect the overall performances of any one fund. The "key accounts" were selected because they can have a major impact on the budget, either favorable or unfavorable and are subject to volatility.

Mr. DeWitt was concerned about the \$50,000 line, which is under ITT contingency account.

To review the current status of the Town's Pension Funds.

Paul Hiller and Brian Vahey updated the Board on the current status of the Town's Pension Funds.

Mr. Hiller noted the value of the combined funds over the last 12 months rose from \$252 million to \$ 293 million. He also noted the Town's Pension Fund has paid out \$16.3 million, which he feels will escalate in the future as more retirees retire.

Mr. Belitto questioned Mr. Hiller and Mr. Vahey as to the funds' assets.

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Mr. Hiller noted the asset allocation the investment board follows recommends that no more than 23 percent of the money be invested in alternate funds and that is broken down to 10 percent in hedge funds, 5 percent in real estate, 5 percent in private equity and 3 percent in private commodities.

Mr. Brachfeld was concerned about the turnover in pension board members and the town's investment manager. He believes the level of knowledge regarding complex alternative funds could be limited.

Mr. Vahey stated the liability study is going to drive what the town is going to need for cash needs and long term investments. He also stated the investments are made in alternate assets, only where there is an extreme high level of clarity and openness with the fund manager. He is sure they are making good intelligent investments.

Mr. Hiller stated they are getting proposals for asset liability and experience studies, and hope to have that information prior to the start of budget discussions next year.

Mr. Vahey feels the liability study is going to drive what is needed for cash needs and long-term investments.

Mr. Flynn asked Mr. Hiller to forward the Board an electronic copy of both studies.

To hear a report from the Audit Committee reviewing the status of the Fairfield Metro Center project. Paul H. Hiller, Jr. Clerk, Board of Finance NOTE: All members of the Board are requested to notify the Clerk (256-3065) or (259-5940) if they are unable to be present. A quorum is necessary to transact business, and your call will be appreciated.

Mr. Kiley updated the Board on the Subcommittee Report regarding the Metro Center project. He thanked Ken Brachfeld and Mary LeClerc for all their efforts and hard work on this project. To date, they have had three (3) meetings. Their next meeting will take place on Friday, July 29th and Wednesday, August 3rd to discuss the accumulated data. He thanked Selectman Tetreau, his administration and the department heads for their time in moving this project along. He also thanked CPA, Joseph Centofanti, with the firm of Kostin & Ruffkess, for all his efforts in conducting the audit study. He believes there will be another four to five meetings before the finalized report, which he anticipates to be completed by August 22nd.

Selectman Tetreau also gave a brief update to the Board on how the Metro Center project is going. He noted his team meets every day on this topic. He is meeting with Mr. Hiller and his administration weekly with respect to the financial side. He met with DEP to look at potential sites for disposing some of the contaminated soil as well as Black Rock

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Realtors, who were hired for the project. He was also pleased to say a Construction Manager was hired. Also, the Town is looking at hiring two attorneys; (1) to look at the approval process of the contracts; (2) to review the contract to help identify any clauses and costs on various obligations. He also noted neither of the two attorneys has ever worked for the Town of Fairfield before.

PUBLIC COMMENT:

George Bisacca, at 372 Old Mill Road, spoke in reference to the same project (see his letter, dated July 27th, which is attached as Exhibit A for the record.

The meeting adjourned at 11:05 p.m.