

**BOARD OF FINANCE
MINUTES OF QUARTERLY REVIEW MEETING
October 26, 2011**

The Quarterly Review Meeting of the Board of Finance was held on Wednesday, October 26, 2011 at 7:30 p.m. in Seminar Room 300, Board of Education Administrative Offices, 501 Kings Highway East, Fairfield, Connecticut.

MEMBERS PRESENT

Robert Bellitto Jr., Ken Brachfeld, Christopher DeWitt, Thomas Flynn, Kevin Kiley, Mary LeClerc

MEMBERS ABSENT

James Brown, Robert Mayer, Robert Stone

ALSO PRESENT

Paul Hiller, Chief Fiscal Officer and Clerk of the Board of Finance (BOF)
Linda Gardiner, Budget Director, Town of Fairfield
Michael Tetreau, First Selectman, Town of Fairfield
Sherri Steeneck, Selectman, Town of Fairfield
David Title, Superintendent of Schools, Board of Education (BOE)
Doreen Munsell, Business Manager, Board of Education
Robert Malarkey, Chairman, Town Pension Board & Joint Pension Investment Board, Town of Fairfield
Richard Vitarelli, McCarter & English, Independent Counsel

ACTION TAKEN:

1. Approved a Transfer of Funds to correct an overdraft in the Public Works Operations budget as follows:

\$15,794.65	From: Engineering – Regular Payroll	
	To: Public Works Operations	
	Materials for Maintenance	\$15,794.65

Chairman Flynn called the meeting to order at 7:37 p.m.

Chairman Flynn announced that the BOF Regular Meeting, scheduled for November 1, 2011, would be cancelled if there are no voting items presented.

AGENDA

1. To hear a report from the Joint Investment Pension Board on the current status of the Town's Pension Funds.

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Mr. Hiller and Mr. Malarkey presented this item to the Board.

Mr. Hiller reported that as of July 1, 2011, the Joint Investment Pension Board had changed advisors to Callan Associates, Inc. (CAI). Mr. Hiller reported that this was necessary because the former advisors had merged with another firm and would no longer be handling any municipal accounts. Mr. Hiller reported that the Board would be meeting on the 3rd Tuesday of each month going forward.

Mr. Hiller and Mr. Malarkey then reviewed several handouts with the BOF. Mr. Hiller reported that the total values of all funds are \$294,490,204.55.

Several BOF members commented on the length of time taken before the June 30th figures could be reviewed and the Board requested that faster reporting of quarterly balances be provided from the vendors.

Mr. Brachfeld asked for a sensitivity analysis showing all potential outcomes at different rates of returns.

Mr. Malarkey stated that Hooker & Holcomb have started the experience study.

Chairman Flynn asked Mr. Hiller to reconcile the documents from CAI and Peoples so that the balances are the same and report back to the BOF.

Chairman Flynn also requested timelier reporting of results especially with the more volatile funds in the portfolio.

Mr. Hiller reported that, by the end of the fiscal year, all holdings in Pequot will be reallocated.

Several members of the BOF expressed their concerns with the domestic allocation being at a significant figure over the recommended maximum percent of total assets and this should be addressed immediately.

2. To hear a report on the status of the Board of Education budget as of September 30, 2011.

Dr. Title and Ms. Munsell presented this item to the Board and reviewed several handouts with the Board. In response to questions from the Board, Ms. Munsell stated that the same reports go to the BOE and the BOF on a quarterly basis. Dr. Title reported that revenues are pretty solid with the exception of some Federal ones which are still in the process of being legislated. Dr. Title reported that the Open Choice program reimbursement to receiving towns was increased by \$500 per student and Fairfield has 67 students in this program.

Chairman Flynn asked Dr. Title to submit a report, on a quarterly basis, on all school projects and the status of State Reimbursements received and owed.

3. To hear a report on the current status of the Fairfield Metro Center and a report from the Independent Counsel.

Mr. Tetreau reviewed several handouts with the Board and presented some highlights. Mr. Tetreau stated that the tentative opening for the Metro Station is scheduled for the first week of December. Mr. Tetreau stated the delay is due to some track issues discovered by Metro North when they inspected the tracks. Mr. Tetreau also informed the Board that the supplemental grant agreement with the State should be ready by the end of this week.

Mr. Vitarelli delivered a PowerPoint presentation and discussed his findings with the Board.

Chairman Flynn informed Mr. Vitarelli that the BOF and, other Town bodies, did question the validity of entering into the new agreement in 2010 without benefit of review by the appropriate Town bodies but, on advice of Town Counsel, further action was not necessary or warranted.

Chairman Flynn asked Mr. Vitarelli is this will create an audit problem and/or have an impact on the Town's AAA credit rating. Mr. Hiller responded to the Chairman's question by stating that this item has been discussed with the First Selectman and Mr. Matt Spoerndle of Phoenix Advisors, LLC and it is Mr. Spoerndle's opinion that this will not be an issue with the rating agencies; it should just be a footnote in the audit report.

Chairman Flynn requested that Mr. Hiller get an opinion from Mr. Centofanti as to how this will impact the audit.

Chairman Flynn stated that, if this does impact the Town's credit rating, this could be a large damages problem and it bears watching as we move forward.

A lengthy discussion followed on the side letter deal giving the Town \$300K annually from the parking revenue. The discussion centered on whether that agreement is still valid and how to move forward with discussions with the State. The BOF was cautioned by the independent counsel to be careful with any discussions on this subject with the State because there could be negative consequences not before considered.

4. To hear a report on the status of revenues and expenses related to budget for the Town as of September 30, 2011.

Mr. Hiller and Mrs. Gardiner presented this item to the Board.

Mrs. Gardiner summarized the data presented and then reviewed the handouts with the Board. Mrs. Gardiner explained the changes to the reporting formats and answered any questions from the Board.

5. To hear, consider and act upon a Transfer of Funds to correct an overdraft in the Public Works Operations budget as follows:

\$15,794.65	From: Engineering – Regular Payroll	
	To: Public Works Operations	
	Materials for Maintenance	\$15,794.65

Mr. Bellitto, Jr. moved and Mr. Brachfeld seconded to approve a Transfer of Funds to correct an overdraft in the Public Works Operations budget as follows:

\$15,794.65	From: Engineering – Regular Payroll	
	To: Public Works Operations	
	Materials for Maintenance	\$15,794.65

Motion carried unanimously.

6. To hear, consider, and act upon any communications.

Chairman Flynn stated that since this is the last meeting before the elections, he wanted to thank everyone for their service and dedication to the Town. Chairman Flynn also recognized Ms. Steeneck for her fine work.

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Mr. DeWitt thanked the voters for allowing him to be on the BOF for the last four years. Mr. DeWitt stated that this has been a great opportunity for volunteering for the good of the Town.

Mr. Bellitto, Jr. also thanked everyone for the opportunity to serve Fairfield. Mr. Bellitto, Jr. stated that this has been a great group of individuals to work with and he hopes to continue his service to the Town.

7. To hear, consider, and act upon any business which shall properly come before this meeting.
None

The meeting was adjourned at 11:35 p.m.