

**BOARD OF FINANCE
MEETING MINUTES
MONDAY, AUGUST 20, 2018
7:30 P.M. – COMMUNITY CENTER**

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

Present: Board Members: Veronica Wallace, Michael Ayles, Jeffrey Beatty,
Jonathan Trotta and Kenneth MacKenzie

Town Officials: First Selectman Matt Hoey, Finance Director
Maryjane Malavasi, Pension Committee Member
Robert Hartmann and Clerk Traci Brinkman

BOE Officials: Business Manager Linda Trudeau, BOE Chair
Bill Bloss and BOE Member Vincent Baglio

Media: Mike Graziano, taping for GCTV

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

None

Mr. Ayles noted that Mr. Gamerman will not be at the meetings for the next couple of months. He had a fall, but is doing well and is recuperating. He met with him over the weekend and Mr. Gamerman gave him many questions to ask at the meeting.

2. Approve minutes of:

2.1 Regular Meeting Minutes of July 16, 2018

Mr. MacKenzie stated that he was at the meeting and noted in the motions, but wasn't listed at the beginning of the meeting as being present.

Mr. Ayles said he did receive and send out correspondence regarding a list of the Energy Performance Contracting (EPC) Projects. Since July 17 there are about 25 projects in process.

Motion: Upon a motion made by Mr. Beatty and seconded by Mr. Trotta, the board voted to approve the minutes of the July 16, 2018 Regular Meeting as amended.

*Vote: In Favor: Ayles, Beatty, Trotta and MacKenzie
Opposed: None
Abstaining: Wallace*

3. Correspondence

3.1 Standing Building Committee Minutes

Mr. Ayles said he did not attend the meeting, but has read through all the minutes.

Mr. Trotta asked when they might start seeing some data regarding the EPC projects.

Mr. Ayles said it will probably take a year to have some good data. He added that maybe in four to five months they might see some. A lot of work is being done this summer so possibly by November they could get some data back.

Mr. Ayles highlighted the synthetic turf comments in the minutes. It stated that the cold temperatures in December and January had a lot to do with the failure.

It was further noted that there were also some installation issues with the way the pad was laid out as well as a poorly draining base. He added that consultants are in the process of working out a design solution as well as a financial solution at no cost to the town.

Mr. Hoey explained that the town's consultant Kaestle Boos issues a final report last week. They are confident in the analysis and testing that was done. The final report also went to the engineering firm that designed the field, the manufacturer of the components and the field installer. They are all charged with coming up with a solution. If they fail to do that then the town will proceed with some form of litigation. He added that it is likely the responsibility could fall among many contractors.

Mr. Hoey said the Standing Fields Committee, consultant and the town attorney all agree that remediation does not insure that this will not happen elsewhere on the field. The pad created gaps and without pulling up the entire carpet they do not know if there are other separations. The consultant's recommendation is to take the field up, address the drainage and then reinstall the new pad and new turf.

There was a brief discussion regarding the Calvin Leete septic project.

Mr. Ayles asked a question for Mr. Gamerman regarding EPC. He wanted to know the total amount paid so far and if the town feels it is getting what it paid for.

Mr. Hoey said there is a schedule for both payments and installation of components and both are on track. The town is comfortable they are meeting their goals.

3.2 Pension Committee Minutes

There was discussion about the new investment team from Wells Fargo as well as the RFP for investment services. They received 11 responses and are currently reviewing those.

Mr. Trotta asked if there has been any more discussion on lowering the assumption rate.

Mr. Hartmann stated that it was dropped from 6.75% to 6.5% at the last meeting. To drop it anymore would be disruptive to the process. This will go into effect in the 2018-2019 budget year. Mr. Hoey said the net affect will be \$200,000 in additional contributions required by the town.

4. Review and accept report of expenditures for the Board of Education:

4.1 FY2017-2018

Mr. Baglio said since last week they received additional expenses and credits. The revised total for expenditures for the month is \$1,696,726.38.

Mr. Trotta noted that electricity looks down.

Ms. Trudeau said it is lower and she thinks that is where they will trend and hopefully even lower after the EPC.

Mr. Trotta noted that they seem to be spending more on computers and software.

Ms. Trudeau explained there was a transfer done from there. If not the account would have been \$25,000 under budget.

There was a discussion on Supplies and Materials as well as invoices related to a consultant that provides special services. Ms. Trudeau said she believed there were two invoices, because he has a certain fee for the year and then gets paid on a fee basis for other cases. She would look into it.

