

TOWN OF EAST HADDAM
BOARD OF FINANCE
Regular Meeting
February 10, 2014
Town Grange

CALL TO ORDER

The regular meeting of the Board of Finance as called to order at 7:00 pm by Chairman Susan Link.

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:
Susan Link, Chairman
Robert Bennett, Secretary
William DiCristofaro
Bruce Dutch
Raymond Willis

Others:
Mark Walter, First Selectman
Deb Denette, Town Clerk & Recording Secretary
Denise Dill, Tax Collector
Cindy Varricchio, Finance Director

APPROVAL OF AGENDA

Mrs. Link stated that she would like to add an Executive Session at the end of the agenda for purposes of personnel and negotiation.

Motion was made by Mr. Dutch motioned to approve the agenda with the amendment of an Executive Session. Mr. Bennett seconded the motion and it was unanimously approved. Motion carried.

APPROVAL OF MINUTES

Mrs. Denette raised a point of order. She stated that the minutes before the Board for approval have been modified beyond clarity and format. She stated that content has been removed. She added that alterations to the minutes regarding content is the responsibility of the Board. Mr. Walter stated that the statement in question was removed because it could have an impact on union negotiations. There was no further discussion.

Mr. Bennett requested an amendment to the minutes on page four, New Business, Item A— Gift Acceptance—InCord Ltd. should read "...to request the Board of Selectmen..."

Motion was made by Mr. Dutch to approve the minutes of the January 13, 2014 regular meeting with an amendment on page four, New Business, Item A—Gift Acceptance—InCord Ltd. to read "...to request the Board of Selectmen..." Mr. Bennett seconded the motion and it was unanimously approved. Motion carried.

CORRESPONDENCE

Nothing noted.

CHAIRMAN'S REPORT

a. Tax Collector Report:

Mrs. Dill reported that her office has been busy. She noted that the reports provided closed out January 31, 2014. She stated that February 3, 2014 offered the last date to pay taxes without late penalty and that it was a busy day. She stated that tracking is slightly better than last year at this time.

FIRST SELECTMAN'S REPORT

Mr. Walter noted that a public hearing will be held on March 4th for the two Route 82 bridge projects. He stated that there will be significant impact to traffic.

a. 4-8 Middle School Revised Audit:

Mr. Walter reported that he, Mrs. Varricchio and Representative Ziobron had a very successful meeting with the State Department regarding audit findings for the 4-8 Middle School project. The Town will be made whole in the final reimbursement. It was learned that incentive bonuses are not reimbursable expenses. The following breakdown was reviewed with regard to the closing of the project:

Monies owed to Webster Bank	\$550,510
The project owes the Town of East Haddam	<u>65,776</u>
Total due from project	625,286
Less state reimbursement	(668,550)
Less project checking account funds	<u>(21,886)</u>
Net remaining funds due to Town	<u>\$ 65,150</u>

The Town's reimbursement will exceed project liabilities by approximately \$65,000. Discussion on where such reimbursement should be deposited was held. Mr. DiCristofaro suggested depositing it to offset future debt service. Mrs. Link advised that the Board of Finance used to fund future debt service to keep the mill rate as level as possible; however, such funding has not occurred in recent years. Mrs. Varricchio stated that policies should be developed for all reserve funds. Presently only the open space reserve fund is guided by policy.

Mr. Walter advised that bond rating agencies do not like reserve tapping. He further noted that having reserves for purposes that are not specified puts the town in a less favorable position during negotiations.

b. Shared Services Update

Mr. Walter reviewed the shared services report in its entirety. Mrs. Link requested that the report be forwarded in advance rather than at the meeting. School safety requirements were noted to be included at the end of the report.

Appreciation was extended to Mr. DiCristofaro who encouraged the Town to file an insurance claim through coverage it did not know it had through CIRMA. This insurance resulted in \$10,000 insurance proceeds after the \$5,000 deductible was met on the Shady Brook assessment appeal. Administrative Assistant, Linda Zemienieski was reported to be pursuing other potential back claims pursuant to this policy.

FINANCE DIRECTORS REPORT

a. January YTD Budget Report:

Mrs. Varricchio reported that the only concern to date is legal.

