

**APPROVED MINUTES
BOARD OF FINANCE
Minutes
June 12, 2014**

CALL TO ORDER

Chairman Hammers called the Board of Finance meeting to order at 7:05 p.m. at the Town Hall, Trumbull, Connecticut. All those present joined in the Pledge of Allegiance.

PUBLIC COMMENT

There was no public comment.

ATTENDANCE

Present

Elaine Hammers, Chairman
Andrew Palo
Paul Lavoie
Roy Molgard
Bill Haberlin

Absent

Thomas Kelly
Vincent DeGennaro, Alternate
Karen Egri, Alternate
Edward Murphy, Alternate

6-14-01 - BOND RESOLUTION

Mr. Lavoie moved, seconded by Mr. Haberlin, to read the title and Section 1 of the following proposed resolution in its entirety and to waive the reading of the remainder of the resolution, incorporating its full text into the minutes of this meeting.

Vote: 5-0-0 motion carries

RESOLUTION APPROPRIATING \$3,278,000 FOR THE TRUMBULL BOARD OF
EDUCATION CAPITAL IMPROVEMENT PLAN 2014-2015 AND AUTHORIZING
THE ISSUE OF \$3,278,000 BONDS OF THE TOWN TO MEET SAID
APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF
TEMPORARY BORROWINGS FOR SUCH PURPOSE.

Mr. O' Keefe indicated that the 2015 Capital Plan request of \$3.278 million has been broken down into categories, as follows: A = Projects that can't wait; limited to those that are critical that can be completed this year or next year. B = Projects that can be delayed with a high degree of urgency. C = Projects that can be delayed with a medium degree of urgency. D = Projects that can be delayed with a low degree of urgency. (See handout attached). We are limiting our request to those A&B projects that we can complete during the summer or during the course of the year. In addition, we removed the \$200,000 request for a Facility Assessment, as isn't appropriate for bonding. The following items are to be completed:

- Daniels Farm School – roof replacement: \$ 99,005
- Hillcrest - replace entire roof design: 38,500
- Madison – repair exterior brick walls: 1,150,000
- Middlebrook - windows: 350,000
- Middlebrook – intercom system: 37,500
- Tashua – overlay courts: 180,000
- Vehicles/tractors: 60,000
- 75,000
- \$1,990,005**

This represents a reduction of \$1,287,995, or 39%.

Mr. Lavoie asked the expected life of the intercom and the 2 vehicles. Mr. Kennedy indicated the current intercom system is failing and the expected life of a new one would be at least 20 years; the tractors are close to 50 years old; they are retiring 4 and replacing with 2. They are looking to the highway department for assistance.

Mr. Lavoie asked if they looked to leasing the equipment and adding it to the budget. Mr. Kennedy indicated that it was considered, but it was decided to put it in the capital budget given the number of years of useful life.

Mr. O'Keefe indicated that \$38,500 is the cost for the roof design at Hillcrest. Once in place the roof can be replaced next year and we will have the information to move forward. This cost can be capitalized. Mr. Kennedy indicated that most of the disruptive work would be done during the summer.

Mr. Molgard asked if the work on the Madison school wall is not done by the start of school could we put a penalty clause in the contract. Mr. Kennedy indicated that it would be possible; however, if it is an uncontrollable situation, we will have no recourse. Mr. Palo asked if the \$1,150,000 covered only the exterior walls and was told that it also included the interior wall work where they are pinning some of the steel.

Chairman Hammers asked if work has begun on the Middlebrook windows. Mr. Kennedy indicated that work has not yet started; we have the design put together. The original cost estimate was \$1,062,000.

The Chair asked if there was some way to get bids for the Hillcrest roof before coming to us for bonding. Mr. Kennedy indicated that we do the next best thing- get estimates as the design is being done. Chairman Hammers indicated that she is concerned that once we indicate what we are willing to pay; the bids will come in higher than if we did not make everyone aware of what we are willing to spend. She went on to add that she would have more of a comfort level if we have better estimates when we go out for a Bonding Resolution.

