

**BOARD OF FINANCE  
MONTHLY MEETING DECEMBER 3, 2013  
December 3, 2013**

The Monthly Meeting of the Board of Finance was held on Tuesday, December 3, 2013 at 7:30 p.m. at the Board of Education Offices, Seminar Room 295A&B, 501 Kings Highway East,, Fairfield, Connecticut.

**MEMBERS PRESENT**

David Becker, James Brown, Christopher DeWitt, Thomas Flynn, Mary LeClerc, Robert Stone, James Walsh

**MEMBERS ABSENT**

Catherine Albin, Ken Brachfeld

**ALSO PRESENT**

Robert Mayer, Chief Fiscal Officer, Town of Fairfield  
Caitlin Bosse, Controller, Town of Fairfield and Clerk of the Board of Finance  
First Selectman Michael Tetreau, Town of Fairfield  
Kristen McCarthy-Vahey, Board of Selectmen, Town of Fairfield  
Matthew Spoerndle, Phoenix Advisors

**ACTION TAKEN**

1. On a motion from the Board, the minutes of the meetings of October 29, 2013 and November 6, 2013 were approved with a vote of 6 yeas, 0 nays, 1 abstention (Becker).
2. Approved unanimously that funds be transferred from an increase in grant revenue in the amount of \$5,675 to cover the cost of programs sponsored by Fairfield Cares Community Coalition, Fairfield's Local Prevention Council, which develops alcohol, tobacco and other drug abuse prevention initiatives; and

FURTHER RESOLVED, that the First Selectman is authorized to make, execute, and approve on behalf of the Town of Fairfield, any and all contracts or amendments thereof with the Regional Youth/Adult Substance Abuse Project (RYASAP). These costs are 100% reimbursable by a 7/1/13-6/30/14 State of Connecticut Department of Mental Health and Addiction Services Grant to Local Prevention Councils, administered by RYASAP.

Chairman Flynn called the meeting to order at 7:35 p.m.

Mr. Becker led the Pledge of Allegiance.

**AGENDA**

1. To approve the minutes:

Quarterly Meeting of the Board of Finance from October 29, 2013.

Regular Meeting of the Board of Finance from November 6, 2013

**On a motion from the Board, the minutes of the meetings of October 29, 2013 and November 6, 2013 were approved with a vote of 6 years, 0 nays, 1 abstention (Becker).**

2. To hear Rating Agency criteria change presentation by Phoenix Advisors.

Matthew Spoerndle presented this item to the Board. Mr. Spoerndle reviewed the handout he presented for this meeting with the Board, *The Top 10 Management Characteristics Of Highly Rated U.S. Public Finance Issuers*. Mr. Spoerndle explained that Standard & Poor's (S&P) has rolled out a new methodology which provides the following changes:

- improvements to transparency
- fundamental drivers for ratings have remained the same
- an in-depth set of data modeling has been added
- determination of rating includes management rating (20% of total rating)

Mr. Spoerndle informed the Board that he had a meeting with S&P this morning and he reported that it appears that the Town's AAA rating will be maintained. Mr. Spoerndle reported that Fairfield should have a new rating by next Thursday, December 12, 2013.

Mr. Spoerndle then reviewed the ten points specified in the handout:

1. Focus on structural balance
2. Strong liquidity management
3. Regular economic and revenue updates to identify shortfalls early
4. An established rainy day/budget stabilization reserve
5. Prioritized spending plans and established contingency plans for operating budgets
6. Strong long-term and contingent liability management
7. A multiyear financial plan in place that considers the affordability of actions or plans before they are part of the annual budget
8. A formal debt management policy in place to evaluate future debt profile
9. A pay-as-you-go financing strategy as part of the operating and capital budget
10. A well-defined and coordinated economic development strategy

Mr. Spoerndle noted the following:

- item #2 is important
- item #4 – a fund balance policy is a very important policy to have according to S&P. Average funding is 9% – 9 1/2%; Fairfield is currently at about 6%, up for 3%.
- item #6 - Pension and OPEB liabilities – Fairfield is in excellent shape in this area. Mr. Flynn stated that, in his opinion, pension is in very good shape but is not as well situated with OPEB. Mr. Spoerndle noted that S&P has indicated that they are pleased with Fairfield's movement in this area.
- item #9 – Mr. Spoerndle suggested that S&P considers this a sound financing policy; mix of bonding and paying-as-you-go is the preferred way to address this issue.

Mr. Spoerndle noted that Fairfield should have a new rating by next Thursday, December 12, 2013.

