

Board of Finance Regular Meeting Minutes
Tuesday, February 1, 2022
7:30 pm
Via Webex

A recording of this meeting can be found here: <https://www.youtube.com/watch?v=rRYFi1aZIw4>.

A Regular Meeting of the Board of Finance was held via Webex on Tuesday, February 1, 2022 at 7:30 pm in Fairfield, Connecticut.

MEMBERS PRESENT: Lori Charlton-Chair, John Mitola-Vice Chair, Sheila Marmion-Secretary, Craig Curley, Christopher DeWitt, Mary LeClerc, Kevin Starke, Jack Testani, James Walsh

OTHERS PRESENT: Partner PKF O'Connor Davies, LLP Joseph Centofanti, Senior Managing Director Phoenix Advisors, LLC Matt Spoerndle, Purchasing Director Gerald Foley, CFO Jared Schmitt, Controller Caitlin Bosse, CAO Tom Bremer

1. Call to Order - Chair Lori Charlton called the meeting to order at 7:30 pm.
2. Pledge of Allegiance - Chair Charlton led the Pledge of Allegiance.

James Walsh commented that there are professionals at the meetings hired by the Town, and they charge the Town to be at the meetings. He suggested hearing those professionals first and, in the future, if someone is charging by the hour, to find out the fee so the Board will know how much they will be paying the professional to wait. Mr. Walsh said the board can then hear those items first. Chair Charlton agreed and thanked Mr. Walsh for his comments.

3. To hear a review of the Town's *Annual Comprehensive Financial Report and State Single Audit* for the year ending June 30, 2021, presented by the Town's Independent Auditor, PKF O'Connor, Davies LLP

Joe Centofanti, Partner at PKF O'Connor Davies, LLC, reviewed his reports which are included in the meeting backup documents. The presentation starts on page 173 of the backup packet.

Some highlights from the report:

- CAFR is now ACFR-Annual Comprehensive Financial Report.
- Federal Single Financial Audit extended to 9/30/22 due to ARPA
- ARPA funds issued to Town - \$12,415M
- Environmental liability- \$19,037 increased
- Budgetary Fund Balance- \$1.6M increased
- Long-Term Debt- \$2,651M increased
- Unassigned Fund Balance- \$36,572M, 11.34% of expenditures. Trending upward which is good.
- Net change in Fund Balance- \$696K
- Revenues and OFS- Under budget by \$107K
- Investment income- (\$1,379M) assets down
- Expenditures- under by \$1.7M

- Parking Authority-added this year to report-Revenues-\$693K, down due to COVID.

Pension & OPEB

- RSI Pension Employee-96% funded. Increase from last year
- RSI Pension Police & Fire- 98.36% funded. Increase from last year
- RSI OPEB Employee- 54.97% funded-increase from last year
- RSI OPEB Police & Fire- 45.74% increase from last year

All exhibits to support the highlights and details of the full report are included in the back-up documents. There was a discussion between Board members and Mr. Centofanti regarding Pension and OPEB and what might have affected the increase and decrease in some benefit amounts.

4. To hear *Fairfield's Comparative Credit Analysis Versus Connecticut Moody's "Aaa" Issuers*, presented by the Town's Municipal Financial Advisor, Phoenix Advisors

Matt Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, referred to his report in the backup documents starting on page 182. Mr. Spoerndle said for issuance of bonds, Phoenix will get involved and put together the statement that goes out to the bond agencies. He said Phoenix will look at impacts on debt, the budget and refinancing to get lower interest rates. Mr. Spoerndle started going through his presentation:

- Fairfield has a AAA rating which allows borrowing at the lowest rates
- Fund Balance has grown in the last few years
- Debt burden is on the higher side, but still within AAA rating