Mrs. Link raised concern regarding fringe benefits and insurance as it is at 72% already. Mrs. Varricchio stated that she will double check and report back, however, she believed that it was attributable to the second H.S.A. contribution being made in January.

Mrs. Varricchio reported that some costs are front loaded, creating the illusion that the account will be over budget.

Brief discussion was held relative to unanticipated tuition payments that will be received from other school districts for students educated in East Haddam. Such payments will go directly to the general fund.

LIAISON REPORTS

Mr. Willis stated that he has been involved in discussions with Board of Selectmen Technology liaison Ernest Malavasi, IT Manager Mark Knittel, Superintendent of Schools Mary Beth Iacobelli and Mrs. Varricchio regarding technology for both the Town and the Board of Education. Mr. Willis noted that technology represents approximately \$400,000 of the Shared Services budget. Mrs. Link queried if all of this technology for education is really needed, she stated that there may be more value on putting teachers in front of students.

Mr. Willis added that leasing options are being considered for technology. Mrs. Link reviewed history regarding the technology budget. It was also noted that acquisition of the hardware is not the major factor in the expense of the technology budget, but rather the software and maintenance agreements. Mr. Willis stated that the refresh cycle is also being reviewed.

Mr. Bennett reported that the Open Space Committee is reviewing additional properties and was discussing requesting additional bond authority for purchases. They recognized that it was not a good time to bring such request forward.

Mr. Bennett noted that much discussion has been occurring with emergency management regarding traffic and safety issues that will result with the anticipated bridge closings.

Mrs. Link reported that she has been attending the Board of Education meetings. She stated that they have been better attended than usual. Mr. Willis opined that the district is top heavy with administrators. Brief discussion regarding the school surveys was held.

Mr. Walter and Mrs. Varricchio noted that they had a meeting with labor counsel and our health insurance benefits consultant. Mrs. Varricchio reported on the upcoming "Cadillac" tax for insurance benefits and how that will impact the costs of health insurance. It was noted that our PPO plan already exceeds the "Cadillac" amount that goes into effect for 2018. It was further noted that the "Cadillac" tax is a 40% tax on the cost of insurance that exceeds the established threshold. What will need to be determined is who pays for that tax—the employee, employer or a combination. The tax will come into play with collective bargaining contracts that extend into 2018. Mrs. Link asked why she had not been involved in those discussions. Mrs. Varricchio stated that we will be certain to include Mrs. Link in the future.

Mrs. Link encouraged board members to work with their liaison departments to understand their budgets in advance.

GUESTS AND AUDIENCE COMMENTS

Nothing noted.

OLD BUSINESS

Nothing reported.

NEW BUSINESS

a. **CERT Grant Application:**

Emergency Management Director Craig Mansfield is seeking a \$1,500 grant for equipment for the CERT team. There are no matching funds required.

Motion was made by Mr. Bennett to authorize the CERT grant application for equipment for the CERT team. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

b. **Green Committee Grant Application:**

Mrs. Nancy Pincus requested approval for the Green Committee to submit a grant in the amount of \$500 to benefit the Food Bank Community Garden. \$200 will be used for the purchase of seed and other projects. \$300 will be used for fence repair.

Motion was made by Mr. Bennett to authorize the Green Committee Grant application to benefit the Food Bank Community Garden. Mr. Dicristofaro seconded the motion and it was unanimously approved. Motion carried.

OTHER/FOLLOW UP ITEMS

a. Proposed Elementary School Project Operating Costs:

Mrs. Varricchio reported that staff is working with O & G, however, they are "not there yet" in getting the information requested by the Board.

b. Assessment Appeal Insurance:

Discussed under First Selectman's Report.

Motion was made by Mr. Bennett to enter into an Executive Session at 8:14 pm for the purpose of personnel and negotiations with invited guests Mrs. Varricchio and Mr. Walter. Mr. Dicristofaro seconded the motion and it was unanimously approved. Motion carried.

EXECUTIVE SESSION

Motion was made by Mr. Bennett to exit Executive Session at 8:35 pm. Mr. Willis seconded the motion and it was unanimously approved. Motion carried.

Motion was made by Mr. Bennett to adjourn at 8:35 pm. Mr. Willis seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Susan Link
Chairman