

East Lyme BOF  
May 14<sup>th</sup>, 2025  
Meeting Minutes

RECEIVED FOR RECORD  
EAST LYME, CT

2025 MAY 27 A 8:09

*Cecilia M. Kelly*  
TOWN CLERK

# Minutes of Board of Finance May 14th, 2025, Regular Meeting - 05/14/25

---

**Date and time:** 05/14/25 5:30 PM to: 05/14/25 6:25 PM

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

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

**Location:** East Lyme Town Hall, Upper Conf. Room & VIA ZOOM

---

## Topics

### 1. Call Meeting to Order & Pledge

**Note** Chair Hall called the May 14th, 2025, Regular Meeting of the Board of Finance to order at 5:32 p.m. and led those assembled in the Pledge of Allegiance; a quorum was present.

### 2. Approval of Minutes

#### 2-1. March 26, 2025, Special Meeting Minutes

**Note** see attachment.

 [Minutes of Board of Finance March 26th 2025 Special Hybrid Meeting 03 26 25.pdf](#)

**Decision** MOTION (1)

Mr. Maxfield moved to approve the Special Meeting Minutes of March 26th, 2025, as submitted.  
Mr. Birmingham seconded the motion.  
Motion carried, 4-0-0.

#### 2-2. March 31, 2025, Special Meeting Minutes

**Note** see attachment.

 [Minutes of Board of Finance March 31st 2025 Special Meeting 03 31 25.pdf](#)

**Decision** MOTION (2)

Mr. Maxfield moved to approve the Special Meeting Minutes of March 31st, 2025, as submitted.  
Mr. Birmingham seconded the motion.  
Motion carried, 4-0-0.

#### 2-3. April 1, 2025, Special Meeting Minutes

**Note** see attachment.

 [Minutes of East Lyme Board of Finance April 1st 2025 Special Meeting 04 01 25.pdf](#)

**Decision** MOTION (3)

Mr. Maxfield moved to approve the Special Meeting Minutes of April 1st, 2025, as submitted.  
Mr. Birmingham seconded the motion.  
Motion carried, 4-0-0.

#### 2-4. April 7, 2025, Special Meeting Minutes

**Note** see attachment.

 [Minutes of Board of Finance April 7th 2025 Special Meeting 04 07 25.pdf](#)

**Decision** MOTION (4)

Mr. Maxfield moved to approve the Special Meeting Minutes of April 7th, 2025, as submitted.

Mr. Birmingham seconded the motion.

Motion carried, 4-0-0.

## **2-5. April 9, 2025, Regular Meeting Minutes**

**Note** see attachment.

 [Minutes of Board of Finance April 9th 2025 Special Meeting 04 09 25.pdf](#)

**Decision** MOTION (5)

Mr. Maxfield moved to approve the Regular Meeting Minutes of April 9th, 2025, as submitted.

Mr. Birmingham seconded the motion.

Motion carried, 4-0-0.

## **2-6. April 28, 2025, Public Hearing Minutes**

**Note** see attachment.

 [Minutes of Board of Finance April 28th 2025 Public Hearing 04 28 25.pdf](#)

**Decision** MOTION (6)

Mr. Maxfield moved to approve the Public Hearing Minutes of April 28th, 2025, as submitted.

Mr. Birmingham seconded the motion.

Motion carried, 4-0-0.

## **2-7. April 28, 2025, Special Meeting Minutes**

**Note** see attachment.

 [Minutes of Board of Finance April 28th 2025 Special Meeting 04 28 25.pdf](#)

**Decision** MOTION (7)

Mr. Maxfield moved to approve the Special Meeting Minutes of April 28th, 2025, as submitted.

Mr. Birmingham seconded the motion.

Motion carried, 4-0-0.

**Note** Ms. Hall thanked Brooke Stevens for her work on the meeting minutes, particularly during the budget season. Mr. Maxfield specifically acknowledged the challenging Public Hearing Minutes.

## **3. Delegations**

**Note** There were none.

## **4. Reports**

### **4-1. First Selectman**

**Note** First Selectman Cunningham delivered a report covering several key initiatives and updates for the town:

He is seeking approval tonight to create a Coastal Resiliency Fund.

