

BOF October 8th, 2025, Meeting Minutes

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Minutes of Board of Finance October 8th, 2025, Regular Hybrid Meeting - 10/08/25

Date and time: 10/08/25 05:30 pm to: 10/08/25 06:53 pm

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

CC: Dan Cunningham, First Selectman, Kevin Gervais, Finance Director, Eric Bauman, Board of Education Chair, Jeffrey Newton, East Lyme Superintendent of Schools, Maryanna Stevens, BOE Finance Director

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

Topics

1. Call Meeting to Order & Pledge

Note Chair Hall called the October 8th, 2025, Regular Meeting of the Board of Finance to order at 5:30 p.m. and led those assembled in the Pledge of Allegiance. Ms. Hall did roll call; a quorum was present.

2. Approval of Minutes

2-1. September 10th, 2025, Regular Meeting Minutes

Note see attached meeting minutes.

 [BOF-September-10-2025-Minutes-1.pdf](#)

Decision MOTION (1)

Mr. Maxfield moved to approve the Meeting Minutes of September 10th, 2025, as presented.

Mr. Birmingham seconded the motion.

Motion carried, 6-0-0.

3. Delegations

Note There were none.

4. Reports

4-1. First Selectman

Note Mr. Cunningham reported some of the following:

*Approximately \$430,000 worth of police radios had been stored unused in a warehouse for 4–5 years.

*Chief Glenn ordered the radios delivered to the town immediately after being sworn in.

*Despite earlier claims of a software glitch, the radios are now being successfully programmed and should be fully functional within 1–2 weeks.

*Radios will be distributed to police officers and fire services, improving communication between personnel and with the communication tower.

Note *The update will significantly improve coverage (by about 60%) and overall communication reliability.
*The programming cost is a few thousand dollars per radio; each handheld unit is worth roughly \$8,000.
*A previous offer of \$25,000 to trade in the entire lot was rejected since the radios are usable.
*The next step will likely involve adding one new communication tower, estimated at \$1.5 million, much less than the \$6 million spent by the neighboring town of Waterford.
*This project will be included in the Capital Plan.

Note Dr. McCallister asked if the radios could also enable communication with the fire departments and other towns during coordinated responses.

Note Mr. Cunningham confirmed that's the goal, explaining that the radios can switch frequencies to allow inter-department communication. Once on the statewide system, the town will be able to communicate with other municipalities on the same network. This deployment gets the town halfway there, toward the full state system integration.

Note Mr. Gervais reviewed the Capital Improvement Plan (CIP) for potential cost impacts and reported the following:

- *The town still anticipates about \$1.5 million needed to complete the radio project.
- *No large new radio projects appear in the next year's budget.
- *Around \$650,000 was already spent last year on public safety communication infrastructure.
- *Roughly \$405,000 remains allocated for radio towers, which could offset part of future costs.
- *No major operational budget impacts are expected in FY 26.

Note Mr. Cunningham added that about 8–10 additional radios are still needed to equip everyone, at an estimated cost of \$80,000.

Note Mr. Cunningham also reported holding a meeting with Chief Glenn, the Board of Education, and the Superintendent regarding school security and School Resource Officers. He could not share details publicly due to the sensitive nature of school security but described the meeting as insightful, with several ideas under discussion.

Note He announced that the town's fireboat (the Boston Whaler) successfully completed a second rescue in three to four weeks and noted that New London is seeking a similar hard-bottom boat.

Note Mr. Steel returned to the previous topic of radios and asked whether the programming of the radios will fully meet the requirements to join the Connecticut State communication system. Mr. Cunningham confirmed that the radios are compatible with the State system and will be usable for the foreseeable future (approximately 8–10 years). He clarified that while not all requirements have been met yet, this represents a major step forward; obtaining the communication tower will complete the process.

Note Dr. McCallister inquired whether the planned radio tower could be designed for shared or commercial use and Mr. Cunningham said it is his understanding that towers can support multiple uses and different antenna arrays. He suggested leaving the specifics to technical experts but acknowledged that shared use could be considered in planning.

4-2. Board of Education

Note Ms. Hall detailed some of the following:

*In prior years, the BOE was a regular standing item on the Board of Finance agenda.

*Over time, there was confusion about the purpose of these updates and what topics were meant to be covered.

*The State of Connecticut now requires the BOE to submit quarterly financial statements to the town.

*Since those reports address the Board of Finance's primary area of interest—financial oversight, it was decided that BOE attendance at every meeting wasn't necessary unless there was a specific issue to discuss.

*However, after the previous meeting, it became clear that there had been a communication gap between the Board of Education and the Board of Finance regarding an important matter.

*After speaking with Eric Bowman (Board of Education Chair), both parties agreed that there is a need for closer coordination and improved communication going forward.

*She acknowledged receipt of information from the BOE regarding the non-lapsing fund and suggested that the BOE representative address that topic now, rather than waiting until the end of the meeting.