Mr. Trotta noted that site improvements are over.

Ms. Trudeau explained that most of that work was done on Adams last summer. They also added in the oil tank removal and re-piping as well as some outside work at Lathrop House.

Mr. Ayles noted that the original budget for Tuition was \$2.6 million, but then they had to make a transfer and it ended up being \$3.1 million total. In this fiscal year, the budget is \$2.3 million. He asked if they are comfortable with this

figure.

Ms. Trudeau said the first time she looked at it for next year she thought they were in good shape, but then she was notified of three. She is hoping to have an updated tuition report for the next meeting.

Mr. Ayles asked what the final result is for the special education transportation.

Ms. Trudeau said the contract was awarded. She noted that they have a new vendor for regular transportation and that vendor did not want to do the special education transportation this year, because they want to be sure they can meet their needs for regular transportation. So they put the request out to other vendors they have used in the past.

There was a discussion about the transfer of money the Board of Education made to the Pension account instead of putting it toward the medical account. Mr. Bloss explained that the health fund is in good shape so the BOE voted unanimously to put the funds toward pension, which is the most responsible and fiscally conservative thing to do.

Mr. Ayles said the BOE has every right to make that transfer and allocation. He added, however, that the medical account it is a mix of Town and BOE.

Mr. Bloss said the BOE felt it was better to do this transfer before the payment was put into the account.

Mr. Trotta said he knows it is in the BOE purview, but because it is a joint account he would think some type of collaboration might be warranted.

Mr. Hoey noted he had a meeting with Mr. Ayles and Mr. Bloss about this. He initially brought it to the attention of the BOF and expressed his concern. He agrees with Mr. Bloss that the BOE in no way endangered the town because of the health of that account. Mr. Hoey referred to past discussions about utilizing a portion of that account for other one-time events. He added that the Town could have done the same thing the BOE did and not make its contribution as well. It is just important that they all be on the same page and he is thrilled that the BOE has impacted the funding levels of its pension.

Ms. Trudeau noted that their unexpended fund balance at the end of the year is \$5,850.35.

Motion: Upon a motion made by Ms. Wallace and seconded by Mr. Trotta, the board voted unanimously to accept the report of expenditures for the Board of Education for July 2018 FY 2017-18 in the amount of \$1,696,726.38.

Vote: In Favor: Wallace, Ayles, Trotta, Beatty and MacKenzie

Opposed: None
Abstaining: None

4.2 FY2018-2019

There was discussion about the new financial reports from the BOE.

Motion: Upon a motion made by Mr. Trotta and seconded by Ms. Wallace, the board voted unanimously to accept the report of expenditures for the Board of Education for July 2018 FY2018-2019 in the amount of \$1,688,353.21.

Vote: In Favor: Wallace, Ayles, Trotta, Beatty and MacKenzie
Opposed: None
Abstaining: None

5. Review and approve expenditures for Town Government for:

5.1 FY2017-2018

Ms. Malavasi explained that these are still unaudited figures. There will be some additional transfers that will need to be made, but these figures are as close as they have. She noted that these numbers are also prior to the transfers later on the agenda.

The fire department is over by \$287,000, however, there will be a transfer for retroactive pay coming which will bring that down to just over \$200,000. In addition there was \$21,000 in salaries for the town's portion of the SAFER Grant as well as \$50,000 for equipment and gear and \$17,000 in training related to the grant. Only salaries and benefits are reimbursable by the grant.

Ms. Malavasi said after all the transfers are made they will have a little under \$140,000 remaining in unexpended funds.

Mr. Beatty asked if the replacement salaries number in the fire department would come down with the addition of the new firefighters.

Mr. Hoey explained that with the additional personnel in North Guilford the fire department is reworking its staffing model so that number should come down. He added that replacement went significantly over what was budgeted because they were down firefighters due to workers compensation.

Mr. Trotta asked if the golf course was moving toward a decision of no longer having the professional.

Mr. Hoey said they need to give it a full season and then evaluate it before next budget cycle.

Mr. Ayles noted that it has been a wet summer. He tried to golf with his son one day and the course was closed due to wet conditions. He added there is either too much rain or not enough rain like a few years back.

Mr. Ayles asked how many more payments would there be for AM Electric on the Baldwin Middle School, Jones and Cox project. He didn't remember the full budget amount.

Ms. Malavasi said she would look into that.

Mr. Beatty asked about the purchase of a motor for Graves Avenue.

Ms. Malavasi said it was for the AC unit for that building.