If approved, this fund will be established and funded before the end of the fiscal year.

**Note** The ADA compliance project at Town Hall is underway.

The first phase involved repairing railings on both the upper and lower levels of the north and south ends of the building.

Upcoming work will include restroom repairs and the installation of new ramps to meet ADA standards.

This project is expected to continue for the next couple of months and is crucial for staying in compliance with the Justice Department's consent agreement.

**Note** Negotiations for the UPSEU contract, which covers public works and other town hall departments, are in their final stages.

A proposal has been developed and will be presented to the union for agreement before being brought to the Board of Selectmen for ratification.

A key feature of the new agreement is a move towards a defined contribution plan from a defined benefit plan, with current employees having the option to switch.

This change is expected to reduce the town's retirement liability.

**Note** Another meeting will be scheduled next week to continue progress on the town-wide radio communication project.

Mr. Cunningham emphasized the importance of this task, which has faced snags in previous years.

Dan Cleary is assisting with this effort.

**Note** There have been several changes in public safety personnel-

Police Chief Finkelstein retired on May 2, 2025.

Detective Como also retired.

The Deputy Fire Chief was terminated this afternoon due to concerns regarding the public perception of the Public Safety and Fire Departments.

**Note** As summer approaches, residents are reminded of several upcoming registration requirements- Dog license season is nearing.

Golf cart season is also here; golf carts must be registered at the police station for a \$35 fee, with proof of registration and separate vehicle insurance (including VIN) required.

Don't forget to get your beach stickers and boat registrations.

## **4-2. Finance Director**

**Note** Allan Taylor attempted to interrupt Ms. Hall on a "point of order," but Ms. Hall denied his request. She clarified that points of order only apply to appointed town officials or members of the Board of Finance during their meeting.

**Note** Mr. Taylor argued that what he had to say could potentially negate the Board's current and past actions. Ms. Hall reiterated that his interjection was not part of the evening's agenda and that he had opportunities to speak during the delegations' portion earlier in the meeting or later during public discussion.

**Note** Mr. Taylor expressed frustration, stating he purposely chose not to speak at a Public Hearing where he "could have embarrassed all of them in front of 400 people." He explained that as a blind person, he faced difficulties getting to the meeting on time and had to pay someone to assist him, making it difficult to wait for the public discussion period. He asserted that a "point of order usually ensures that you can interrupt a meeting at any time." The exchange ended with Mr. Taylor questioning Ms. Hall's reaction to his attempt to speak.

**Note** The Board noted that Mr. Taylor can share his comments during the Public Discussion portion of the agenda.

**Note** Mr. Gervais shared his report and discussed some of the following:

i. FY2023 Audit Update

He distributed a list of open items from the town's audit, updated as of this afternoon.

The primary remaining issue, which is delaying the Fiscal Year 2023 audit report, is reconciling sewer assessment amounts (unbilled versus billed).

This requires restating figures back to June 30, 2022, and the town is working closely with its vendor to resolve it.

**Note** As soon as the 2023 audit is complete, the 2024 audit will begin immediately.

A silver lining in the audit delay is that when requesting numbers for the 2023 audit from departments, they also requested 2024 figures.

This means many reports and numbers have already been rolled forward, allowing for a much more accelerated timeline for the 2024 audit, as previously presented to the Board and the Municipal Finance Advisory Committee (MFAC).

**Note** 1. Utility Billing Implementation

The town is in the process of implementing fixed asset software.

This new system will eliminate the need for manual counting of assets like streetlights and ensure accurate tracking of properties such as the high school and middle school locations.

Significant effort has been put into thoroughly reviewing assessments and fixed assets, which has provided reasonable assurances regarding the accuracy of both starting and ending balances. These balances will now be rolled forward in the new system.

**Note** Mr. Maxfield inquired about the town's meetings with the state regarding new audits, which Mr. Gervais confirmed have been occurring for two years with the Municipal Finance Advisory Committee. The town is one of those required to report quarterly to this Board, with the most recent in-person meeting held last Wednesday in Hartford, which went very well.

**Note** Mr. Maxfield stressed the importance of keeping the Board informed, as they provide oversight for the audit. Mr. Gervais explained that the main remaining obstacle for the Fiscal Year 2023 audit is the sewer assessment.

