

**BOARD OF FINANCE
MINUTES OF REGULAR MEETING
AUGUST 6, 2013**

Pursuant to the call and written notice the Regular Meeting of the Board of Finance was held on Tuesday, August 6, 2013 at 7:30 p.m. in the Board of Education Administrative Offices, Seminar Room 300,501 Kings Highway East, Fairfield, Connecticut.

MEMBERS PRESENT

Thomas Flynn, Chairman, Robert Bellitto Jr., Vice Chairman, James Brown, Secretary, Ken Brachfeld, Christopher DeWitt, Mary LeClerc, Robert Stone, James Walsh, Catherine Albin,

BOARD OF SELECTMAN

Michael Tetreau, First Selectman

ALSO PRESENT

Robert Mayer, Chief Financial Officer, Caitlin Bosse, Controller and Clerk of the Board of Finance (BOF), Linda Gardiner, Budget Director, Alexander J. Trembicki, Independent Counsel, Chief Richard Felner, Richard Saxl, Attorney for Chief Richard Felner, Mary Carroll-Mirylees, Director of Human Resources, Edward Bowman, Assistant Director of Public Works

1. CALL TO ORDER

The meeting was called to order at 7:30 p.m. by Chairman Flynn.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

Chairman Flynn asked for a moment of silence for Marsha Bosse, Caitlin Bosse's Mother, who recently passed away.

1. To approve minutes:

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

Tom Flynn *moved* and James Brown *seconded* to amend the Budget Hearing of the Board of Finance from March 19, 2013 as follows:

James Walsh recused himself **and left the room during the following departmental budgets:** Legal Services; Zoning Board of Appeals; Town Planning and Zoning; Probate Court, Historic District Commission and Conservation. *Motion passed unanimously.*

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To approve the minutes of the Budget Hearing of the Board of Finance from March 21, 2013.

Chairman Flynn *moved* and James Brown *seconded* to amend the Budget Hearing of the Board of Finance from March 21, 2013 as follows:

Susan **Schnitzer**, a non-profit Director. *Motion passed unanimously.*

To approve the minutes of the Budget Hearing of the Board of Finance from March 23, 2013.

Mr. Walsh noted he was present at this meeting and his name was not reflected in these minutes.

After discussion:

Chairman Flynn *moved* and Robert Stone *seconded* to table the Budget Hearing of the Board of Finance from March 23, 2013 to a date certain. *Motion passed unanimously.*

To approve the minutes of the Budget Hearing of the Board of Finance from March 28, 2013.

Robert Bellitto *moved* and James Brown *seconded* to amend the Budget Hearing of the Board of Finance from March 28, 2013 as follows: *Motion passed unanimously.*

Mr. **Brachfeld** felt uncomfortable with relying on savings based on the latest report of February's claims experience, because there is no guarantee the favorable claims experience will continue.

To approve the minutes of the Budget Hearing of the Board of Finance from April 2, 2013.

Robert Bellitto *moved* and James Brown *seconded* to approve the Budget Hearing of the Board of Finance from April 2, 2013, as submitted. *Motion passed unanimously.*

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

Chairman Flynn *moved* and James Brown *seconded* table the Quarterly Meeting of the Board of Finance from April 30, 2013, as submitted, to a date certain. *Motion passed unanimously.*

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To approve the minutes of the Regular Monthly Meeting of the Board of Finance from May 8, 2013.

Chairman Flynn *moved* and James Brown *seconded* to table the Budget Hearing of the Board of Finance from May 8, 2013, as submitted, to a date certain. *Motion passed unanimously.*

To approve the minutes of the Regular Monthly Meeting of the Board of Finance from June 4, 2013.

Robert Bellitto *moved* and James Brown *seconded* to table the Regular Monthly Meeting of the Board of Finance from June 4, 2013, as submitted, to a date certain. *Motion passed unanimously.*

2. Fire Pension Update

Attorney Trembicki noted obviously there was a factual dispute as to what happened. The claim was made that there was an agreement. He is not sure there was an agreement and there was it was certainly revoked shortly after reached

Attorney Alex Trembicki, Independent Counsel, gave a brief summary of his revised report, dated April 5, 2013, which was distributed to the Board. He noted after investigating retirement policies and procedures of the Fairfield Fire Department, per Town of Fairfield Charter, "the sole authority to approve all transfers and promotions rests with the Fire Commission".

Attorney Trembicki noted the following:

He spoke with many people in relation to this matter (see Atty. Trembicki's report). No depositions/statements were taken under oath, per direction of the First Selectman.

When Assistant Chief Chavanello retired shortly after the transfer, Assistant Chief Curry was then transferred to the training center and also subsequently retired a short time later. Assistant Chief Tracy, meanwhile, filed a grievance over his transfer out of the job.

Assistant Chief Curry informed him of his intention to retire; his retirement weeks after the transfer was motivated in part by Assistant Chief Tracy's grievance. When Assistant Chief Curry retired, the grievance was withdrawn and Tracy was returned to the Training Center.

