

**BOARD OF FINANCE
SPECIAL MEETING MINUTES
MONDAY, JULY 17, 2017
7:30 P.M. – GREENE COMMUNITY CENTER**

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

Present: Board Members: Michael Ayles, Louis Federici, Kenneth Gamerman, Matthew Hoey, Jeff Beatty, Peter Goletz and Kenneth MacKenzie

Town Officials: Finance Director Maryjane Malavasi and Clerk Traci Brinkman

BOE Officials: Business Manager Linda Trudeau, BOE Members Bill Bloss and Ted Sands and Superintendent Dr. Paul Freeman

Others: Aldo Mazzaferro of ECG and Aaron Alibrio of Johnson Controls

Media: Mike Graziano, taping for GCTV

1. Public Forum (Limited to 3 minutes on agenda items)

None

2. Approve minutes of:

2.1 Special Meeting of June 26, 2017

Mr. Gamerman noted on Page 2 it should state Cliff Gurnham's full name.

Mr. Ayles also noted on Page 2, halfway down the page, the "you" should be replaced with Ms. Trudeau. Mr. Ayles also asked if they received any information on questions at that meeting related to Chrome Book batteries or the helmet reconditioning.

Ms. Trudeau said she sent it out, but will resend.

Mr. Federici stated that on Page 5 they had discussion regarding \$212,000 being left in the capital budget. Ms. Malavasi stated that there had been a moratorium on that, but it was lifted. He thought he heard that was back on hold.

Ms. Malavasi explained that the FY2017 capital was released. They have put the FY 2018 Capital on hold until they see where things are with the state budget.

Motion: Upon a motion made by Mr. Ayles and seconded by Mr. Gamerman, the board voted to approve the Special Meeting Minutes of June 26, 2017 as amended.

Vote: In Favor: Ayles, Federici, Gamerman, Hoey, Beatty and Goletz
Opposed: None
Abstaining: MacKenzie

3. Correspondence:

3.1 Pension Committee Minutes

Mr. Federici asked what prompted the discussion regarding input from other town's investment policy guidelines.

Ms. Malavasi said the Pension Committee is trying to finish its review of the Pension Policy Statement and the topic of their role and ethics came up. They asked her to send a notice out to other towns to see what they have done regarding that. She added that there are almost none with pension policies that also address ethics. It is usually in their regular ethics policy. The Pension Committee will be reviewing this further.

Mr. Hoey asked if the Pension numbers they discussed last meeting included the payouts for the year. If not could they back that out to see how close they are to the target.

Ms. Malavasi said if you take out the payouts for the year they are at 6.4% as of May and the target is 7%.

3.2 Standing Building Committee Minutes

Mr. Ayles said these are the June minutes. He went over the major topics from the June meeting at the last Board of Finance meeting. Mr. Ayles noted that he was not able to attend the July meeting.

3.3 Letter from Blum Shapiro

Mr. Hoey stated that this is the standard letter regarding the process for conducting the audit. There was a brief discussion about cybersecurity.

4. Presentation regarding Energy Performance Contracting Proposal.

Aldo Mazzaferro of ECG explained that his company is an owner's representative

for the Town. They take the project through development, design and the performance portion. They are the Town's liaison to manage the project. He noted that Energy Performance Contracting has been around for several decades. It is used by small towns up to the federal government. Government agencies partner with ESCO's (Energy Savings Corporations) that specialize in this. The ESCO's come up with a scope of upgrades and quantify the savings combining fast and slow payback items. It is designed as a funding mechanism to address capital needs in your buildings.

Mr. Mazzaferro then went over the process, which starts with hiring the consultant (ECG). They do a feasibility study to see if there are potential upgrades. They then go out for RFP to solicit energy services companies to develop audits. His company assisted with the technical financial evaluation of each of the proposals received and in the fall Johnson Controls was selected. They sat with the BOE and Town to make the project more attractive and came up with an investment grade audit. His company then did an evaluation and looked for any errors in calculations or potential risks. In June they issued their evaluation letter recommending the proposal.

Mr. Alibrio explained that they audited 20 buildings and parks that used electricity and came up with their proposal. It would be funded through a tax exempt lease as opposed to bonding that way the town can better sculpt the payments. It is a 20-year term.

Mr. Hoey noted that there is a performance monitoring piece that ECG does to make sure the town is in compliance with the best practices. He added that this is also contingent upon town performance as well and staff completing the defined processes.

Mr. Mazzaferro explained that it is important to invest in computerized control systems in the buildings because then the systems will operate seamlessly and it leaves less room for error. The temperature fluctuations when buildings are in use or not in use is where a lot of the savings would be realized.

There was discussion about if there are possible errors in calculations on the Johnson Control side and the savings were not realized they would reimburse the town for that portion and correct the issue.

Mr. Hoey asked what the inflation factor is for energy costs. Mr. Mazzaferro said it is 3%.

There was a discussion about solar and how the town could take advantage of future technology improvements even though they would be locked into this lease agreement. There was also discussion about follow up after a year. It was noted that there would be a site supervisor and construction manager on the project. They would be doing bi-weekly meetings with Mr. Gurnham and Mr. Neydorff or whatever works best for their schedule.

There was discussion about exceptions and exclusions in the contract. Mr. Mazzaferro said he would take a second look and report back to the board on those.

5 Review and accept report of expenditures for the Board of Education for June 2017.

Mr. Bloss stated that Lakes School was named a top elementary school by the Connecticut Association of Schools. The bad news is the Lakes principal was offered a job by the CT Association of Schools so she is going to retire and take that position. They have been seeking applications for her replacement and it looks like they should have someone on board by the beginning of the school year.