The Chair indicated that she did an overview of all outstanding bond items from the Board of Education for the last 3 years:

2011-2012: Excess of \$147,000 not yet borrowed; not spent.

2012-2013: Excess of \$300,000 left, which includes \$105,000 left from the previous window bonding funds for Middlebrook so we don't need to bond anything else. Attorney Joseph Fasi indicated that if the windows project was mentioned in that bonding then all of those remaining funds may be used for the windows.

2013-2014: Currently there is a \$157,000 excess, which is not connected to any outstanding project. These funds will simply remain.

Mr. Kennedy indicated that the Middlebrook windows are scheduled to be done by the end of summer 2015. Chairman Hammers went on to add that she feels \$350,000 is inappropriate at this time; we need to be mindful of the project dates. Mrs. Pires indicated that the \$1,062,000 originally bonded for the Middlebrook windows needs to be spent by September 2014.

Attorney Fasi went on to add that when we issue tax exempt bonds you have to spend the money within a certain period or you have to pay your investment profit back to the Federal Government. If you don't spend the money within a two-year period then the least you have to do is a calculation to determine whether you have earned a profit. What we have experienced here is a disconnect between when we communicate the need to authorize funds and the communication with respect to when those funds are going to be expended. With the school projects, there tends to be a lag between the perceived need to borrow funds and the actual date when funds are expended.

Moving forward he indicated that we are focusing on fixing that. If we don't spend the money borrowed in 2012 we will have to go through a process to identify whether or not investment profit was made and if so pay it back to the Federal Government and that is what this discussion was about.

Chairman Hammers indicated that there is \$37,500 item that may have a 25-year life; however, she is not sure why we are bonding such a small item unless there is nothing left at the year-end. Mr. O'Keefe indicated that she could delete that item.

Mr. O'Keefe indicated that there are currently 3 candidates for the Facilities Director position at the Board of Education and the Committee has made a recommendation to the Board of Education so they will be able to make the selection next week.

First Selectman Herbst indicated that he has had many conversations with Dr. Cialfi regarding the selection of a new facilities manager and he knows that Mr. Marsilio has been working with the BOE facilities department. He went on to add that we are very excited and eager for this new person to start their new position with Mr. O'Keefe and Dr. Cialfi but we really need to make sure going forward is that there is coordination between the Town and the Board of Education in making sure that the capital plan is presented holistically, in a comprehensive way, and the schedules that are provided to you are realistic and sensible and we are committed to doing that.

Mr. O'Keefe indicated that last year in March, he projected a surplus of \$400,000 and we ended up with \$500,000. In March of this year, we were looking at a deficit of \$900,000 - natural gas of \$500-600,000; electricity overruns of \$200,000; transportation issues related to Special Ed of \$200,000. We have improved since then and, as of one week ago, the deficit is down to \$100,000. We continue to make good progress on our health plan so with another good month we should come very close to budget.

Mr. Kennedy indicated that the replacement of the Intercom System would include upgrades to enhance it; not just fix it. Chairman Hammers indicated that if there is such a big safety issue with the Intercom System at the school, there is an \$875,000 account that the Board of Finance put aside for the Board of Education and if there is such an issue she is even more disturbed to think that they didn't take 38,000-\$40,000 out of that \$875,000 account, so she questions just how much of a safety issue it is. It is apparent that if we put a label on something called safety everyone will jump, except those with possession of the funds.

It was noted that the current spending done on the \$875,000 was to be for technology; Mr. O'Keefe was asked where that currently stands. He went on to indicate that the \$875,000 for smart boards, another truck, and to cover deductions from our budget. When questioned why the \$38,000 for the Intercom wasn't considered technology, he indicated that he could re-prioritize if it could not be funded through capital.

Mr. Lavoie moved, seconded by Mr. Haberlin, to change the Bond amount to \$1,467,505 to include the Daniels Farm roof replacement \$99,005; Hillcrest roof design \$38,500; the Madison wall \$1,150,000; Tashua courts \$180,000 plus a 2% bonding fee of \$ 29,350, which brings the total Bond amount to \$1,496,855.

