

Board of Finance December 13th, 2023
Meeting Minutes

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Minutes of Board of Finance December 13th, 2023, Regular Meeting - 12/13/23

Date and time: 12/13/23 07:00 pm to: 12/13/23 08:08 pm

Present: Brooke Stevens, Rec Secretary (* Ms. Stevens was not in attendance), Denise Hall, Chairperson, John T. Birmingham, Paul Maxfield, Lauren McNamara, Jay Ginsberg, Richard Steel

CC: Kevin Gervais, Finance Director, Dan Cunningham, First Selectman

Location: East Lyme Town Hall, Upper Conf. Room, 108 Pennsylvania Avenue

Topics

1. Call Meeting to Order & Pledge

Note First Selectman Cunningham called the December 13th, 2023, Regular Meeting of the Board of Finance to order at 7:00 p.m. and asked Mr. Steel to lead them in the Pledge of Allegiance.

2. Board of Finance Elections

2-1. Election of Chairman

Note Mr. Cunningham called for nominations for the Board of Finance Chairperson.

Note MOTION (1)

Mr. Maxfield nominated Ms. Hall for Board of Finance Chairperson.
Ms. McNamara seconded the nomination.

Note There were no further nominations for the Board of Finance Chairperson.

Decision MOTION (1) Vote:

Motion carried, 6-0-0; Ms. Hall is the Board of Finance Chair.

2-2. Election of Vice-Chair

Note Chairperson Hall took over leading the meeting and called for nominations for Vice-Chair.

Note MOTION (2)

Mr. Birmingham nominated Mr. Maxfield for the Board of Finance Vice-Chair.
Ms. McNamara seconded the nomination.

Note There were no further nominations for the Board of Finance Vice-Chair.

Decision MOTION (2) Vote:

Motion carried, 6-0-0; Mr. Maxfield is the Board of Finance Vice-Chair.

3. Delegations

Note There were none.

4. Approval of Minutes

4-1. Regular Meeting- September 13th, 2023

Note See attached minutes.

 [minutes \(1\).pdf](#)

Decision MOTION (3)

Mr. Maxfield moved to approve the Meeting Minutes of September 13th, 2023, as presented.

Mr. Birmingham seconded the motion.

Motion carried, 5-0-1.

Mr. Ginsberg abstained from the vote as he is a newly elected member of the Board.

4-2. Special Meeting - October 2nd, 2023

Note See attached minutes.

 [minutes \(2\).pdf](#)

Decision MOTION (4)

Mr. Birmingham moved to approve the Special Meeting Minutes of October 2nd, 2023, as presented.

Mr. Maxfield seconded the motion.

Motion carried, 4-0-1.

Mr. Steel and Mr. Ginsberg abstained from the vote.

4-3. Special Meeting - October 5th, 2023

Note See attached minutes.

 [minutes \(1\).pdf](#)

Decision MOTION (5)

Ms. McNamara moved to approve the Special Meeting Minutes of October 5th, 2023. as presented.

Mr. Birmingham seconded the motion.

Motion carried, 5-0-1.

Mr. Ginsberg abstained from the vote.

4-4. Special Meeting - October 25th, 2023

Note See attached minutes.

 [minutes \(2\).pdf](#)

Note MOTION (6)

Mr. Steel moved to approve the Special Meeting Minutes of October 25th, 2023.

Mr. Birmingham seconded the motion.

Note Mr. Steel asked if Ms. Stevens, the Recording Secretary, was present for this meeting and Mr. Gervais explained that she did the minutes from a recording as she has an additional meeting at the same time.

Note Mr. Steel said he felt that the notations around the discussions was pretty light, the minutes aren't verbatim of the discussion, but he would like to see more detail going forward.

Note Ms. Hall said if they're following Robert's Rules of Order the only thing that has to be in the minutes, is the discussion of the action items taken, and not a verbatim of everything that was said at the meeting.

