

**BOARD OF FINANCE
DRAFT MINUTES OF QUARTERLY REVIEW MEETING
May 13, 2014**

The Quarterly Review Meeting of the Board of Finance was held on Tuesday, May 13, 2014 at 7:30 p.m. in Seminar Room 300, Board of Education Administrative Offices, 501 Kings Highway East, Fairfield, Connecticut.

MEMBERS PRESENT

David Becker, Ken Brachfeld, James Brown, Mary LeClerc, James Walsh (7:42)

MEMBERS ABSENT

Catherine Albin, Christopher DeWitt, Thomas Flynn, Robert Stone

ALSO PRESENT

Robert Mayer, Chief Fiscal Officer, Town of Fairfield
Caitlin Bosse, Controller, Town of Fairfield and Clerk of the Board of Finance
Linda Gardiner, Budget Director, Town of Fairfield
David Title, Superintendent of Schools, Board of Education, Town of Fairfield
Doreen Munsell, Assistant Superintendent of Schools, Finance, Board of Education
Donald Ross, Tax Assessor, Town of Fairfield
Brian Vahey, Joint Retirement Board, Town of Fairfield
Scott Bartlett, Superintendent, Department of Public Works, Town of Fairfield

ACTION TAKEN:

1. Approved to move consideration of item #1 to the Regular Meeting of the Board of Finance in June.

Vice Chairman Brown called the meeting to order at 7:30 p.m.

Mr. Becker led the Pledge of Allegiance.

AGENDA

3. To review the BOE financial position versus budget as of Q3 FY14.

Dr. Title and Mrs. Munsell presented this item to the Board.

Dr. Title reviewed the reports as of April 30th with the Board. Dr. Title noted that Mrs. Munsell and her staff have been tracking the deficit over time and the deficit currently stands at \$102,790. Dr. Title further informed the Board that the BOE expects to finish the fiscal year in the black or at least at 0. Dir., Title thanked the Board for working so quickly to make sure there was a solution to the pending deficit problem within the BOE budget and he informed the Board that the BOE would not need the help offered by the Town to clear the deficit.

Mr. Brown congratulated Dr. Title and his staff for their fiscal discipline displayed in the mediation of this potential deficit.

Dr. Title explained that part of the deficit was mitigated by receiving the Excess Cost Grant from the State for SpEd at an 80% rate instead of the expected 75% rate. This, coupled with much cooperation from the individual schools in the district, helped resolve the deficit issue to its current level.

Mr. Walsh arrived at the meeting at this time.

It was determined that the medical retention fund would be discussed at a later point in the year.

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

Mr. Brian Vahey presented this item to the Board.

Mr. Vahey reviewed the reports with the Board. Mr. Vahey stated that this item has grown to \$16M and, over the last 9 months has had a return of 12.6%.

In response to a question from the Board regarding when the investment strategy might change, Mr. Vahey stated that when the fund reached about \$10M per asses class there would be discussions concerning changing the investment strategy.

Mr. Vahey informed the Board that the Pension Fund is approaching \$350M; domestic equities are down some and private equities are up some; hedge funds are still doing okay; the returns are similar to those experienced by OPEB for the 9 month period.

In response to a question from a Board member of the timing on moving from domestic equities to private equities, Mr. Vahey stated that they are constantly looking into options but a move probably would not be made until sometime in 2016-2017.

5. To discuss the Board of Assessment Appeals (BAA) process and timing.

Donald Ross answered questions from the Board on this item.

Mr. Ross reviewed the Board of Assessment Appeals (BAA) process and the timing of decisions made by the BAA as required by State Statutes.

In response to questions from the Board members concerning the reason for the significant decrease in the Grand List over the last several years, Mr. Ross reviewed the reports that had been distributed to the Board. Mr. Ross also informed the Board that the BAA is independent of the Town Tax Assessor. Mr. Brown then informed the Board that there were 21 appeals this year on properties valued in excess of \$1M and the percent reductions were 15.72% while last year there were 4 appeals on properties valued in excess of \$1M and the percent reductions were 5.69%. Mr. Ross also informed the Board that there were 4 commercial appeals this year and none were granted reductions.

In response to questions from the Board regarding the property owner's rights to appeal to the courts, Mr. Ross informed the Board that appeals can be filed up until May 20th of this year for this year's appeal process.