Mr. Bloss then went over the SBAC scores they received Friday, which tests students in Grades 3-8. He stated that in English Language Arts 78.1% of students (15th in the state) were at Level 3 or above and 75.6% (5th in the state) were at Level 3 or above in Math. He added that this really shows the improvements they have been trying to make in math and they will keep moving forward.

Mr. Bloss noted that the projections for the end of the year shows their budget will be in balance with possibly a slight underspend. They have had to do some transfers between the different lines and they continue to struggle with budgeting for special education. The health benefits line is doing well and salaries should be under budget because they didn't fill a math coach position that was budgeted. In addition another two positions are not filled and they eliminated another one. Mr. Bloss noted there were a lot of legal expenses because they had contract negotiations with nearly every bargaining unit.

There was a brief discussion about teacher retirement sick leave. Mr. Bloss noted that this benefit was eliminated in 1999 for new hires.

He added that if they have some money left over the BOE has discussed having someone else look at the Energy Performance Contracting proposal, particularly the company that worked on the new Guilford High School.

Mr. Gamerman asked if the Eversource costs for the new GHS have been around what was estimated.

Ms. Trudeau said they have been in line with what was estimated.

Mr. Federici asked about a payment to Compuclaim.

It was noted that this company does the billing for Medicaid for some students.

There was discussion about Comcast internet which totaled \$1,100 for the month. Ms. Trudeau noted that this includes all the schools except GHS and also Lakes, which is on a different bill.

Mr. Gamerman noted that four schools are having facilities upgraded in the summer. He asked if those projects will be completed by the start of the school year.

Mr. Bloss said they should be completed by the start of school.

Motion: Upon a motion made by Mr. Beatty and seconded by Mr. Federici, the board voted unanimously to accept the report of expenditures for the Board of Education for the month of June 2017 totaling \$7,352,440.

*Vote: In Favor: Ayles, Federici, Gamerman, Hoey, Beatty, Goletz and MacKenzie
Opposed: None
Abstaining: None*

5. Review and approve report of expenditures for the Town Government for June 2017.

Revenues

Mr. Hoey noted that last month the excess revenues were estimated to be about \$400,000. Ms. Malavasi said she is estimating about \$560,000 now. In total they are showing just under a \$1 million surplus exclusive of the Board of Education. She noted, however, that this will be fluctuating and she will report again in August for June. Ms. Malavasi said that police and fire have caught up. The only one that has stated under is Parks and Recreation, yet they made an improvement and are comparable to prior years. Ms. Malavasi said historically they have not reached their revenue number and she will look at that for FY2019 to make the budget more realistic. She added that they increased the budget for FY2017 and they didn't make the 2016 budget.

Expenditures

Ms. Malavasi said they will be about \$360,000 under. They are 99% expended. They will have some additional expenditures through the beginning of August. There are also encumbrances that will go down so the number will fluctuate.

Ms. Malavasi said the fire department is over on salaries, but \$84,000 under budget if you net out all the salary lines.

Mr. Hoey asked what was driving the Operating Supplies. Ms. Malavasi said she did not know specifically other than it's an encumbrance, but she will be looking into it.

Ms. Malavasi noted that the police department will be under budget. She added that she also wants to revise their salaries as well.

Mr. Gamerman noted that Engineering/Public Works is over on Summer Road Maintenance.

Ms. Malavasi said that is one of the purchase orders she will be looking to close out.

Mr. MacKenzie said the Long Hill Road project is estimated at \$4 million and he knows 80% is Federal, 10% from the State and 10% (\$400,000) from the Town. Will they be getting reimbursed on this money they are putting out.

Ms. Malavasi said the board will see expenditures every month on the project. As soon as they spend it, they send a reimbursement request to the government. Mr. MacKenzie said the problem is he can't see the reimbursement. Mr. Hoey noted that it is possibly time to revise the capital report.

Mr. Federici asked about a legal expense for Sherwood Forest.

Ms. Malavasi said she would look into that.

Medical

Mr. Hoey said it was a tough month for employees. Ms. Malavasi said she is not sure how the implementation of the HSA may have affected things.

Mr. Hoey said they are still looking at a \$2.5 million net fund balance.

There was a brief discussion regarding the golf course. Many members expressed concern that the revenues are still low, yet expenses keep rising. Ms. Malavasi said now that they are a department under the budget they will have to learn to operate within those parameters. She has met with the commission chairman, superintendent and golf pro to discuss this with them.

Motion: Upon a motion made by Mr. Gamerman and seconded by Mr. MacKenzie, the board voted unanimously to approve the report of expenditures for the Town for the month of June in the amount of \$2,308,676.

*Vote: In Favor: Ayles, Federici, Gamerman, Hoey, Beatty, Goletz and MacKenzie
Opposed: None
Abstaining: None*

7. Committee Reports

None

8. Old Business

Mr. MacKenzie stated that this budget is ending with close to a \$1 million surplus and it took three referendums to pass. There was a concern about the cuts, but in reality they still ended with a large surplus.

Mr. Hoey noted that the Board of Education would have been in trouble if they hadn't received the \$300,000 in ECG money. In addition freezes were put in place at various

times. He also noted that every year they need to maintain some type of surplus so they do not erode the fund balance.

9. New Business

None

10. Public Forum (Limited to 3 minutes on any item)

None

Motion: Upon a motion made by Mr. MacKenzie and seconded by Mr. Federici, the board voted unanimously to adjourn the meeting at 10:00 p.m.

Vote: In Favor: Ayles, Federici, Gamerman, Hoey, Beatty, Goletz and MacKenzie
Opposed: None
Abstaining: None

Respectfully submitted,

Traci K. Brinkman
Clerk
Board of Finance