 [BOE Letter.pdf](#)

Note Mr. Bauman requested to keep the BOE item last as Mr. Newton has yet to arrive from another meeting. He asked for clear direction on what topics the Board of Finance wants covered and proposed providing slides or brief presentations to keep communication focused and useful.

Note Ms. Hall noted that new BOF members will likely set future expectations for these reports and reiterated that the Board's main focus is financial matters.

Note Ms. Hall suggested that one of the most important discussion areas for the BOE to share with the Board of Finance is initiatives aimed at reducing annual budget increases, ideally discussed before the intensive budget season.

Note Mr. Bauman agreed, noting that this aligns with new BOE committees working on long-term improvements that could enhance education delivery and potentially create cost savings over time

Note Dr. McCallister supported quarterly meetings but suggested that monthly communication might help strengthen collaboration and prevent long gaps between questions and follow-ups.

Note Mr. Bauman said the BOE is open to monthly or ad hoc attendance, depending on what the Board of Finance finds useful. He emphasized that past monthly meetings didn't work well because expectations were unclear, but with direction, the BOE is happy to adjust.

Note Mr. Steel endorsed more frequent meetings to improve the working relationship and maintain a clear view of fiscal health. He cited examples like budget freezes and long-term planning issues (e.g., the football field and track project) as areas where regular coordination could prevent financial surprises.

Note Mr. Bauman agreed, suggesting the BOE could provide financial analyses, context behind budget reports, and data explanations to help the Board of Finance stay informed.

Note Mr. Bauman noted that BOE reports must first go to the Board of Education before being shared publicly or with the Board of Finance, to ensure proper internal review. Timing differences between meetings might cause a slight delay of a few weeks, but both Boards agreed this is still a significant improvement over quarterly updates.

Decision The Boards will aim for monthly or as-needed meetings to strengthen communication, align on financial priorities, and maintain transparency.

Future reports will be coordinated between the BOE, the Superintendent, the BOE Finance Director and the town Finance Director.

Note Mr. Bauman opened his presentation by addressing previous communication gaps regarding the creation of the non-lapsing fund. He Took full responsibility for the lack of notice to the Board of Finance, clarifying it was not an attempt to hide information, but rather a misstep in communication. He began reviewing the history and purpose of the non-lapsing account, as shown on the first presentation slide.

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Note Mr. Bauman explained the background and purpose of the Board of Education's non-lapsing (unexpended funds) account. A few years ago, State law allowed Boards of Education to retain unspent funds at year-end in a dedicated account rather than returning them to the town. The goal was to create a financial cushion for unexpected costs—like high special education expenses, equipment failures, or severe winters—without resorting to freezes or special appropriations.

Note He emphasized that communication about creating the account was poorly handled and took responsibility for that. The account currently holds about \$230,000, mostly from cost-saving measures and a supply freeze to cover a \$500,000 special education cost spike.

Note Mr. Bauman noted that the Board is still discussing limits (currently 2% per year, 4% overall) and guidelines for spending, focusing on emergency costs and unplanned repairs. The Board wants to avoid disrupting classrooms through midyear freezes and intends to be transparent with the town moving forward.

Note Maryanna Stevens, BOE Finance Director, added that the funds will be kept in a short-term state investment account (STIF) for safety and liquidity, earning modest interest.

Note Ms. Hall acknowledged the intent behind the fund but raised concerns about clarity, oversight, and long-term financial implications. She pointed out that since the fund exists outside the town's general fund, it could affect how rating agencies or auditors view the town's overall financial position.

Note The Board of Education and Board of Finance further discussed the new non-lapsing education fund and how it should be managed, invested, and reported. Some of the following was also highlighted:

*Both boards acknowledged the fund is not part of the town's undesignated fund balance, which could affect credit ratings. They plan to consult the town's financial advisor about this.

*The BOE agreed to coordinate with the town on transparency—regular updates, annual reports to unions and the Board of Finance, and inclusion in capital improvement discussions.

Note *Spending will focus on one-time educational or capital costs, not ongoing expenses like staff salaries.

*Mr. Steel urged the BOE to define "educational purposes" clearly to avoid public criticism or misuse (e.g., athletic field upgrades).

*Concern was raised about public perception—some taxpayers already view the school budget as too large, and another "rainy day fund" may be controversial.

*Mr. Bauman said their intent isn't to overbudget or hoard funds—past surpluses were small except in exceptional years (COVID, state funding freeze).

Note *Dr. McCallister thanked Mr. Bauman for attending and emphasized that the board appreciates the transparency and hopes for continued communication on a regular basis.

*Mr. Birmingham raised a concern about the 2% annual and 4% cumulative limits on the non-lapsing fund. He noted that since the limits are percentages, not dollar-based caps, the fund could grow substantially over time. With a \$63 million budget, 2% equals roughly \$1.2 million, and if the budget rises to \$70 million, 4% would equal \$2.8 million. He warned that, over time, the fund could reach \$5–10 million, which could be excessive.

