

APPROVED MINUTES
BOARD OF FINANCE REGULAR MEETING

December 16, 2008

7:30 PM Room 206

The meeting was called to order by Chairman Murry Stegelmann at 7:36 PM. Members present were Mr. Stegelmann, Gwen Mogenson, Tom Volpe, Lori Bora and Jon Zagrodzky. Absent were Martha Banks and Liz Mao. Kate Buch, Finance Director was also present. No members of the public were in attendance and the meeting was televised on Channel 79.

TRANSFER REQUESTS

The Board again addressed a transfer request for \$11,000 to fund a drainage project on Pasture Lane. This request was deferred at the November meeting, since the final quote was significantly higher than the initial construction estimate. Bob Steeger provided additional project detail via e-mail and noted that the Pasture Lane work was bid as part of the larger Laforge Road project in hopes of reducing costs. The Pasture Lane work was engineered in-house and required several changes that were not specified in the initial bid.

Ms. Bora noted that Mr. Steeger replied to a narrow issue re: the specific Pasture Lane bid but no one from the Board of Selectmen or Public Works has addressed the Board of Finance's larger issue that construction costs are coming in significantly over the accepted bid amounts. Given, the large scope of potential flood mitigation projects and the weak economic outlook, the Board of Finance remains greatly concerned about the risk of construction cost escalation. Mr. Stegelmann indicated that he would instruct Ms. Banks to make these concerns known, in writing, to the First Selectman and the Director of Public Works.

Ms. Mogenson then moved to approve the transfer to fund the Pasture Land project, which was seconded and unanimously approved.

There were two transfer requests related to November 2008 election costs. \$2500 to pay for town hall employee overtime since comp time could not be granted. Mr. Volpe moved the motion, which was seconded and unanimously approved. \$2,661 was requested to pay election workers used for a state mandated manual recount of District 6. Ms. Mogenson, who was one of the recount workers, informed the Board that Darien District 6 was randomly chosen by the State for a 100% manual recount of all national and state candidate votes to validate the reliability of the optical scanning machines. The recount activities were closely monitored by members of the state level League of Women Voters. In Ms. Mogenson's opinion, it seemed the scanner results were very accurate but she noted that she did not stay until the complete end and did not know if there were state tolerance guidelines. MS. Buch

noted that there may be partial state cost reimbursement available. Ms Bora moved the transfer motion, which was seconded and unanimously approved.

Ms. Buch presented a salary transfer request for \$349,847 from the Contingency and Police Services Salary Accounts to various Salary Expense accounts. The Police transfer relates to moving a detective to the patrol force (no change in overall headcount). Non-union employees, and/or unions still under contract negotiation at budget time are budgeted at current salary levels and funds for any subsequent raises must be transferred from the Contingency account. This transfer request reflects these subsequent raises. Ms. Buch had previously provided e-mail documentation that the raises, as approved by the Board of Selectmen, were within reasonable limits and that there was no overall increase in headcount. She stated that \$20,000 remains in the Contingency Reserve, which is unlikely to be used because of the Town Hall hiring freeze. Mr. Volpe moved the motion, which was seconded and unanimously approved.

FINANCIAL REPORT

Ms. Buch then reviewed the monthly Finance Reports. Unfavorable variances likely to require future transfers include; an upcoming request from Channel 79 for additional funds, a switch from using compensating bank balances to direct payment of bank fees, and a very high level of Police Dept overtime. Ms. Buch is working closely with the Town Treasurer to negotiate the level and means of paying the bank fees that will be billed as of calendar year end. The Board discussed the Police Dept overtime issue. Seven officers are out on disability and one is attending the police academy. This is producing an expected \$200,000 - \$300,000 budget overrun, although the chief is taking steps to reduce the amount. Mr. Stegelmann will contact Chief Lovello and ask him to attend a future Board of Finance meeting to explain this situation.

Ms. Buch also distributed an update of preliminary, November 2008 YTD pension fund returns per Robeco Investment Management. The pension funds are currently invested 50% in bonds and 50% in equity. The YTD blended investment net return is a loss of -14.6% which is slightly worse than the -14.4% benchmark blended index, which assumes 40% invested in bonds and 60% in equity. Mr. Volpe, who is on the Pension Board, noted that the fund manager has explicit investment guidelines which prohibit investing in derivatives, and that the fund manager provides detailed transaction reporting. Mr. Volpe also reiterated his statement that Darien has no exposure to the Bernard Madoff investment scandal. Mr. Stegelmann thanked Mr. Volpe for taking the initiative in making that fact publicly known to the local press.