There was a discussion about ratings and the different towns, but Fairfield has been on Moody's AAA for a long time. Craig Curley asked if agencies look into projections. Mr. Spoerndle said rating agencies don't make decisions on what may happen years from now. He said they do look into it to give them an idea of what may be ahead, but it does not impact the rating at that time. Ms. Charlton asked if the Waterfall which is high was a good representation of the Town's expenses. Mr. Spoerndle said most issuers look at the five-year Capital Improvement Plan (CIP) and even though the numbers may be large, the issuers understand it is more of a tool than reality. Chris DeWitt said he wanted to know if there were examples of what a good CIP and Waterfall might look like. Mr. Spoerndle said the way Fairfield's is laid out is good because it is more detailed than a typical CIP. He said the Waterfall is a wish list, but the Town put in overall objectives to not exceed a certain amount and that is more than most towns do. He said it is a great planning tool. Jared Schmitt commented that what agencies put into an official statement is a Waterfall that includes a cap as a guide to keep bonding to a certain rate. He said that is what would show in a statement for five years. During their working group, he said First Selectwoman Kupchick suggested forming a group to go through the Waterfall and prioritize it. Jack Testani asked if Mr. Spoerndle was concerned with the Town's debt. Mr. Spoerndle said he was not concerned. He said if the Town stays on the current track, it should be fine, and ratings will be stable. Vice-Chair John Mitola asked if credit agencies look at municipalities that used their Fund Balances due to COVID and wondered when it is appropriate to use the Fund Balance. Mr. Spoerndle stated that there were many calls when COVID hit asking about ratings because Towns wanted to use their Fund Balance.

Mr. Spoerndle said the majority were replenished because most did not use their full allocation. He said rating agencies will not make a decision based on that. He also said March and April of 2020 was a good time to use the Fund Balance, but he advised to try and not use the Fund Balance at all. He said if the Town were to take money from the Fund Balance, the rating agency would not view it positively.

Craig Curley made a motion to move Item 8, the update from the Town Attorney, to the next Item. Jack Testani seconded the motion. The motion carried unanimously.

- Update from Town Attorney on Public Comment at Meeting

Town Attorney James Baldwin said the Town will continue the hybrid model where the public can listen to meetings. He said public comment could be done with more current technology which is in the process of being installed in the conference rooms. Attorney Baldwin said legislation was passed by the General Assembly and the bodies no longer have to take public comment at meetings, but they encourage towns to continue as best they can to take public comment on votes. James Walsh wondered how public comment would be monitored. Ms. Charlton said she would like to have public comment when there is a voting item. Jack Testani said his constituents have asked why the Board is not meeting in person when some other commissions are meeting in person. Attorney Baldwin said very few Boards/Commissions are meeting in person to his knowledge. He said when the town goes from virtual meetings to in-person meetings it will depend on the technology and Omicron. He said the supply chain issue has slowed the process on the technology, but there is nothing keeping Boards/Commissions from meeting in person. Ms. Charlton said the feedback from the public is very positive as it is easier to participate virtually. She said sometimes the meetings run long, and people can stay in their homes. She said all meetings are recorded, broadcast and posted on the website.

5. To hear an update on the Town's bonding process, presented by the Chief Fiscal Officer CFO Jared Schmitt said the bonding process is much like the budget process:

- Meet with Department Heads and discuss needs, costs, timing of projects and priority.
- Compile one package over 10 years
- Back to Department Heads with lists for their input (including BOE)
- Give the list to the Phoenix Advisors
- 14-point documents from Department Heads - standard document required by the board for each project regarding grant money, benefits etc.

Ms. Charlton asked Mr. Schmitt to review his document, Authorized but Unissued Debt, which is also available with the backup documents online. Mr. Schmitt said as of July 2021, there was \$28,395 million bonded and \$13,855 million in notes or short-term debt. Mr. Schmitt referred to page 196 of the backup documents and reviewed the report. Mr. Curley asked for total project costs and total yearly spending on large projects over multiple years.

6. To discuss financing matters related to the proposed paving plan
Mr. Schmitt said the paving plan is usually in the operating budget. He said \$3 million of ARPA was approved to go toward paving to "catch up". He said the Proposed 2022-2026 Roadway Capital Improvement Plan Summary is on page 197 of the backup documents.

The Board then had a discussion about putting paving back in the Operational Budget and not bond this project - in 2009, the town bonded paving and had been weaning off it; by 2011, it was done in the Operational Budget; ARPA funds will help the Town catch up on paving. The majority of the BOF do not approve of bonding the cost of paving.

7. To hear, consider and act upon the draft minutes of December 7, 2021 (7 pm), January 4, 2022, and January 12, 2022

Mr. DeWitt made a motion to put before the Board the amended minutes of 12/7/21 as submitted by Sheila Marmion. Vice Chair John Mitola seconded the motion.