Mr. Flynn stated that Fairfield has made some headway but still has work to do and will continue to make progress in improving the General Fund Balance. Mr. Flynn noted that, in his opinion, a look-forward operating plan needs additional work. Mr. Flynn also noted that it has been the intention of the Board to move toward a debt service schedule that is about 10% of the operating budget and, at this

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point in time, this plan has only been informally adopted but perhaps should be adopted and formalized by the Town. Mr. Flynn also reported that technology and paving expenses have been placed in the budget as departmental operating expenses, which is a more conservative approach. Mr. Flynn suggested that, in his opinion, there are 4 follow-up items:

1. fund balance policy
2. 5 year plan and how to satisfy those recommendations
3. formalize 10% of the budget as a debt balance
4. economic development plan

Mr. DeWitt suggested that the RTM should hear this very same discussion since they make some very important decisions within their body.

Mr. Walsh noted, in regards to item #4 of the S&P list, susceptibility to natural disasters needs to be included in the planning for a rainy day fund policy.

A lengthy discussion concerning the initiation of a formal debt policy followed and Mr. Tetreau stated that the Town needs to be cautious not to get into a situation with no flexibility for unforeseen event.

Mr. Flynn noted that, in his opinion, there are only 3 ways to get funding: one is the debt market; another is reserves, if the Town is fortunate enough to have any; the third is the taxpayers by increasing the tax revenues. Mr. Flynn further noted that the methods mentioned above should indicate that caution is urged about legislating a Formal Debt Policy while paying attention to the language used in developing such a policy.

Mrs. McCarthy-Vahey asked if a reserve policy needs to be formalized or can it remain an informal policy? Mr. Spoerndle responded that a legislatively approved Fund Balance Policy holds more value to S&P than an informal one.

Mr. Walsh noted that his sub-committee has been working on this issue and they will probably come before the Board with a presentation as a 2 stage process:

A range of what the Fund Balance should be would be presented, then the Board would devise a policy that is vetted, then the Board would vote on a proposed policy, then the BOF approved policy would go before the other Town bodies (BOS & RTM) for their consideration.

Mrs. LeClerc noted that most accounting policies do not go before all three Town bodies (BOS, BOF, RTM) but, in her opinion, this particular policy needs to go before all three legislative bodies.

Mr. Flynn suggested that perhaps a possible approach might be to suggest the Town add a minimum contribution to the General Fund each year dependent on the income/expenses for that year.

Mr. Tetreau suggested that, if the BOF moves forward with these ideas, a plan to present a proposed policy to the Town legislative bodies should be submitted early enough to facilitate movement by the RTM sometime in June.

Mr. Becker asked Mr. Tetreau if it would be possible to have a member of the BOF sit in on the conversation between the Town Administration and S&P in a listening capacity. Mr. Tetreau informed the Board that the conversation with S&P is held between the Town Administration (First Selectman and Chief Financial Officer) and S&P.

3. To hear, consider and act upon the following resolution:

RESOLVED, that funds be transferred from an increase in grant revenue in the amount of \$5,675 to cover the cost of programs sponsored by Fairfield Cares Community Coalition, Fairfield's Local Prevention Council, which develops alcohol, tobacco and other drug abuse prevention initiatives; and

FURTHER RESOLVED, that the First Selectman is authorized to make, execute, and approve on behalf of the Town of Fairfield, any and all contracts or amendments thereof with the Regional Youth/Adult

Substance Abuse Project (RYASAP). These costs are 100% reimbursable by a 7/1/13-6/30/14 State of Connecticut Department of Mental Health and Addiction Services Grant to Local Prevention Councils, administered by RYASAP.

Mrs. McCarthy-Vahey presented this item to the Board. Mrs. McCarthy-Vahey reviewed a handout with the Board. Mrs. McCarthy-Vahey explained that ACT is a coalition of community members; funding goes through the Town and is distributed as specified in the list in the resolution.

**Mr. Brown moved and Mrs. LeClerc seconded to approve that funds be transferred from an increase in grant revenue in the amount of \$5,675 to cover the cost of programs sponsored by Fairfield Cares Community Coalition, Fairfield's Local Prevention Council, which develops alcohol, tobacco and other drug abuse prevention initiatives; and**

**FURTHER RESOLVED, that the First Selectman is authorized to make, execute, and approve on behalf of the Town of Fairfield, any and all contracts or amendments thereof with the Regional Youth/Adult Substance Abuse Project (RYASAP). These costs are 100% reimbursable by a 7/1/13-6/30/14 State of Connecticut Department of Mental Health and Addiction Services Grant to Local Prevention Councils, administered by RYASAP.**

**Motion passed unanimously.**

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

Mr. Flynn noted that there has been some discussion for the last few years about the most efficient method for delivering materials to board members (email, USPS, etc.). Mr. Flynn asked all board members to please send him a note as to the members' individual preference for receiving materials. Mr. Flynn stated that he will collate the responses and make a report to the Board at a future meeting.

Mr. Flynn wished everyone a happy holiday season and stated that he looks forward to seeing everyone again after the start of the new calendar year.

**Mr. DeWitt moved and Mr. Becker seconded to adjourn the meeting. Motion passed unanimously and the meeting was adjourned at 9:25 p.m.**

Respectfully submitted,

Deborah J. Garavel  
Recording Secretary