Note Mr. Steel said a little bit more content would be helpful for anyone looking through the meeting minutes.

Note Ms. Hall said they can vote to approve the minutes with the caveat that they will update whether or not the Recording Secretary was present.

Decision MOTION (6) Vote:
Motion carried, 5-0-1.

Mr. Ginsberg abstained from the vote.

5. Reports

Note Ms. Hall welcomed Mr. Ginsberg to the Board and congratulated Mr. Steel and Ms. McNamara on their reelections.

5-1. First Selectman

Note Mr. Cunningham said some of the following:

He would like to reiterate the welcome to everyone, the new members as well as the existing members of the Board.

He looks forward to working with everyone in a collaborative spirit.

Moving forward, he's the Chair for the Water and Sewer Commission.

He wants to bring to their attention that the Commission ratified a decision to opt out of what they call PFAS.

PFAS is a chemical that can migrate into water supplies and water systems.

There is a class action lawsuit against 3M and DuPont, and there was a very tight time frame to opt out of being a member of the class for that settlement.

Upon the advice of the Attorney General's office and our own counsel, they all agreed that the right choice of action is for the town was to opt out of the settlement.

Note Mr. Cunningham further explained that we don't know what exposure we have, it may be minimal., it may be zero, and the feeling is that the potential payout to the towns, if we did have PFAS, would not be enough to satisfy what we would have to do to clean up the water and create another well.

He added that another more important factor is that the settlement includes an indemnification agreement; if someone contracts a disease based on exposure and they sue the town, or they sue 3M or DuPont, we will have to indemnify 3M or DuPont to the extent that a person recovers damages, because we were a member of that class, and this really inflates our liability.

Mr. Cunningham clarified that this way, we still have the right, in the unfortunate circumstance that we do have some exposure, to sue DuPont and 3M, and everyone agreed that this is the most prudent course of action. He added that they really didn't have enough information in terms of exposure, to act otherwise.

Note Mr. Cunningham and the Board further discussed PFAS and potential liability issues.

Note Mr. Cunningham noted that he attended the CCM conference and that it was very helpful in regard to an issue he's currently looking at.

Note Mr. Cunningham also shared the following:

At his first Board of Selectmen meeting, he distributed a second Code of Ethics.

He did this to set the tone moving forward and to convey to both the public and the Board where he's coming from, and how he intends to handle matters.

He's also been studying the East Lyme Hazardous Mitigation Climate Adaptation Plan Update.

One thing that stood out to him was the ratings of the dams in town.

The one behind Pattagansett Lake is rated "D."

He really wants to investigate this further, because if damaged, the result on the town would be catastrophic.

That dam controls all the water in Pattagansett Lake.

He would like to get the State involved with this endeavor as well.

It seems like there's a vulnerable point that we need to pay some attention to.

Note Ms. Hall said she applauds him on the additional Code of Ethics Policy and would love to have it shared with this Board as well. She said she thinks it would be helpful for Members to sign off on whether they have any conflicts of interest.

Mr. Cunningham pointed out that you don't always know ahead of time if there's a conflict, so it can be stated on the record when those situations arise.

Note Ms. Hall said she doesn't know if the Board of Selectmen plans to update the Procurement Policy, but that would be a good policy for the Board of Finance to be familiar with.

Task Mr. Cunningham said he will send the Board a copy of the additional Code of Ethics as well as the Procurement Policy.

Owned by Dan Cunningham, First Selectman

5-2. BOE Quarterly Report

Note Ms. Hall reminded everyone that the Superintendent Report has been a standing agenda item for the last few years, and after speaking with Eric Bauman and Jeff Newton, they agreed that the BOE Quarterly Report coupled with a standing invitation would better address any budgetary concerns that pertain to the Board of Education.

Note Ms. Hall explained how a new Connecticut law requires the public-school systems to provide a quarterly report of their revenues and projected year-end numbers. She explained that this is the first report and that they can contact the Board of Education after they review it, if needed.