Mr. Walsh went through Robert's Rules pertaining to the events from the January 4, 2022, meeting. He said the motion made by Sheila Marmion at that meeting to table the minutes should have had a date certain of the next regularly scheduled meeting which was 1/12/22. He said due to the time since the motion was made, it now "dies" and the minutes can no longer be voted on. Mr. Walsh read from Robert's Rules for tabling items. Mr. Curley commented that the minutes still need to be acted upon. Mr. Testani said the minutes they had were amended incorrectly. Mr. Curley said since Ms. Marmion is the Board Secretary, she can review the Recording Secretary's minutes and make changes if needed. The discussion continued on whether or not action could be taken on the minutes from 12/7/21. Mr. Walsh and Mr. Mitola suggested referring the minutes to the Town Attorney for guidance. Mr. DeWitt said he also wanted his comments from the 12/7/21 meeting added to the minutes. He said they were reflected in the revision, and he would like them to stay in the minutes. There was a discussion of how the minutes were amended and the Recording Secretary asked to speak to tell the Board how the revisions happened. She said Ms. Marmion emailed the Recording Secretary and asked how the minutes were done. She said the Recording Secretary answered her email with her process. She said Ms. Marmion then emailed the secretary back the following week and said Ms. Marmion would listen to the recording and make her own edits. Mr. Walsh and Mr. Testani questioned the process that Ms. Marmion took as her original motion was for the Recording Secretary to listen to the recording and make the discussion about Gould Manor more specific. Mr. Walsh said unless something has been factually wrong, no one has questioned minutes. Mr. Walsh added that many comments he made at the 12/7/21 meeting were not in the minutes either. Ms. Charlton said she will speak with the Town Attorney and ask him to advise the best way to move forward.

Craig Curley made a motion to approve the minutes for 1/4/22 and 1/12/22. James Walsh seconded the motion.

Mr. Walsh commented that a whole area of discussion from the 1/4/22 meeting was not mentioned in the minutes. He said in Item 5 from 1/4/22 regarding the discussion to table the minutes from 12/7/21 included a 25-30 minute conversation that is not there. Mr. Walsh said if Attorney Baldwin allows Ms. Marmion's edits from the 12/7/21 meeting to stay, he would like his comments and discussion from the 1/4/22 meeting to be included in those minutes. Mr. Testani would like his comments reflected as well.

James Walsh made a motion to postpone until a date certain, February 22, 2022, the approval of the minutes from 1/4/22. Mr. Testani seconded the motion. The motion carried unanimously.

Mr. DeWitt made a motion to approve the minutes of 1/12/22. Mr. Walsh seconded the motion.

The motion carried unanimously.

8. To hear, consider and act upon any communications

- Update from Audit, Purchasing, and Senior and Disabled Tax Relief Committees

Ms. Charlton gave an update on the Audit Subcommittee. She said the meeting was held tonight and members elected the officers: Chair-Mary LeClerc, Vice Chair-John Mitola, and Secretary-Lori Charlton. She said the Subcommittee revised the RFP for the auditor firm for the 22-23 Fiscal Year. Ms. Charlton said, typically, it is a five-year contract that has been PKF Connor Davies, but it is time to go out to bid. She said that last time, only two firms responded. She said the RFP will have to be ready in a week to be able to select the auditor in early April and present to the State at the May meeting.

Mr. DeWitt gave an update on the Purchasing Subcommittee. He said there is a meeting scheduled for February 9, 2022, with the administration and Joseph Centofanti. He said it will be the first meeting everyone will be together to discuss Mr. Centofanti's submitted changes.

Mr. DeWitt also gave an update on the Senior and Disabled Tax Relief Subcommittee. He said Mr. Curley, Sheila Marmion, and Mr. DeWitt will be meeting in person this month, but they do not have a date yet. Mr. DeWitt said he has received all the information from the Tax Assessor on Senior Tax Relief 2021. Mr. DeWitt said he will come before the BOF with an update on February 22, 2022.

Mr. DeWitt gave an update on the Budget Subcommittee and said he will get details locked down for budget meetings when he hears from Jen Carpenter.

9. Adjourn

Mr. Curley made a motion to adjourn the meeting at 11:34 pm. Mr. DeWitt seconded the motion which carried unanimously.

Respectfully submitted,

Pru O'Brien
Recording Secretary