The audit cannot be finalized until the auditors are comfortable with the beginning balance, which will necessitate a prior period adjustment for 2022. The goal is to ensure work papers are continuously reconciled, focusing on revenues and receivables related to the sewer assessment fund's starting and outstanding balances.

**Note** Mr. Gervais informed the Board that the current audit partner will be leaving at the end of May. He has an introductory call with the new audit partner next week and will share their name once available.

**Note** 2. Revenue-

Mr. Gervais reported that the town's revenues are looking very good. He shared a double-sided handout from the tax collector detailing current and prior year collections. While the current year is slightly trailing last year on a percentage basis, the collection rate remains healthy at 99.08%. This figure is higher than the 98.2% used in budget deliberations for the current year, making the 99% collection rate budgeted for next year seem realistic.

**Note** The biggest variable in revenue is the supplemental motor vehicle tax (S-account).

While budgeting \$550,000 for this, the town has already collected \$597,000 out of a total of \$685,000, which is about \$50,000 more than anticipated. Investment earnings are also strong, currently at \$1.4 million against a budgeted \$1.2 million, with an estimated final total exceeding \$1.5 million. This is highly dependent on Federal Reserve interest rates.

**Note** Mr. Gervais said he had hoped to provide a full expenditure report but noted several recent large, unexpected bills. He anticipates needing a special meeting the week after next—the last week of May—to address these and potentially approve an additional appropriation rather than just a budget transfer. These large expenses include payouts for accrued time off for individuals who have retired or been terminated, as well as significant legal bills that have come in over the past week. He wants to gather all the accurate figures before presenting a proposal to the Board of Selectmen next week for discussion and approval, then to the Board of Finance before year-end.

**Note** Mr. Gervais also reported on the Fire Department's vehicle repair reserve. A \$50,000 capital line item for vehicle reserve has been used to cover numerous recent vehicle breakdowns, with approximately \$36,000 already spent. While originally intended for new vehicles, this fund is now acting as a vital repair and reserve account due to the high cost of repairs (e.g., one motor repair was \$9,500). There's currently \$24,000 left in the fund, with an anticipation of replenishing it by \$30,000 this year, potentially from another capital project. This reserve was crucial as there is not much money in the general fund for these immediate, unexpected repairs to keep vehicles on the road.

**Note** ii. FY2025 EOY Budget Projection

Mr. Gervais will send over the current budget versus actual report, though it's not a year-end projection yet. He stated that he does not anticipate using any more of the \$1 million in fund balance for the current fiscal year, thanks to stronger-than-expected revenue lines. He also noted that the Fiscal Year 2026 budget uses another \$1 million from the fund balance, placing the town under its 17% fund balance goal.

**Note** Regarding long-term debt, Mr. Gervais confirmed he would send over an updated debt service schedule. As of August 2024, the town had approximately \$86 million in total debt service, including \$16 million in interest payments. This figure, however, does not account for the \$29 million in bond anticipation notes (BANs), which includes capital projects for Fiscal Year 2026. The town plans to ask for these \$29 million in one-year short-term notes in August, adding to the existing \$70 million.

**Note** Mr. Maxfield reiterated a long-standing request for a debt service schedule that illustrates the usage or description of the bonds, especially those related to school projects. The aim was to inform the public about how debt service contributes to the school budget. Mr. Gervais confirmed he has this information, acknowledging that while it's pointless now for immediate use, it would be valuable for next year's budget discussions.

**Note** iv. Local Cannabis Tax Update

Mr. Gervais reported on the local cannabis tax revenue.

The facility's gross revenues have nearly doubled month-over-month, from just under \$50,000 to almost \$86,000.

This translates to a 3% local tax for the town.

In the first month, the town received just under \$1,500, and last week, a check for about \$2,600 was received.

Currently, the town has approximately \$4,000 in a grant fund balance from this tax.

These funds are designated to offset unanticipated expenses for Youth and Family Services or to support programs educating residents about cannabis use, similar to how opioid settlement money is utilized.

He projects that if this revenue trend holds steady, the town could see around \$15,000 by year-end, which is higher than the initially anticipated \$100,000 in total revenue.

He expects revenue to further increase during the summer months due to more residents and out-of-town visitors.

