

**BOARD OF FINANCE  
MINUTES OF QUARTERLY REVIEW MEETING  
April 30, 2013**

The Quarterly Review Meeting of the Board of Finance was held on Tuesday, April 30, 2013 at 7:30 p.m. in Seminar Room 300, Board of Education Administrative Offices, 501 Kings Highway East, Fairfield, Connecticut.

**MEMBERS PRESENT**

Catherine Albin, Robert Bellitto Jr., James Brown, Thomas Flynn, Mary LeClerc, James Walsh, Robert Stone (8:25)

**MEMBERS ABSENT**

Ken Brachfeld, Christopher DeWitt

**ALSO PRESENT**

Michael Tetreau, First Selectman, Town of Fairfield  
Robert Mayer, Acting Chief Fiscal Officer  
Caitlin Bosse, Controller, Town of Fairfield and Clerk of the Board of Finance  
Linda Gardiner, Budget Director, Town of Fairfield  
Phillip Dwyer, Chairman, Board of Education, Town of Fairfield  
Brian Vahey, Joint Retirement Board, Town of Fairfield

**ACTION TAKEN:**

1. Approved the following Sense of the Body Motion:  
The Board of Finance would respectfully request that the Representative Town Meeting (RTM) leave intact the recommended contribution of \$675,000 to the Town Surplus Account in the FY2014 budget, whereas the Town is trying to increase the fund balance relative to the overall budgeted amount in recognition of past issues with the credit rating agencies related to that fund balance.  
Motion carried unanimously.

Chairman Flynn called the meeting to order at 7:34 p.m.

Chairman Flynn asked for a moment of silence for Board of Finance family members battling illness.

**AGENDA**

1. To approve minutes:  
To approve minutes of the Regular Meeting of the Board of Finance from January 8, 2013.

On a motion from the Board, the minutes of the Regular Meeting of the Board of Finance from January 8, 2013 were approved with a vote of 5 yeas, 0 nays, 1 abstention (Walsh).

Board of Finance  
Minutes of Quarterly Review Meeting April 30, 2013

To approve the minutes of the Quarterly Meeting of the Board of Finance from January 30, 2013.

On a motion from the Board, the minutes of the Quarterly Meeting of the Board of Finance from January 30, 2013 were approved with a vote of 5 yeas, 0 nays, 1 abstention (Albin).

To approve the minutes of the Budget Hearing of the Board of Finance from February 5, 2013.

On a motion from the Board, the minutes of the Budget Hearing of the Board of Finance from February 5, 2013 were approved unanimously.

To approve the minutes of the Budget Hearing of the Board of Finance from February 7, 2013.

On a motion from the Board, the minutes of the Budget Hearing of the Board of Finance from February 7, 2013 were approved with a vote of 4 yeas, 0 nays, 2 abstentions (Bellitto Jr., Brown).

To approve the minutes of the Budget Hearing of the Board of Finance from February 19, 2013.

On a motion from the Board, the minutes of the Budget Hearing of the Board of Finance from February 19, 2013 were approved with a vote of 5 yeas, 0 nays, 1 abstention (Walsh).

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

Mr. Vahey reported that a modified policy investment statement to accommodate the investment policy changes is being put into place. Mr. Vahey explained that many allocations will shift from domestic equities to private equities as has been requested by the Town. Mr. Vahey also noted that overflows to pay benefits have occurred.

Mr. Vahey reported that the equity markets have had a good year and since the Town is invested in approximately a 60/40% ratio in equity markets, the return has been about 11%.

In regard to OPEB assets, Mr. Vahey reported that active management by the Town Pension Board is in the works. Mr. Vahey reported that this portion of the Fund is invested about 70% in equity/30% in fixed income and since assets are low, the rate of return is not great.

Chairman Flynn requested Mr. Vahey to have the OPEB data available for discussion at the next Quarterly Meeting of the Board of Finance scheduled for July.

Chairman Flynn asked if it is correct that, as he understands it, any recovery of Madoff funds will go directly back into the Pension Fund, not into the General Fund, and any legal fees associated with this item are to be paid from the Pension Fund. Mr. Vahey stated that is also his understanding of the process.

3. To review the BOE financial position versus budget as of Q3 FY13.

Mr. Dwyer and Mr. Tetreau presented this item to the Board.

Mr. Dwyer stated that net-net-net will be on budget and the capital budget will be spent by the end of the year.

Mr. Tetreau stated that the Osborn Hill Windows Project is progressing.

In response to questions from the Board concerning the priority differences between the Riverfield School Renovation Project and the Fairfield Ludlowe High School Renovation Project, Mr. Dwyer stated that both projects should be before the BOF in the next few months. Mr. Dwyer further stated that

the Riverfield Project has been postponed several times and needs to be done. Mr. Dwyer also reported that the Town will need 400 additional seats in 4 years at FLHS so this project also needs to be done in a timely fashion.