Mr. Walsh asked if there were many beach area properties that were appealed due to Hurricane Sandy damages so that the houses could be repaired. Mr. Ross informed the Board that the Tax Assessor's Office took into account, in the Grand List, damaged properties from the hurricane prior to the beginning of the BAA appeals process. Mr. Ross agreed to re-sort his spreadsheet report into a sequence

that would highlight the properties affected by hurricane damages. Mr. Ross also informed the Board that both he and his assistant physically toured areas to get data on damaged properties and they made adjustments accordingly. Mr. Ross also informed the Board that adjustments are made throughout the year as the occasion warrants. In response to a question from the Board on the possible reason for so many appeals so late into the valuation period, Mr. Ross indicated that he had no idea for the large number of appeals.

Mr. Brachfeld expressed concern with the timing of the Grand List changes so near to the time for setting the new mill rate and asked how this could be improved going forward. Mr. Mayer reported that the last BAA decision was made on March 20, 2014; an email from April 8, 2014 showed the Grand List reductions; Mr. Mayer took that information to the First Selectman; the First Selectman indicated that he had spoken with Tom Flynn on how to address this cut and the conversation was that this would be dealt with when the mill rate is set.

Mr. Walsh requested that the Clerk of the Board of Finance request that the First Selectman appear at the next Board of Finance meeting to discuss the Grand List changes process.

Mr. Walsh echoed Mr. Brachfeld's question of how to improve this process in order to be better informed when setting the mill rate. Mr. Ross reminded the Board that the BAA is driven by State Statute; all decisions need to be made before the end of March annually. Mr. Walsh thanked Mr. Ross for a very informational session.

1. To approve minutes:

- To approve the minutes of the Budget Hearing from February 18, 2014.
- To approve the minutes of the Budget Hearing from March 4, 2014.
- To approve the minutes of the Budget Hearing from March 6, 2014.
- To approve the minutes of the Budget Hearing from March 11, 2014.
- To approve the minutes of the Budget Hearing from March 13, 2014.
- To approve the minutes of the Budget Hearing from March 18, 2014.
- To approve the minutes of the Budget Hearing from March 20, 2014.

Mr. Becker moved and Mrs. LeClerc seconded to move consideration of item #1 to the Board of Finance Regular Meeting in June. Motion carried unanimously.

4. To review Town financial position versus budget as of Q3 FY14.

Mr. Mayer and Mrs. Bosse presented this item to the Board.

Mr. Mayer apologized for not getting some data to the Board prior to the meeting as promised. Mr. Mayer reported that the transfers for the DPW were omitted from the information but have now been included and a revised Projected Net Estimated Report has been distributed.

Mr. Brown explained the report format and noted the effort that the sub-committee made to provide consistency and objectivity in this report.

A lengthy discussion on the variance report parameters followed. Mr. Becker requested that any documents be delivered before the weekend prior to a BOF meeting in order to allow the members of the Board to review the documents in detail so an informed discussion can take place at the BOF meeting.

Mr. Mayer indicated that, in his opinion, the most important report is the Projected Net Estimated Report since it is a consolidation of the data in a one page format.

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Mr. Walsh stated that the sub-committee will reconvene and discuss the report improvements suggested tonight such as seasonal items, etc. and the sub-committee will present their findings at a future BOF meeting.

Mr. Mayer reviewed his handouts with the Board. Mr. Mayer noted that one issue is that the current tax levy is less than anticipated due to the fact that a collection rate of 98.5% was used instead of the projected collection rate, on April 30th, of 99.1%..

Mr. Mayer reported that a claim for lost income from Penfield has been submitted to the insurance company for \$325K but any proceeds will not be received this fiscal year.

Mr. Brachfeld left the meeting at this time.

Mr. Bartlett informed the Board that the DPW has a \$478K deficit for this year due to the severe winter that was experienced; building and grounds are suffering due to unforeseen issues with mold at the Warde High School project. Mr. Mayer noted that it would be possible for the BOF to fold this mold issue into the non-recurring roof project since the problem is a result of the roof problems. Mr. Brown said the BOF will discuss this at a future meeting.

Mr. Bartlett, in response to a question from the Board on how the deficit is affecting the paving program, Mr. Bartlett indicated that he is hopeful it will have no impact. Mr. Bartlett informed the Board that DPW is looking at each and every account in an effort to maintain the paving schedule.

Mrs. LeClerc asked Mr. Mayer if he could include quarterly columns on the summary report and Mr. Mayer indicated that he would look into getting this included in that report.

On a motion made by Mr. Walsh and seconded by Mrs. LeClerc, the meeting was adjourned at 9:48 p.m.

Respectfully submitted,

Deborah J. Garavel
Recording Secretary