Mr. Lavoie moved, seconded by Mr. Haberlin, to amend the motion to change the total Bond amount to \$1,500,000.

Vote: 5-0-0 motion carries

The Clerk called the role for the final adoption of the Resolution, as amended:

	AYE	NAY
Roy Molgard	X	
Andrew Palo	X	
Paul Lavoie	X	
Elaine Hammers	X	
Bill Haberlin	X	

Vote: 5-0-0 motion carries

The Board of Finance and Town Council each adopted the Resolution; however, the Town Council did not approve the request to make this emergency legislation.

The Chairman called a recess at 8:00 p.m. to move to the Long Hill Room. The meeting came out of recess at 8:05 pm in the Long Hill Room.

FISCAL YEAR 2013-2014 SUPPLEMENTAL APPROPRIATION

06-14-02	Frank Smeriglio	FROM: 20-315200	\$1,120,000
		TO: 20100000-522204 Services and Fees Contractual	1,120,000
		To cover the increase in sewer rates by the City of Bridgeport-WPCA.	

Mr. Lavoie moved, seconded by Haberlin, to transfer \$1,120,000 from 20-315200 to 20100000-522204 Services and Fees Contractual \$1,120,000.

Vote: 5-0-0 motion carries

Mr. Smeriglio indicated that the City of Bridgeport increased the sewer rates; however, our operating budget is based on the old rate. The townspeople are paying the higher rate; we are paying out of our budget at the lower rate and now have a deficit and need to appropriate funds.

Mr. Palo asked when the Fund 20 was last audited and Mrs. Pires indicated June, 2013.

Mr. Molgard asked if it is mandatory to tie into the sewers given the higher rate. Mr. Smeriglio indicated that there are allowances and you must file to receive them. You then fall under the jurisdiction of the Health Department. Currently, if there is a sewer in front of your property you must file to not connect and when the house is sold the buyer must connect.

Mr. Palo asked what the 4.2 million represented on the asset side, due from other accounts. Mrs. Pires indicated that this is what is in the General Fund and owed to the Fund 20.

FISCAL YEAR 2013-2014 TRANSFER

06-14-03	Frank Smeriglio	FROM: 20100000-522202 Service and Fees Professional	\$ 15,632
		FROM: 20100000-581888 Capital Outlay	20,000
		FROM: 20100000-597888 Principal General Obligation Bonds	26,000
		TO: 20100000-578805 Extraordinary Item	61,632
		For emergency repairs related to the sanitary sewer collection system.	

Mr. Lavoie moved, seconded by Mr. Haberlin, to transfer \$ 15,632 from account 20100000-522202 Service and Fees Professional; \$20,000 from account 20100000-581888 Capital Outlay; \$26,000; from account 20100000-597888 Principal General Obligation Bonds to account 20100000-578805 Extraordinary Item \$61,632.

Vote: 5-0-0 motion carries

Mr. Smeriglio indicated that since the beginning of April, we have had to make emergency repairs that exceeded the budgeted expectations. These are repairs where we need someone there immediately, any time of day or night. We do use the Town electricians, but the pump stations have 2 different pumps and with the control panels you have to know how they work with the pumps. These repairs had to do with the actual pumps.

FISCAL YEAR 2013-2014 SUPPLEMENTAL APPROPRIATION

06-14-04	Coleen Figliuzzi Nursing Director	FROM: Fund Balance	\$ 1,572
		TO: 01060200-501101 Full time salaries	1,572
		To cover deficit due to budgeting FT nurses at varying hours by the former Nursing Director.	

Mr. Lavoie moved, seconded by Mr. Haberlin, to transfer \$1,572 from the Fund Balance \$1,572 to account 01060200-501101 Full time salaries \$1,572.

Vote: 5-0-0 motion carries

Mr. Lavoie requested that going forward, in August, he would like to see the Board take a look at all small funding requests in aggregate when we have a better idea of what our surpluses are so we can do all the appropriations at one time. The Chair indicated that if there is a large overrun the Board would like to be advised prior to August.