There is a factual dispute as to what happened; it was said, a claim was made and there was an agreement. Attorney Trembicki is not sure if there ever was an agreement.

Also, the Fire Commission, earlier this year, voted to have all promotions and transfers, whether permanent or provisional, brought to the commission for approval. The Commission was

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informed of all such actions though there is no indication in Fire Commission minutes that any votes were ever taken.

Going forward, there are two important breakdowns in this matter, “provisional appointments” and “lateral transfers” (see Atty. Trembicki’s report).

Under retirement policies and procedures of the Fairfield Fire Department, no evidence was found that Chief Felner made any deals with the firefighters involved. Chief Felner has worked in Fire Department for over fifty four (54) years. In the past, he was the Union President and has a clear understanding of how the Collective Bargaining Agreement works.

Mr. Walsh thanked Mr. Trembicki for his efforts in summarizing many details in his report. He questioned whether or not the First Selection can overrule Chief Felner.

Mr. Walsh also questioned if the First Selectman knew about any type of financial consequences regarding this decision.

Attorney Trembicki noted this was not discussed.

Chairman Flynn inquired as to what changed between the first and second meeting with the First Selectman.

Selectman Tetreau stated the reason why he wasn’t comfortable when it was first brought to his attention; it was his understanding Assistant Chief Chavanello could possibly retire within six to nine months. Therefore, he was not comfortable in making a decision at that point.

Attorney Trembicki noted Chief Felner thought Assistant Chief Chavanello was going to stay in that position at least three months and was surprised when Assistant Chief Chavanello retired.

Selectman Tetreau stated after meeting with Chief Felner for the second time, the Chief informed him he was doing this under his own authority and felt it was for the good of his department. First Selectman further stated, from a public stand point, if the Chief said he doing this for the good of his department, he will support his decision.

Mr. Mayer thought it would impact one person’s pension plan, although the Chief did provide reasons for doing so. He believed he could have made a more detailed decision as to his reasons and actions although, after the second meeting, the Chief’s decision was clearer and more detailed as to why he took the most appropriate actions for the betterment of his department.

Mr. Brachfeld felt it was unfair to taxpayers. If Tracy was not happy with the move, why the rush; it’s not standard practice and it’s unclear as to why it was done this way.

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Mr. Brown questioned if the Chief had the authority and where did the grievance come in to play. He noted the issue here is getting a pension after one day; that's what needs to be addressed; you have to earn that position.

Mr. Bellitto questioned, because the CBA was not followed, will this give the town any legal resource.

Mr. DeWitt noted promotions follow policies not administration. More importantly, it needs to be addressed and to make sure it doesn't happen again in the future.

Selectman Tetreau not noted there was a miscommunication and lack of documentation. Also, they will make sure this type of situation doesn't occur again.

Mr. Bellitto noted nobody would argue the fact that nothing illegally was done per the contract. He recommended when going forward with negotiations under the new firefighter union contract to work toward getting a new way of calculating retirement benefits.

Attorney Richard Saxl, representing Chief Felner, discussed his response to Attorney Trembicki's report.

The language in the Collective Bargaining Agreement can be modified. The Chief stands by his management decisions. Mr. Tracy did agree to the transfer in a meeting that included Chief Felner and five people in the same room, when making his decision. The administration was wrong; the Fire Commission union understands the contract more than anyone else. He previously suggested the Fire Commission mandate stricter oversight of such promotions and transfers, which they did. Also, the Charter also allows the First Selectman to take a more active role in the process.

Chief Felner stated for the record, this fell under the "contact" and "no" he didn't know Assistant Chief Chavanello was retiring the next day. Again, he received an email from him changing his mind. As Chief of the department, he wanted him to get line experience, which entails going into different divisions, just as he did in past years, which helped him further his promotions. He also stated it was the Fire Commission who wanted to go into Executive Session regarding the anonymous letter. Nobody approached him at any time to explain why he handled this issue the way he did. Instead, the Town hired counsel to investigate, which ended up costing the Town a lot of money.

Mrs. Albin stated when negotiating a contract there is a lot of give and take. When there is an anonymous letter there is a struggle on which way to handle the contents of the letter. This matter has been investigated it's been sliced and diced. Anyone reading the materials/findings

would understand the Chief did what he had the authority to do. She further stated on behalf of anyone who has made the Chief uncomfortable; she would like say she is sorry. Unfortunately,

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in these matters people get very sensitive and tension gets high. This contract went through a lot of people and the next contract needs to be looked at very carefully by those who negotiate it.

Chief Felner again stated for the record, this is the first blemish he has ever had on his record in over fifty years. Yes, he did take it personal; it not only affected him but also his family. He followed the contract and always has.