 [BOE Quarterly Report.pdf](#)

5-3. Director of Finance

Note Kevin Gervais, The Director of Finance, provided updates on various finance-related matters, including the McCook's Beach seawall repair, implementation of new accounting software, exploration of new software options, and the audit update.

Note Mr. Gervais said some of the following:

next month we will have a little more to share as far as numbers go.

In terms of the McCook's seawall, we don't have solid numbers yet, but the Engineering Department is working with Parks and Rec as well as our insurance agency, to try to resolve this issue.

Insurance has already preliminary rejected the claim.

Preliminary estimates indicate hundreds of thousands of dollars to repair this wall correctly.

There's a one-time patch we can do that will range from \$40,000 to \$60,000, but with one storm, that \$60,000 will wash right away, so that measure is not advisable.

This item is exactly why he have a Contingency Fund.

This also a great example of why we need to work towards a Coastal Resiliency Fund.

Part-time seasonal help for Parks & Rec is running a little over budget.

There's been a substantial turnover during the last year and the length of time for some seasonal help had to be extended a result.

They will be bringing that forward to a future meeting to present a transfer for this expense.

We are trending very well with interest income.

At next meeting we will have an update for the ARPA projects.

He and Mr. Cunningham sat in a meeting with the MFAC, Municipal Finance Advisory Council, to present to them our 2022 audit.

Note Mr. Steel asked how long the seawall at McCook's has been deteriorating and Mr. Gervais detailed how the bad storm we had at the end of November caused this damage.

Note Mr. Steel also asked about the future ARPA update and Mr. Gervais explained that he was referring to the accounting, but that he can ask for an update of what the funds have been spent on, but he's not sure he will have this information for the next meeting.

Note Mr. Gervais noted that last night at the Water and Sewer meeting, they closed out two ARPA projects which would have totaled \$190,000, and they now have a request into the Board of Selectmen to reallocate that money to another project.

Note Mr. Gervais further reported the following:

We are updating our accounting software.

Everything will go live July 1, 2024, except payroll and utilities.

Utilities will go live January 1, 2025.

We will move payroll over six months after we move everything else over.

July 1, 2025, we implement utility billing within Munis.

We've had about 30 full days of implementation already.

There are 40 scheduled between now and July 1.

He, the Deputy Finance Director, and Maryanne Stevens of the Board of Ed, are sitting in meetings once or twice a week, all day, from 8 a.m. to 4 p.m., implementing this software.

This will bring many offices up to date.

He's spoken with the Treasurer, and he thinks it's time we go up to RFP.

We currently use two banks, one in town and one that is not in town.

We're going to put together an RFP and look at the options.

He's going to continue to explore new software- OpenGov, ClearGov, DebtBook, and LeaseCrunch.

He just wants the new members know what they're working on in the Finance Office.

Recently they kind of decentralized cash receipts in the Town Hall as well.

Note Mr. Gervais discussed financial statement audits, how they're striving to get on track, so that we do not have to file extensions anymore, and he provided the Board with a timeline.

Note Mr. Gervais gave a brief synopsis of the Finance Office and the positions that currently exist within his office.

Note Mr. Gervais said in terms of the Capital Committee, it's a matter of balancing what we can afford vs. the capital needs in the next 5-10 years. He noted we have about \$80 million in debt, a lot of needs coming up, and there's a tremendous need for the capital projects to be prioritized and a long-term strategic plan developed.

Note Mr. Gervais mentioned an OPEB Trust and said our OPEB liability is \$11 million, give or take. He thinks it would be good to establish a trust so we can start putting money aside for that, which would be similar to what we do for the pensions.


Note Mr. Gervais explained that "OPEB" stands for post-employment benefits, is basically healthcare for retirees, and is something that's also been cited by the rating agencies as something that we should do; even if it's a nominal amount of money, it shows that we're cognizant of the liability that's out there.