Ms. Malavasi said the building department went over its revenue budget by \$65,000 and overall they exceeded the total revenue budget by \$618,000.

There was a discussion about Interest Income.

Medical

Ms. Malavasi said they had \$1.47 million covered by catastrophic claims so when you factor in the premium that is a savings of \$200,000. She had been projecting a \$600,000 surplus this year, but after the BOE decision to transfer its contribution to medical the surplus is \$100,000.

Motion: Upon a motion made by Ms. Wallace and seconded by Mr. Beatty, the board voted unanimously to approve the revised report of expenditures for Town Government for July 2018 FY 2017-2018 in the amount of \$3,080,276 which is a difference of \$528,075.

Vote: In Favor: Wallace, Ayles, Trotta, Beatty and MacKenzie
Opposed: None
Abstaining: None

5.2 FY2018-2019 – approve warrant only.

Motion: Upon a motion made by Ms. Wallace and seconded by Mr. Trotta, the board voted unanimously to approve the report of warrants for Town Government for July 2018 FY2018-2019 in the amount of \$4,121,933.

Vote: In Favor: Wallace, Ayles, Trotta, Beatty and MacKenzie
Opposed: None
Abstaining: None

6. Discuss and take possible action on End of Year transfers to Close Out FY2017-2018.

Motion: Upon a motion made by Mr. Trotta and seconded by Ms. Wallace, the board voted unanimously to approve the transfer from Fund Balance – Assigned-Reserve for Personnel to the Fire Department Salary Line items totaling \$84,605 as outlined by the Finance Director in her memo.

Vote: In Favor: Wallace, Ayles, Trotta, Beatty and MacKenzie
Opposed: None
Abstaining: None

Motion: Upon a motion made by Ms. Wallace and seconded by Mr. Trotta, the board voted unanimously to make the line item transfers totaling \$407,320 as outlined by the Finance Director in her memo in order to close out FY2017-2018.

Vote: In Favor: Wallace, Ayles, Trotta, Beatty and MacKenzie
Opposed: None
Abstaining: None

Ms. Malavasi handed out a document outlining the history of the unassigned fund balance from 2013 to 2017, which she took straight from the audits. If you take the 2017 number and add in \$600,000 from additional revenue this year then the 2018 estimate is 10.5% of operating revenue. The policy approved by the boards refers to operating revenue. In 2016 the fund balance was 9.1% of operating revenue which is where they started last year. If you took that same 9.1% figure and applied it to the 2018 figure, there would be a \$1.3 million available to use. She added that listed on the document she handed out is a number of projects the board has been discussing, which could be funded using some of this money. Ms. Malavasi explained that this is for informational purposes.

Mr. Hoey said these items should not be a surprise to the board. Revaluation is a new one because they have an opportunity to pull that reoccurring line item out of the budget and fully fund it. He added that other items include a possible facilitator or consultant for the Safe Streets Mobility Task Force or a demonstration project. Potential cost could be \$300,000. Blum Shapiro is finishing the Technology study soon and there will be costs associated with that. He estimated \$100,000 to \$150,000. There is also an initiative to combine technology among Town Hall, Police and Fire. Mr. Hoey also discussed OPEB. He added that the \$200,000 contribution the town made to the medical account could go towards these as well as the money the Town and BOE contributed years ago when the account was in a deficit.

7. Committee Reports

Ms. Wallace said the building permit fee committee is still working and it should have a recommendation soon.

8. Old Business

None

9. New Business

Mr. Hoey said they went out to the bond market two weeks ago. He commended Ms. Malavasi and her staff for pulling together an extensive amount of information in a short amount of time. There was \$12 million in bonds and \$3 million in Bond Anticipation Notes (BANS). He participated in ratings calls and both companies reaffirmed the Town's AAA bond rating and they moved to the highest rating for the BANS. The Town received a rate of 2.92%, which is lower than expected and will result in anticipated savings of \$140,000.

Mr. Ayles said he spoke with Ms. Malavasi about putting out an auditor RFP. He added that it is on his radar.

10. Public Forum (limited to 3 minutes regarding any issue)

None

Motion: Upon a motion made by Ms. Wallace and seconded by Mr. MacKenzie, the board voted unanimously to adjourn the meeting at 9:15 p.m.

*Vote: In Favor: Wallace, Ayles, Beatty, Trotta and MacKenzie
Opposed: None
Abstaining: None*

Respectfully submitted,

Traci K. Brinkman
Clerk
Board of Finance