Mrs. Figliuzzi indicated that the deficit is due to the variable hours used in the budgeting process by the former nursing director.

FISCAL YEAR 2013-2014 TRANSFER

06-14-05	Coleen Figliuzzi Nursing Director	<p>FROM: 01060200-501102 Part time salaries</p> <p>TO: 01060200-501101 Full time salaries</p> <p>To cover deficit due to budgeting FT nurses at varying hours by the former Nursing Director.</p>	<p>\$ 5,511</p> <p>5,511</p>
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Mr. Lavoie moved, seconded by Mr. Haberlin, to transfer \$5,511 from account 01060200-501102 Part time salaries to account 01060200-501101 Full time salaries \$5,511.

Vote: 5-0-0 motion carries

Mrs. Figliuzzi indicated that the deficit is due to the variable hours used in the budgeting process by the former nursing director.

FISCAL YEAR 2013-2014 TRANSFER

06-14-06	Susan Horton, Library Director	<p>FROM: 01070000-501102 Part time salaries</p> <p>TO: 01070000-501105 Overtime</p> <p>To cover deficit due to vacancies being filled in with current staff.</p>	<p>\$ 1,257</p> <p>1,257</p>
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Mr. Lavoie moved, seconded by Mr. Haberlin, to transfer \$1,257 from account 01070000-501102 Part time salaries to account 01070000-501101 \$1,257.

Vote: 5-0-0 motion carries

The current vacant position was being covered on Sundays by higher paid employees. In addition, it was necessary to call in an IT person on several weekends to handle a catalog issue that Town IT people can't handle.

Mr. Lavoie moved, seconded by Mr. Haberlin, to take item #6-14-08 out of order.

Vote: 5-0-0 motion carries

FISCAL YEAR 2013-2014 TRANSFER

06-14-08	D/C Michael Harry	FROM: 01022000-501104 Salaries-Vacation Weekend account	\$ 2,000
		TO: 01022000-522203 Ancillary account	2,000
The amount needed to cover the additional testing expenses incurred with the addition of Certified Officer hiring and any additional lab tests required by the examining physician.			

Mr. Lavoie moved, seconded by Mr. Haberlin, to transfer \$2,000 from account 01022000-501104 Salaries-Vacation Weekend account to account 01022000-522203 Ancillary account \$2,000.

Vote: 5-0-0 motion carries

D/C Harry indicated that they only need \$1,325. If the bill currently on the governor's desk is signed, we won't be hiring 3 certified officers. If he does not sign it, we will be able to hire them. This bill has to do with the 2 year on the job service requirement. The Chair indicated that it would not be necessary to reduce the amount.

Mr. Palo recused himself from the meeting at 8:28pm.

FISCAL YEAR 2013-2014 SUPPLEMENTAL APPROPRIATION

06-14-07	Timothy M. Herbst First Selectman Ethics Committee	FROM: Fund Balance	\$ 11,060
		TO: 01010200-522202 Services and Fees Professional	11,060
To cover legal fees related to the Ethics Complaint. Henderson vs Kelly.			

Mr. Lavoie moved, seconded by Mr. Haverlin, to transfer \$11,060 from the Fund Balance to account 01010200-522202 Services and Fees Professional \$11,060.

Vote: 4-0-1 motion carries (abstain: Mr. Palo).

First Selectman Herbst indicated that he would like to outline the details of this request. Earlier this year, the town's Internal Auditor filed an Ethics Complaint against a member of the Board of Finance who was previously a member of the Board of Education. The complaint was filed and in accordance with the Ethics Commission's Rules of Procedure, they determined probable cause existed to initiate public hearing proceedings to determine the merits of the claim. Although the complaint was withdrawn by the Complainant, the Ethics Commission and their legal counsel made the determination that because they made the finding of probable cause they had no choice but to proceed with an adjudication of the complaint. This became very involved with our attorneys. In addition, this type of work was outside of the scope of our retainer agreements. We need to consider giving the Ethics Commission a separate legal budget next year if this is what we are going to encounter when a complaint is filed.