Note Mr. Cunningham shared the following:
He was part of a zoom meeting today with Mr. Gervais and the State of Connecticut.
There were several other towns who have also gotten behind on their filings.
He closely followed the demeanor of the committee towards representatives from other towns.
When they got to East Lyme, Mr. Gervais did such a fine job, that the whole tone of the committee changed.
They were very receptive and could see the great amount of work Mr. Gervais has done.
He himself, commends Mr. Gervais on the work he's done.

6. New Business

6-1. Review BOF Bylaws

Note See attached draft.

 [3791_001.pdf](#)

Note Ms. Hall reminded everyone that she previously recommended changing Article IV., under election of officers, by adding "filling vacancies" so there's no question about the nomination process if someone departed from the Board. She said after the portion that pertains to the election of Chair, the following should be included as a new paragraph:

"If a vacancy occurs on the board, the chair will take the nominations for candidates to fill the vacancy. After all nominations are completed, the Board Members will vote in the order the nominations were made."

Note Mr. Ginsberg said he wants to make sure the process won't preclude someone from providing their qualifications or resume, and Ms. Hall replied that she thinks the process will allow for that; interested parties can put forward their name and state any reasoning at that time.

Note Mr. Steel observed that it's nice to have someone speak on your behalf, but he thinks it's also very nice to have the candidates speak on their own behalf. He added that there needs to be due time from receipt of materials, so that the Board may review any resumes or the like, prior to voting.

Note Ms. Hall said she concurs and doesn't think the language she chose precludes that; it's just about the actual voting process.

Note Ms. Hall explained that fulfilling of vacancies is contingent upon the State's minority representation law.

Note Ms. Hall said they previously discussed how changing the meeting time to 5:30 p.m., under Article VII, would be more practical especially if they have Town workers come in to present an item, and will also allow the Board Members to get home at an earlier time, should their meetings run late.

Note Ms. Hall said Article VII also has some language regarding how the recordings are being maintained by the Town Clerk, and Karen Galbo brought it to their attention that they aren't doing this anymore and that this had never been changed. She said instead, it will state that the recordings will be available on the Town Youtube Channel and maintained on the Town's website.

Note Mr. Ginsberg said he was approached by someone who was very upset, and who claimed they couldn't get on the Town website to look at an item they wanted to see. He wonders if they should have something in there for people that might not have internet access, and perhaps suggest the library since they do have internet access for people.

Note Mr. Maxfield said he doesn't think the availability of internet access needs to be part of the bylaws. Mr. Steel concurred and remarked that it could be good public service for the Town to state how they can obtain internet access if they don't already have it.

Decision MOTION (7)

Mr. Ginsberg moved to adopt the BOF Bylaws with the changes discussed.

Ms. McNamara seconded the motion.


Motion carries, 6-0-0.

Task Ms. Hall asked Mr. Gervais to circulate the revised bylaws and to file them with the Town Clerk.

Owned by Kevin Gervais, Finance Director

6-2. Unfinished Business- Finance Annual Calendar

Note See attached calendar.

 [3792_001.pdf](#)

Note Ms. Hall noted that at their next meeting, they will determine what items they want to discuss at their scheduled meetings. Mr. Gervais said he will send out the latest draft tomorrow.

Note Ms. Hall said they can also set up the budget hearing schedule as well.

Decision MOTION (8)

Mr. Maxfield moved to accept the BOF Meeting Schedule for 2024 as presented.

Mr. Birmingham seconded the motion.

Motion carried, 6-0-0.

7. Public Discussion

Note There was none.

8. Board Comments

Note Mr. Steel offered some of the following comments:

Under Article VII of our Bylaws it states that Board action will take place only on those items specifically listed as part of the written agenda for that particular meeting, but that items may be added to the agenda of any regular meeting by a two-thirds vote of those present and voting.

They might want to have Additions to the Agenda as one of the agenda items for each meeting.