**Note** v. ARPA Fund Update

Mr. Gervais provided an update on the town's ARPA (American Rescue Plan Act) funds.

ARPA funds had to be obligated by December 31st.

After all projects were closed out, approximately \$135,567 remained.

These remaining funds will be used to offset firefighter wages, which is considered a valid use of ARPA funds under the "revenue loss" option, especially given recent restructuring and unanticipated expenses within the fire department.

**Note** Mr. Steel inquired about reports from non-town ARPA recipients regarding the utilization of their allocated funds. Mr. Gervais stated that he did receive these reports last year, and the majority of non-profits reported fully expending their funds. He recalled only one or two organizations that had not fully spent their allocations, possibly the American Legion. He will look into his records to confirm and find the relevant meeting materials. He clarified that nearly all the non-town ARPA funds have been expended, with only \$198,000 left in open encumbrances.

**Note** When asked if any unspent funds from the American Legion would revert back to the town, Mr. Gervais stated he wasn't certain but would investigate further. He only recalled Bill Weber reporting on it and was unsure if the American Legion was one of the organizations that didn't fully expend its funds.

**Note** Mr. Gervais briefly discussed a breakdown of the town's budget over the past three years, highlighting shifts in allocation across different categories. He analyzed the budget by dividing it into four main components: the Board of Education (BOE), Town Operations (General Fund), Debt Service, and Cash Capital.

**Note** Fiscal Year 2023-2024:

BOE- 67%

Town Operations- 25%

Debt Service- 7.25%

Cash Capital- Just under 0.5%

**Note** Fiscal Year 2024-2025 (Progress from previous year):

Debt Service increased, and Cash Capital doubled.

Town Operations grew by about 0.25%.

The BOE's share shrank from 67% to 66.25%.

**Note** Proposed Fiscal Year 2026 (if budget passes referendum):  
BOE- Projected to further decrease to 65.4%.  
Town Operations- Projected to grow to just over 26%.  
Debt Service- Remained the same percentage, growing at the same rate as the overall budget (around 6.2%).  
Cash Capital- Increased by only 0.03%, showing less significant progress.

**Note** Mr. Gervais noted that while there aren't specific action items from this analysis, it provides insight into the town's financial progression. Town operations are currently growing at a faster rate than the Board of Education budget. However, debt service is increasing, and cash capital has stabilized around the \$1 million mark for the past two years.

**Note** He mentioned that he compiles this data to compare the town's budget structure with other municipalities in their District Reference Group (DRG) or surrounding areas. He plans to update this comparison once other towns' budget documents are officially published and approved.

**Note** vi. Sage Fixed Assets Software Implementation & ADP Payroll Implementation  
Mr. Gervais noted the new ADP system for payroll and human resources functions is still on track to go live on July 1st.  
The old capital asset software, running on an outdated computer, crashed and was unrecoverable.  
The town has purchased Sage Fixed Assets software, costing approximately \$2,000 per year, and Mitch Nixon from the Finance office is currently implementing it.  
The Board of Education will also be using this same system for their fixed assets, with an anticipated go-live date before the end of the year.  
The Munis financial management system is largely live for the Finance Department, and the town is continuing to implement its utility billing module.  
As part of the utility billing implementation, the Finance office is working to streamline payment processing across the town.  
The goal is to consolidate various merchant services (like "Point and Pay") into a single platform that integrates seamlessly with the accounting system, making payments more efficient.

**Note** Mr. Gervais reported progress on a long-standing issue regarding health insurance premiums being incorrectly deducted post-tax instead of pre-tax for employees.  
The issue for Fiscal Year 2021 has been resolved, allowing affected individuals to amend their taxes.  
The Payroll Department is now working to resolve the issue for Fiscal Years 2022 and 2023.  
This correction will require an additional appropriation of approximately \$120,000 (\$40,000 per year) to rectify, and Mr. Gervais intends to include this in the upcoming special meeting's appropriation request to avoid carrying the problem forward.

**Note** Mr. Gervais acknowledged that while progress might seem slow, the finance department is making significant strides in modernizing its processes with the implementation of Munis and ADP. He believes these changes are streamlining operations and benefiting other town departments by offering more efficient systems and reporting capabilities.