4. To review Town financial position versus budget as of Q3 FY13.

Mr. Mayer presented this item to the Board.

In response to questions from the Board, Mr. Mayer informed the Board that the \$100,000 deductible for the Fairfield Ludlowe High School roof repairs will be paid from the Town Risk Management Fund.

Mr. Mayer then reviewed the Variance Analysis for the 9 Months–UPDATED report with the Board.

A discussion concerning the FEMA reimbursements followed. Mr. Mayer stated that the Town has been working with the FEMA consultant hired by the Town to assist in the preparation of the request for reimbursement by the Town for FEMA related expenses as allowed by law. Mr. Mayer reported that the reimbursement is currently at \$687,000 of gross-up costs incurred which includes fringe benefits, department absorption of expenses and equipment rental fees for Town equipment used for Hurricane Sandy clean-up.

Chairman Flynn requested that Mr. Mayer provide the BOF with a schedule of the operational savings, by department, for Hurricane Sandy expenses that are included in the \$687,000 FEMA reimbursement request.

A discussion on the reasons for the Fire Department overage charges of \$360,000 for the Hurricane Sandy incident followed. Mr. Mayer explained that the Fire Chief called almost everyone on staff in for work during the storm and many of those employees worked 24 hours a day for several days without going home. Mr. Mayer stated that he is not sure if FEMA will pay for sleeping hours for those employees and that could be as much as \$90,000.

Mr. Mayer informed the Board that the Police Department did not call staff to work as the Fire Department did so the Police Department overage for overtime was about \$240,000.

Mr. Tetreau informed the Board that the debriefing from Hurricane Sandy has started from the operational side and the experience that other towns had is being looked at in an effort to improve Fairfield's response to such an event should one happen again. Mr. Tetreau reported that this FEMA information will provide more data for understanding what Fairfield did right and what Fairfield can do better in the future.

Mr. Bellitto Jr. asked Mr. Tetreau if the BOF would receive a copy of the post-mortem report on Hurricane Sandy. Mr. Tetreau stated that the report will be circulated.

Discussion on the Unfavorable Analysis portion of the report followed. After some discussion on the reasons for the Park and Recreation Departments overestimates for revenues for the golf courses, beaches and Penfield Pavilion, Mr. Flynn requested Mr. Tetreau to ask Mr. Lombardo to supply the BOF with documentation for the overstated estimates in the budget.

Mr. Flynn reminded everyone that the rating agencies, over the past several years, have indicated that, in order to maintain our AAA Bond Rating, they would like to have the Fund balances at about 10% of the budget. Mr. Flynn remarked that Fairfield now has about 5.73% of the total budget in the Fund Balances and this Board has worked diligently over the past few years to raise the balances in these accounts in an effort to retain the Town's excellent Bond Rating with the agencies.

Board of Finance  
Minutes of Quarterly Review Meeting April 30, 2013

Mr. Flynn noted that he has learned the RTM is considering reducing the contribution to the Surplus as was recommended by the BOF. Mr. Flynn asked the Board if they were agreeable to sending a Sense of the Body Motion to the RTM not to cut this item during their deliberations.

After taking a verbal consensus of the Board, Mr. Flynn moved and Mr. Bellitto Jr. seconded to move the following Sense of the Body Motion:

The Board of Finance would respectfully request that the Representative Town Meeting (RTM) leave intact the recommended contribution of \$675,000 to the Town Surplus Account in the FY2014 budget, whereas the Town is trying to increase the fund balance relative to the overall budgeted amount in recognition of past issues with the credit rating agencies related to that fund balance.

**Motion carried unanimously.**

5. To review updates to the Internal Service Fund.

Mr. Mayer presented this item to the Board.

Mr. Mayer reviewed the Insurance Fund Analysis Report with the Board and stated that he is confident this year will result in an increase in the Fund Balance.

6. To review BOF Calendar

Mr. Tetreau informed the BOF that the BOE will be coming to present the FLHS Project to the BOS tomorrow and, if all goes well, this project should come before the BOF next Tuesday. Mr. Tetreau reported that Dr. Title cannot come to a meeting next Tuesday due to a prior commitment with the BOE so it has been requested that the BOF possibly change the date of their meeting next week from Tuesday, May 7, 2013 to Wednesday, May 8, 2013 to allow Dr. Title to be present for the presentation of the FLHS project to the BOF.

With the consensus of the BOF, the meeting currently scheduled for May 7, 2013 will be held instead on May 8, 2103 at a location to be determined.

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

On a motion made by Mr. Bellitto Jr. and seconded by Mr. Brown, the meeting was adjourned at 9:40 p.m.

Respectfully submitted,

Deborah J. Garavel