

**BOARD OF FINANCE
MINUTES OF REGULAR MONTHLY MEETING (“draft”)**

The Regular Monthly Meeting of the Board of Finance in Sullivan Independence Hall, 725 Old Post Road, Fairfield CT on Tuesday evening, October 23, 2012 at 7:30 p.m.

MEMBERS PRESENT

Members of the Board of Finance present were, Thomas Flynn, Chairman, Robert Bellitto, Jr., Vice Chairman, James Brown, Christopher DeWitt, Ken Brachfeld, Mary LeClerc Robert Stone, James Walsh and Cathy Albin.

BOARD OF SELECTMAN

First Selectman Michael Tetreau, Robert Mayer, Chief of Staff/Chief Fiscal Officer

ALSO PRESENT

Caitlin Bosse, BOF Interim Clerk, Linda Gardiner, Budget Director, Superintendent of Schools, Dr. David Title, Board of Education Chair, Pam Iacono and Doreen Munsell, Director of Finance and Business Services, Tom Cullen, Director of Operations.

Chairman Flynn called the meeting to order at 7:30; following with a moment of silence for Dr. Title’s father and Caitlin Bosse’s grandmother.

1. To discuss and comment on status of the Fiscal Year End 2012 Audit:
 - a. Status of Fund Balances as of FY12

Mr. Mayer presented and discussed the Schedule of Proposed fund Balance adjustments (6/30/12) at length. He noted the total surplus for Fiscal Year 2012 is \$3,766.00. Major changes in expenditures came from reimbursement not yet realized for eight (8) school building projects from 2001 – 2007. The largest amount of 91k was for Warde High School project in 2002. These projects have been completed and submitted to the state.

- b. BOE FY12 return of funds

Robert Mayer presented this item to the Board and was discussed at length.

Chairman Flynn thanked Mr. Mayer and Mrs. Bosse for their input on that item.

2. To review the BOE financial position versus budget as of Q1 FY13.

Page two

Dr. David Title, Pam Iacono, and Doreen Munsell presented this item to the Board.

Dr. Title noted the Audit on the BOE stays the same.

3. To review and discuss Osborn Hill School PCB remediation financial status/next steps.

Dr. David Title, Pam Iacono, and Doreen Munsell presented this item to the Board.

Dr. Title noted the bills for testing and remediation of the PCB situation at Osborn School continue to pile up and is currently totaling a projected \$721,842 in expenses. To date, the known costs weigh in at \$483,007, but the district expects to spend at least another \$238,834 for services, such as, specialized cleaning of the library and hiring a consultant firm to provide guidance on the rest of Fairfield's schools. The \$721,842 figure does not account for the long-term remediation for the gymnasium, nor does the estimate include the possibility that even after the affected areas have been cleaned, they could still test for high levels of PCBs. Dr. Title also noted a group of chemicals with varying harmful affects and will need to be cleaned again, according to the district representatives.

Following discussion, Ms. Iacono noted a school would not be tested unless there is a renovation or building project proposed, and the decision to test would be made by all the major town bodies.

4. Private Executive Session for 30 minutes to discuss labor negotiations and Osborn Hill expenses.

Stone moved and Christopher DeWitt seconded to go into Executive Session at approximately 9:45 p.m. Motion passed unanimously.

Christopher DeWitt moved and Mary LeClerc seconded to return to its regular meeting at approximately 10:25 p.m. Motion passed unanimously.

5. To review Town financial position versus budget as of Q1 FY13.

Robert Mayer presented and discussed this item with the Board at length.

6. To review and discuss all State reimbursements for all projects.

Tom Cullen, Director of presented and updated the Board of the State reimbursements for all projects.

Mr. Walsh asked what projects were reimbursed.

Selectman Tetreau noted one would be the Metro Center

Following discussion: The Board asked that all items go on their quarterly agenda. Chairman Flynn asked that the Board be provided with an update as to what projects are owed on the town side at their following meeting.

7. To hear a financial update on Metro Center

Selectman Tetreau briefly updated the Board on the Metro Center project. He noted once the paperwork is complete and all grants and reimbursements are released, Fairfield will have spent approximately \$10.4 million on the project, which totaled \$45.1 million for both the construction of the train station and the intersection improvements that went with it.