He wanted tonight's meeting to include an item regarding their Fund Balance Policy.

When they approved that, they agreed they would strive for 17% of the budget, for the Fund Balance.

The amount they can withdraw was also capped at .5%.

Last year we borrowed 2.3 million, the year before we borrowed 1.3 million, the year before that, \$900,000, the year before that, \$600,000.

\$400,000 as a cap for a 80 million budget seems a very hopeful amount.

He thinks it's hopeful given they just created a Human Services Department, which he applauds, but he doesn't recall that any of their agendas had approval of those funds for the creation of that department.

He's also concerned with the number of police officers he sees out there and the potential for overtime, which could lead into a tremendous pension liability.

We also have the Coastal Resiliency Fund that they need to start building up.

We have an Open Space Fund and if the grant for the Land Trust goes through to the Town for the acquisition of the 3 properties, which include portions of the Hathaway Property, Oswegatchie, and Ravens Wood.

This acquisition will drain the Open Space Fund.

He thinks Open Space is an important budgetary item to have going forward.

Mr. Gervais also mentioned a Grant Fund as well as the OPEB Fund.

We have a lot of liabilities in terms of finances here and he wants to keep the financial house in order but not break the backs of our taxpayers.

98 to 99% of the schools' budget is fixed.

He would like a reevaluation of that 0.5% and would like this item added to the agenda for the next month.

Note Ms. Hall said she too would like to have a full understanding of police overtime and their pension, but thought it made sense to bring it up as something this Board would like to look at; make it a request for Mr. Cunningham and Mr. Gervais, and it can later be made a formal agenda item.

Note Mr. Steel said he thinks this goes way beyond the police category and that they have a host of issues to discuss.

Task Mr. Gervais said he will bring an example of the private duty billing to demonstrate how everything is broken down, to their next meeting. He will also invite Chief Finklestein in case he wants to contribute to this discussion.

Owned by Kevin Gervais, Finance Director

Note Mr. Steel wonders if they should move to an electronic form of packets like the Board of Education has, especially if Mr. Gervais is able to create a shared drive to store all their documents in.

Note Mr. Steel said they also approved ARPA Funds for the town to use Zoom so hybrid meetings can be held; since we have the equipment it would behoove them to try to get more community participation.

Note Ms. Hall said holding hybrid meetings would be nice, but you have to have someone operating the Zoom, allowing people in, and so forth. She added that they haven't been successful in getting a student to come in to operate their equipment.

Note Ms. Hall asked if everyone has a laptop or iPad to use in lieu of paper packets and the entire Board replied in the affirmative. She suggested that Mr. Gervais only print a packet if asked by a Member.

Note Ms. Hall said she appreciates Mr. Steel's comments, and that he brings up a lot of good points.

9. Adjournment

Decision MOTION (9)

Mr. Maxfield moved to adjourn the BOF December 13th, 2023, Regular Meeting at 8:08 p.m.

Mr. Birmingham seconded the motion.

Motion carried, 6-0-0.

Note Respectfully Submitted,
Brooke Stevens, Recording Secretary

Next Meeting

Meeting title: Board of finance december 21st, 2023, special hybrid meeting
Date and time: 12/21/23 09:00 am to: 12/21/23 09:15 am
Location: East Lyme Town Hall, Upper Conf. Room, 108 Pennsylvania Avenue
& Via Zoom

Task Summary

New Tasks

Task Mr. Cunningham said he will send the Board a copy of the additional Code of Ethics as well as the Procurement Policy.

Owned by Dan Cunningham, First Selectman

Task Ms. Hall asked Mr. Gervais to circulate the revised bylaws and to file them with the Town Clerk.

Owned by Kevin Gervais, Finance Director

Task Mr. Gervais said he will bring an example of the private duty billing to demonstrate how everything is broken down, to their next meeting. He will also invite Chief Finklestein in case he wants to contribute to this discussion.

Owned by Kevin Gervais, Finance Director