2009 MEETING SCHEDULE

The Board rescheduled the regular August 2009 meeting date to Thursday August 27th, the evening of the first day of school. This helps to ensure that all members are

back in town from summer vacations. Ms. Mogenson moved the amended calendar for approval which was seconded and unanimously passed.

APPROVAL OF MINUTES

November, 18, 2008. Of tonight's attendees, only Ms. Mogenson and Ms. Bora attended the Nov 18th meeting, thus were the only members qualified to approve those minutes. The 11/18/08 minutes reference approval of 10/21/08 minutes "as amended". The 10/21 minutes were amended to note that the Board moved to consider "other Business." The contents of the "Other Business" discussion were already included in the 10/21/08 minutes. Ms. Bora moved to approve the minutes of the November 18, 2008 meeting, Ms. Mogenson seconded, and it passed 2-0.

SPECIAL ASSIGNMENTS

Liz Mao was not in attendance to give a Police Building Committee update. Mr. Stegelmann had no update on Flood Mitigation. Mr. Stegelmann and Ms. Buch had no update for OPEB. Ms. Mogenson noted that the town energy committee is very interested in moving the town towards greater use of more energy efficient LED lighting where possible. The Town Hall contact is facilities director, Mr. Pat D'Arinzo. The town will implement a new LED stop light somewhere in town very soon and it will be interesting to see if anyone notices.

Ms. Bora gave an update on the 35 Leroy Avenue (Old Library) Advisory committee activities. The 7 member group meets weekly, prepared questions for the RFP and reviewed the bids received. The proposal request specifically stated that the existing library building be used, although smaller, outbuildings could be added. 2 bids were received and one bidder subsequently withdrew. The remaining not for profit bidder, representing a group of contractors, is presenting 4 site alternatives with 14—21 units, some owned and some lease proposals.

Ms. Bora noted that once a site use decision is made, it will be at least one year to ground break at the 35 Leroy site to develop affordable housing since any developer will need state approval. She anticipated that it would be 2 to 2 ½ years from site use decision to move in. Mr. Stegelmann questioned what the property holding/maintenance costs would be during the idle period. Ms. Bora said they should include only minimal electric to run the security system and regular maintenance costs like mowing and plowing. Board members expressed concern that it not be deemed a vacant property subject to vandalism.

M. Bora also clarified the property tax revenue stream: if rental units, the town will receive property taxes from the developer. If owned units, the town will receive property taxes from the occupants based on income.

CHAIRMAN'S REPORT

Mr. Stegelmann reported that 1/27, 1/28 and 1/29 have been proposed as joint budget planning meetings with the Board of Selectmen. Saturday, 1/31 has been set for the review of town hall department performance measures. At our next meeting we will have to clarify individual Board member budget area assignments and integrate Mr. Hovell's previous assignments.

OTHER BUSINESS

The Board voted unanimously to move to Other Business upon motion by Ms. Mogenson., which was seconded and approved unanimously. They then considered a \$600 transfer to cover Darien's rental of equipment for the Nov 2007 election. The bill was received very late and was not eligible for state reimbursement. Mr. Volpe moved the motion, which was seconded and unanimously approved.

After the meeting agenda was set, the Board of Finance was asked to approve a \$42,000 transfer request for exterior Town Hall lighting. This request was reviewed by the Board several months ago and was sent back to the Board of Selectmen with a request for further information. At that time, this Board felt that the request for additional funds was more a matter of aesthetics than functionality. Mr. Stegelmann noted that the current transfer request was received less than 24 hours before the 12/16 meeting and he did not understand why this was being presented as a safety issue if it had not been addressed during the several months since last being proposed. He requested Ms. Mogenson to follow up with Mr. D'Arinzo about this proposal and the overall plan to introduce LED lighting in general.

ADJOURNMENT

Ms. Bora made a motion to adjourn the meeting. The motion was seconded and the meeting was adjourned by Chairman Stegelmann at 8:43 PM.

Respectfully submitted,

Gwen Mogenson, Acting Clerk