Note *Mr. Bauman acknowledged the concern but noted such growth is unlikely unless the budget doubled to \$125 million. Speaking personally, he said percentage-based limits are reasonable since inflation increases costs proportionally, though he agreed 2% and 4% may be too high and that the BOE is considering lowering them.

*Mr. Birmingham suggested setting a specific dollar cap (e.g., \$3 million) and requiring any excess to revert to the town.

Note *Mr. Newton replied that the Board is open to the idea but emphasized that a large year-end surplus indicates mismanagement. This year's \$200,000 surplus was unusual, caused by frozen expenses, while typical surpluses are minimal (\$1,000–\$12,000). He assured the Board the BOE remains diligent and fiscally responsible.

*Mr. Birmingham said that some might assume having a fund for excess money could reduce spending diligence, as people might think that any extra will just go into the fund.

Note *Mr. Bauman responded that he disagrees, emphasizing that they will not inflate the budget to fund the account.

*Mr. Birmingham clarified that he wasn't talking about inflating the budget, but rather a potential lack of spending diligence. Mr. Bauman affirmed that they will always remain diligent, noting these are taxpayer dollars.

Note *Mr. Birmingham said he's seen the same argument for years: the budget, especially the Board of Education budget, increases annually, driving up the mill rate and causing some taxpayers to leave town.

*Mr. Bauman responded that the BOE budget is presented to the town, voted on, and typically passes.

Note *Mr. Birmingham said that by the time the budget reaches the town, it's going to pass because grandparents, parents, and teachers are told that if the budget doesn't pass, cuts will be made. This message gets them riled up, which in turn helps the budget to pass, consistently ensuring approval.

*Ms. Hall said that while tax concerns are valid, the immediate issue is ensuring the fund doesn't grow unchecked. She reiterated that if the fund becomes too large, it could negatively affect the town's credit rating or financial standing.

Note *Mr. Birmingham proposed that when the BOE plans to spend from the non-lapsing fund, they present the intended use to the Board of Finance—even if that Board doesn't have veto power, to maintain open communication and transparency.

*Mr. Bauman said that while spending decisions ultimately rest with the BOE, they will consider this request. They agreed to continue discussions and likely return in December with firmer policies on limits, eligible uses, and reporting procedures.

*Mr. Birmingham suggested setting a dollar cap, such as \$4–5 million, for long-term control and Mr. Bauman replied that such amounts are higher than the BOE intends, but the Board is still evaluating options.

Note *Mr. Steel suggested to Mr. Bauman that it's best to wait until after the election for the next discussion, noting that December meetings are still acclimating new committee members.

*Mr. Steel said he hopes freezes aren't needed in the future but that with the non-lapsing account, freezes might not be necessary; instead, the Board should inform the BOF if funds are used. He suggested partial reductions rather than full freezes as an option.

Note Dr. McCallister left the Meeting at 6:34 p.m.

Note *Mr. Bauman explained that the boiler repair was funded by freezing supplies and not rehiring vacant positions, which are their main means for managing unexpected costs. He also addressed a comment regarding FY22-23, clarifying that while no formal appropriation request was made, monthly deficit reports were provided, and guidance was given to wait until December. He noted that if formal requests are required in the future, the BOE can and will comply, which he noted for the record.

4-3. Finance Director

Note see attachment.

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Note Mr. Gervais reported the following:

*The first-quarter budget meetings with department heads are scheduled for next week to review FY26 performance, FY25 results, and 2027 capital projects.

*Year-to-date the pension plan gained \$2.8 million, underperforming its benchmark (8.9% vs. 10.3%), though the three-year return exceeds the benchmark.

*The UPSEU union agreed that employees hired after July 1, 2025, will move from the defined benefit (DB) plan to a defined contribution (DC/401k) plan.

*Current vested employees can freeze, continue accruing, or transfer benefits. The pension plan ordinance will be updated to reflect these changes, and a new pension board member appointment is being considered.

Note *Local cannabis tax- July and August collections totaled \$159,782 and \$162,798, exceeding prior projections, providing additional funding for planned projects.

Note *Fund balance and tax collections- Fund balance projections remain unchanged; attention will be given to maintaining best practices as the budget grows. As of 9/25/25, 55.56% of taxes were collected, slightly ahead of last year.

Note *Audits and upcoming work- the FY24 audit is scheduled for completion by 12/31/24. Open items and requests will be emailed to the Board.

Note Mr. Gervais noted that The Board of Selectmen tabled appointing CIP Members, so the appointments will be determined after the election.

5. Public Discussion

Note There was none.

6. Board Comments

Note There was none.

7. Adjournment

Decision MOTION (2)

Mr. Birmingham moved to adjourn the October 8th, 2025, Regular BOF Hybrid Meeting at 6:53 p.m.

Mr. Maxfield seconded the motion.

Motion carried, 5-0-0.

Note Respectfully Submitted,

Brooke Stevens, Recording Secretary