**Note** Mr. Cunningham echoed these sentiments, recognizing the painful process of software transitions, associated costs, training, and disruptions. He expressed optimism that the town will begin to see the benefits of these efforts in the coming year. He also commended the Finance team, particularly Mr. Gervais, for his work in resolving the complex payroll issue and getting delinquent audits completed.

## 5. New Business

### 5-1. Coastal Resiliency Fund Discussion and Possible Action

**Note** Mr. Cunningham confirmed that the Board of Selectmen had already approved the fund as one of their initiatives. The process now requires the Board of Finance to vote on approving the recommendation that was previously submitted to them. If approved by the Board of Finance, the matter will then return to the Board of Selectmen for final action. He expressed his hope that the Board of Finance would approve the recommendation tonight.

**Decision** MOTION (8)

Mr. Maxfield moved to approve the recommendation of the Board of Selectmen to create a Coastal Resiliency Reserve Fund.

Mr. Birmingham seconded the motion.

Motion carried, 4-0-0.

**Note** Ms. Hall announced that, at Mr. Steel's request, the town will now provide regular Pension Plan updates to the Board of Finance. To facilitate this, the Pension Board will meet quarterly, and the Finance Board will receive its update during the meeting immediately following the Pension Board's session. The first of these regular updates occurred last week, allowing the new quarterly reporting schedule to commence.

**Note** Mr. Gervais detailed a five-year deterministic study that projects the pension fund's performance under various scenarios. He focused on a scenario assuming a 6.5% return on assets: Under this assumption, the pension funding ratio is expected to dip to about 85% by 2027 before stabilizing around 88% through 2029.

This scenario projects town contributions to be approximately \$1.1 million in 2026 and \$1.25 million in 2027, holding steady at that level for the foreseeable future.

**Note** He noted that the full report, which includes scenarios with 3%, 0%, and potentially negative returns, was emailed to the Board and is available on the town's pension board website under the materials tab. He cautioned that if the fund experiences lower returns (e.g., 0%), the town's required contribution would skyrocket from around \$1 million to \$1.7 million initially, quickly rising into the \$2 million range.

**Note** The Pension Plan was described as fairly conservative, with 40% invested in fixed-income assets. As of April 30th, the account balance was approximately \$31.1 million, fluctuating between \$31 million and \$33 million.

**Note** Mr. Gervais shared that the town's investment advisors provide monthly and quarterly flash reports detailing the plan's performance against its benchmark. He indicated that the plan has been outperforming its benchmark pretty handily over the last year, even performing well through a market correction in late February and March. These reports will be emailed to the Board of Finance and posted on the website.

## 6. Public Discussion

**Note** Members of the public were no longer present.

## 7. Board Comments

**Note** Ms. Hall announced that the budget referendum is scheduled for May 22nd, taking place from 8:00 a.m. to 8:00 p.m. at the Community Center. The proposed budget includes a 6.69% increase in the budget and a 6.3% increase in the mill rate, bringing it to 28.01. She urged everyone to come out and vote.

**Note** Mr. Steel reminded the public that absentee ballots are available for those unable to vote in person on that day. He strongly encouraged all eligible voters to participate, either in person or by absentee ballot, stressing the significance of community engagement in the referendum process.

**Note** Ms. Hall added that even if East Lyme is a summer home and individuals are registered to vote at their year-round residence elsewhere, they are still eligible to vote in the East Lyme referendum if they own property in the town and pay over \$1,000 in property taxes annually. The Registrars and poll workers will have a list of eligible property owners to verify this. She specifically encouraged these property owners, who contribute taxes to the town, to exercise their right to vote.

**Note** Mr. Steel commended the collaborative efforts of the Board, most Department Heads, and town Administration in navigating a very difficult budget year. He acknowledged that while no one likely got everything they wanted, there was significant teamwork involved, and he believes the public should recognize this collaborative spirit.

## 8. Adjournment

### **Decision** MOTION (9)

Mr. Maxfield moved to adjourn the BOF May 14th, 2025, Regular Meeting at 6:25 p.m.

Mr. Birmingham seconded the motion.

Motion carried, 4-0-0.

**Note** Respectfully Submitted,  
Brooke Stevens, Recording Secretary