Attorney Kokenos indicated that they had tried to do the work within the parameters of the General Agreement; however, once a subpoena was made, he had to file an objection after which he tried to avoid additional legal work.

Attorney Marino indicated that they only became involved when it became apparent that the Commission was going to need legal representation. It appeared that they were trying to deflect attention on to Chairman Lee of the Ethics Commission so he would have to recuse himself.

First Selectman Herbst stated for the record that Chairman Lee is an adjunct law professor at Quinnipiac Law School. He went on to emphasize that we cannot allow volunteers on Boards and Commissions to be intimidated from doing what they are appointed or elected to do. These seven people were appointed to the Ethics Commission to do a job and this was an effort to intimidate them so they would not perform what they are legally obligated to do. The Town has an obligation to provide all our Boards and Commissions with the legal resources they need, so they are not intimidated.

Mr. Palo rejoined the meeting at 8:45pm.

INTERNAL AUDITOR AUDIT PLAN

The Board of Finance discussed Mr. Henderson's Audit Plan presented last month, highlighting the following items to be included in the Audit Plan for next year:

- The Chair indicated that she would like to have a better understanding of how the Police Department schedules overtime. More specifically, the Chair indicated that she wants to know to know what process is used to assign overtime; what causes the need for so much overtime. For example, is it lack of manpower or the minimum manning requirement; does it have to do with vacations or unlimited sick time; does taking a special duty assignment impact overtime and if so how. We are not looking for something that is wrong; simply want to know the process.
- Mr. Palo indicated that he would like to know what the Tree Warden position involves; is there a plan in place; what is the actual process used to meet objectives of plan.
- Fuel and Energy; an analysis that includes electric, fuel and gas consumption currently used by the Town and the BOE; perform a review of the procurement contracts to compare rates.
- Update on previous audits, including the Counseling Center.

Mr. Henderson indicated that the update most likely be available at the August meeting.

By unanimous consent, the Board moved to approve the Internal Auditor's Audit Plan as presented for 2015.

TREASURER'S REPORT

Mr. Ponzio was not present. The Chair indicated that the report is through the end of May for 11 months. If interest earned next month matches this month's earnings, annual earnings will meet, if not exceed, the budgeted amount.

YEAR TO DATE REPORT

Mrs. Pires addressed the following overages in the report:

- Legal notices are over budget.
- Salaries - need to transfer funds from contingencies. Only transfer what is needed.
- Tax Assessor - \$10,000 - \$15,000 to pay for an appraisal, etc., in connection with the Mall Tax Appeal.
- The Purchasing Agent retired and there will be funds available to transfer.
- Retirement – Defined Contribution Plan is over budget. There were more new employees than originally anticipated. Should have enough funds to transfer and won't need to do supplemental.
- Material and Supplies account at the Town Hall is over budget:
 - 3 AED machines were purchased for the High School, since the Board of Education claimed they could not fund these 3 and it was an emergency.
 - Purchased batteries for machines currently in use.

- Police Department overtime is currently over budget \$246,000. This represents a 61% overage; we are not done with the fiscal year.
- Fuel – gas for vehicles, equipment etc., is \$71,000 over budget.
- Tree Warden requested \$5,000 today for additional tree work; should be enough in the account to cover a transfer.
- EMS cell phone account is over budget due to a new phone system; there should be enough to cover with a transfer.

APPROVAL OF MINUTES

Mr. Lavoie moved, seconded by Mr. Molgard, to approve the minutes of the May 8th meeting.

Vote: 4-0-1 motion carries (abstain: Mr. Haberlin)

By unanimous consent, the Board approved the minutes of the May 15th mill rate meeting.

Vote: 5-0-0 motion carries.

ADJOURNMENT

By unanimous consent, the meeting adjourned at 9:25 p.m.

Respectfully submitted:

Phyllis C. Collier, Clerk – Board of Finance