He stated the final estimated cost of the Metro Center includes the settlement of two lawsuits (one for \$5.4 million, the other for \$222,885) filed against the town by the project's contractor, Guerrero Construction Company, Inc.

Selectman Tetreau also noted the lawsuits have not officially been withdrawn because the town is waiting on paperwork from the contracts but both suits have been settled. Paperwork is also holding up the release of grants and reimbursements from the Connecticut Department of Transportation (DOT). The DOT said paperwork for the intersection improvements project would likely not be completed until May 2013. The department did not give a deadline for paperwork related to grants for the Metro Center project itself.

Selectman Tetreau noted there is \$400,000 left in appropriations to finish up what he stated as "punch list" items. But because the paperwork is taking longer than expected, there is some concern the price tag could be higher than what is projected now.

Robert Stone asked Selectman Tetreau what the new train station ultimately cost the taxpayers.

Selectman Tetreau noted, as stated, its \$10.4 million, which is the best estimate as of today.

8. To hear committee reports:

a. Not-For-Profit Sub-Committee

Chairman Flynn stated due to the lateness of the hour, this item will be postponed to the following meeting in November.

b. Budget Sub-Committee

Chairman Flynn asked Mr. Bellitto to start planning for the budget process and report back to the Board at a future meeting. Mr. Belitto will work in conjunction with Mr. Mayer, Mrs. Bosse and Mrs. Gardiner to get the schedule together for the budget season and advise the Board.

c. Cash Management Sub-Committee

Mr. Brachfeld noted because of the change in administration, etc. he asked Mr. Mayer to update the Board on what steps he is taking to move forward.

Selectman Tetreau asked Mr. Mayer to look at the short term investment strategy of the Town. With his past experience he addressed the Board with the following:

Good short term cash management strategy requires an understanding of well-developed cash flow projections. It requires a comprehensive cash management reporting system, policy, with resource skills that include experience and time. He noted the Town does not have this.

Additionally, the Town has an average of un-invested cash balance of approximately \$24,000.000.

Moving forward: they will continue to manage in house, acquire a Bloomberg or similar system, or outsource their short term cash management function.

Mr. Mayer also noted the benefits of outsource reporting investment reporting, compliance, credit research, performance reviews, institutional trading rates, professional analysis and investment managers. The disadvantage to outsource system is there is a fee.

Efforts to date include: evaluation of Bloomberg, obtaining a proposal from Callan and Associates for investment management search, required a data base of potential managers, identify potential venders, held interviews, and initiated a development cash flow projection policy procedure and development of investment policy procedures.

Next steps include: complete interviews, prepare cash flow projections, complete short term cash investment policy and make a recommendation to the First Selectman.

Chairman Flynn asked that the Board get together with Mr. Mayer to explain their past views.

d. Audit Sub-Committee

Ms. LeClerc noted the Audit Sub-Committee last met on August 23rd. They will meet again in December before they issue their report and will review and discuss how they should present it to the Board.

9. To hear overview of impact of Purchasing Guideline Changes implemented for Town and BOE in prior fiscal year

Mr. DeWitt presented this item to the Board. He reported with the new updated bidding requirements, which was approved October 4, 2011 and meeting with Twig Holland, Dr. Title and Town Librarian, they are all in agreement with the approved policies. Since October 4, 2011, nine waivers of public bid for sole-source products, which met or second the \$15,000 threshold was approved, seven for Town departments, two for the schools.

Mr. DeWitt stated Dr. Title noted it saved the town at least \$150,000 because work on the schools got started earlier than expected. It allows the Town to do things quicker, more efficiently and with subject matter experts. Also, so far, six thousand dollars was saved on Microsoft school license agreement and eight thousand dollars was saved on paper. The BOE has seen between 10 to 30 % reductions in cost. A year later, there are positive results from the purchasing policies and is saving lots of time.

LeClerc voiced her concern regarding the BOE \$700,000 on their emergency waivers. It's too high without the Board reviewing the specifics and shouldn't go this length of time without coming before the Board for a funding request

10. To hear, consider and act upon any communications.
None

There being no further business to come before the Board, Robert Bellitto *moved* and Cathy Albin *seconded* to adjourn the meeting at 11:30 p.m. *Motion passed unanimously.*

Respectfully submitted,

Josephine M. Keogh