Chairman Flynn stated for the record, although he appreciated the Chief's position with regards to not being contacted. He has received other anonymous letters in the past and since there is no administrative function and following operational functions for the town; letters were passed on to administration for their follow up. This letter was different (a) it proposed a fraud being perpetrated on pension years and taxpayers; (b) it not only involved the Chief but also involved the First Selectman. He made sure every member of this Board received this letter. Then he approached the First Selectman notifying him of a hearing with this Board to address the letter. He further stated the Chief had every opportunity to respond when he came before this Board in January and was afforded the opportunity to address this letter. It was the Board of Selectman and the First Selectman who decided to hire independent counsel. No member of this Board that he was aware of sent the letter to the press nor distributed it to RTM members. It was sent to the Selectman, Board of Finance, Board if Selectman, moderator on the RTM and Director of Human Resources. Those were the actions he took and he would do the same all over again if he had to. Because he is a representative for taxpayers and because the letter was so detailed and so specific, he did his due diligence.

Mr. Walsh requested a report on the total cost of the fees ensued for independent counsel's investigation and cost pending these meetings.

Chairman Flynn asked Selectman Tetreau to provide a written summary on what actions/results were taken as a result of the report and discussion.

3. United Illuminating Grant

To hear, consider and act upon the following resolution as requested by the Director of Public Works:

RESOLVED, that the First Selectman is authorized to accept a grant from the United Illuminating Company in the amount of \$15,000 from the Company's "Bright Ideas" program; and

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FURTHER RESOLVED, that the First Selectman be authorized to expend the \$15,000 towards the cost of a wireless energy management system for Independence Hall; and

FURTHER RESOLVED, that the First Selectman is authorized to execute, on behalf of the Town of Fairfield, any and all necessary documents that facilitate the Town's participation in United Illuminating's Bright Ideas Grant program.

Mr. Bowman presented this item to the Board. He reported the grant is a continuation of all work done over the past fifteen (15) years. Their goal is to reduce energy consumption by 20% by a date certain, which is approximately 2018. In terms of energy savings, the Town has saved 15% in savings and by the end of next year 4 ½ million of kilowatt hours of green power, which will be well on the way to a 20% savings.

Mr. Bowman further reported since 1996 there has been a reduction in electric usage by 26% and heating usage by 52%. The energy dash board allows them to control room by room. He noted it's an amazing system and works well. The system was installed at Independence Hall and will be looking to install it at the police station in the future.

Following discussion:

Mr. Walsh thanked Mr. Bowman and noted it's extremely impressive finding ways to save energy knowing that the Town's energy cost will keep going down as well as finding Grants that are actually putting money in our pockets to do so. It's very impressive.

Mrs. LeClerc asked if greener energy more expensive than regular energy.

Mr. Bowman noted the town receives state programs which helps them buy power at a cheaper cost. In this case it will be cheaper.

Chairman Flynn asked Mr. Bowman for a brief overview of the CPE's program.

Mr. Bowman gave a brief description of the CPE's program. The State provides low interest loans to businesses and industrial properties to do energy and management approvals. It provides loans at a subsidize rate, which comes from a private sector loan, not state grants. The town then collects that money and forwards it to the state twice a year. If the owner sells the building, the improvements stay with the property not the owner. Again, you do need an approval from the mortgage company and could be anywhere from five to twenty year loans. Connecticut was the first state to start this program and he believes will be successful. Also, Fairfield has lots of targets in the community for this program.

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Selectman Tetreau noted the CPE's program will be brought before the Board of Selectman and the RTM in September.

Following discussion:

Ken Brachfeld moved and James Walsh seconded to approve the grant from the United Illuminating Company in the amount of \$15,000 from the Company's "Bright Ideas" program; and

FURTHER RESOLVED, that the First Selectman be authorized to expend the \$15,000 towards the cost of a wireless energy management system for Independence Hall; and

FURTHER RESOLVED, that the First Selectman is authorized to execute, on behalf of the Town of Fairfield, any and all necessary documents that facilitate the Town's participation in United Illuminating's Bright Ideas Grant program. Motion passed unanimously.

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

Mr. Mayer gave a brief report of the Town's Pension OPEB funds. He noted this is a very active quarter. The Board restricted the equity portfolio and Hired Bock Rock. .

Mr. Brachfeld reported managed fixed income funds have taken a hit and it is important to address/discuss potential volatility to fixed income funds.

Mr. Mayer will address his concern at the August meeting.

Mr. Bellitto questioned the pension review. The hedge funds are showing a return overall of 38.72%, which is a larger rate of return for any types of investments. Does the fact that has the investments we have cause any concern or raise a red flag given the problems we had in the past.

Mr. Mayer noted this is included in the recoveries of Madoff

Mr. Walsh asked is there is a policy on domestic equity. He requested an update for the next quarterly review meeting.

5. To review the BOE financial position versus budget as of Q4 FY13.

Chairman Flynn noted members of the BOE administration are not present this evening. He asked the Board to email him with any questions they would like to address.

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Chairman Flynn questioned the personal services line.

After discussion:

It was the consensus of the Board to bring this item back in September for a full presentation.

6. To review Town financial position versus budget as of Q4 FY13.

Mr. Mayer presented this item to the Board and discussed it at length.

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

None heard.

There being no further business to come before the Board, Ken Brachfeld moved and Robert Bellitto seconded to adjourn the meeting at 11:10 p.m. Motion passed unanimously.

Respectfully Submitted,

Josephine M. Keogh