**Approved Minutes**

**Present:** Ted Turner, Dean Markham, Alan Hurst, Lori Wilcox, Mark Lambert and Mary Ann Dostaler

**Not Present:** David Monighetti

**Other attendee(s):** Jeffery M. Jylkka, Director of Finance

**1-2 Call to Order & Pledge of Allegiance**

**­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­­** Chairman Turner called the meeting to order at 7:30 p.m. followed by the Pledge of Allegiance.

**3. Approval of Minutes**

1. **Regular Meeting 5-18-2015**

Mr. Hurst made a motion to approve the Regular Meeting Minutes from May 18, 2015 after one omission (item 9c was carryover from a previous meeting and did not belong in these minutes). The motion was seconded by Mr. Markham. **Vote: 6-0. Motion passed.**

1. **Special Meeting 6-4-2015**

Mr. Hurst made a motion to approve the Special Meeting Minutes from June 4, 2015 after one edit (Ms. Dostaler requested that , within the 5th paragraph of Item 4, the current phrase “don’t need to be in there” to “are lightning rods for no votes and can be cut) The motion was seconded by Ms. Dostaler. **Vote: 6-0. Motion passed.**

**4. Public Remarks**

 **None**

1. **Special Presentations**

**None**

**6. Correspondence –**

1. **CAFR Award**

Mr. Jylkka informed the Board that the East Hampton Finance Department has been awarded The Certificate of Achievement for Excellence in Financial Reporting (CAFR) by The Government Finance Officers Association of the United States and Canada (GFOA). He also shared the related press release. The Board commended Mr. Jylkka and his staff and acknowledged that this was the fourth consecutive year that the department has received this award.

1. **Process for Submitting Written Public Comment into Record**

Mr. Hurst requested that the Board have a discussion around how written correspondence/comment (email, etc.) from EH residents is collected and submitted into record by the Board. His feeling is that all letters and emails should be funneled through the Town Manager’s office and/or the Chairperson in order to ensure credibility and reduce any inferences of members “playing politics”. He specifically referenced a meeting during a few weeks prior where Ms. Dostaler submitted into record 14 emails that she received via email commenting on the budget. While he is not saying those correspondence were not credible, he is concerned about perception. Ms. Dostaler stated that she completely disagrees and that as elected officials tasked with representing the public, she would hope the public would be comfortable communicating to and through them. She also stated that all correspondence she ever presents comes through her town email account and, therefore is town record. Mr. Hurst acknowledged that he was unaware that Ms. Dostaler’s correspondence comes through a town email rather than personal email and simply suggested that any correspondence be referred to the Chairperson moving forward. The discussion ended without any motion or vote but simply a discussion.

1. **Status Reports (Financial)**

Mr. Jylkka provided an overview of Revenues and Expenditures to date.

1. **Revenue Projection**

Mr. Jylkka highlighted the following items in regard to revenue:

* Property Taxes are at 99.9% collected and should therefore result in an unexpected, small positive variance.
* Investment Income was modified slightly to come in at a variance of approximately $8,250 rather than the previously projected $9,000.
* For License, Permits and Fees, the Building Department has collected 136% of the budget while the Town Clerk has collected about 80% of the budget. It is anticipated that their will be a small negative variance of about $10,000.
* While the State and Local Grants appears to be trending positive, it has yet to reflect the $400,000 transfer for Special Education and will close with a negative variance.
* Other line items had no change from last month.

It is expected that the while there will be a negative variance at the end of the FY, final numbers should bring the variance closer to zero than the current projection of -$42,000. Total Estimated Revenues at this point are $40, 243,767.

1. **Expenditure Projection**

Mr. Jylkka highlighted the following items in regard to expenditures:

* Town Council Special Programs shows an $11,750 negative variance. This is a result of incurred cost for an environmental study done on 90 Main St. when the town was considering purchasing ($3000+) and the current Facilities Study that Friar is doing (not to exceed $8,000).
* Legal fees shows a negative variance of approximately $18,000
* Town Hall Annex negative variance is due to rent and cleaning services.
* General Insurance is up slightly due to a $14,000 heart and hypertension claim.
* Employee Benefits was increased slightly to a positive variance of $200,000 even though retroactive pay for union contracts is budgeted here. The variance is due mainly to open positions and no unemployment claims (1st FY in a long time to have no claims).
* Regular Patrol reflects a negative variance mostly due to overtime (124% spent)
* Other line items had little to no change from last month.

Although a $16,000 positive variance is reflected (down from $24 last month), the negative variance in revenues also went down (more positive). Therefore, it is expected that the year will end a little better than expected.

1. **Fund Balance Projection**

Mr. Jylkka stated that the Fund Balance is forecasting a slight deficit of $25,000, But, that still leaves things with a solid ending fund balance of just over $4, 800,000 (12% of FY 2015 amended budget) which is very consistent with 2013 and 2014 ending fund balances ($4, 873,812 and $4,872,509 respectively).

**8. Financial Transactions**

 **None**

**9. New Business:**

1. **Auditor Selection for FY 2014-2015**

Mr. Lambert and Mr. Markham, who represented the Board as part of the Selection committee, shared their thoughts on the process. With 6 firms interviewed, two clearly stood out (Cohn Reznick and Blum Shapiro). The current firm used by the Town of East Hampton, Cohn Reznick, however, presented a fee structure that was significantly higher than the committee’s second choice. Mr. Jylkka agreed to go back to Cohn Reznick and inform them that while they are the first choice, the difference in rates was too much to ignore and without a reduction, the Town would go with the other firm. After discussion, Cohn Reznick did provide a $25, 000 net reduction ($5,000/yr.) from original proposed fee (but still a $5,000/yr. increase from last year’s fee). Mr. Markham went on to say that while all firms appeared to be qualified, some clearly had less experience with this type of municipality finance structure. Great customer

service over the 6 years Cohn Reznick has contracted with the Town and the benefit of not having to educate a new firm when there are so many different variables (Facilities Project, High School Renovation Project, etc.) also played a factor.

Mr. Lambert made a motion to select Cohn Resnick as the Audit firm to conduct the Town of East Hampton’s yearly financial audit, in accordance with their proposal submitted based on the RFP sent out and at the

negotiated fee structure for a term of 3 years with the possibility of 2 – 1 year renewals. The Motion was seconded by Ms. Dostaler. **Vote: 6-0. Motion Passed.**

1. **Discussion on appointment process for BoF vacancies**

A long discussion was had around the consensus of all Board members that the current process for resignation, as well as appointment of new members, from elected offices is inadequate and inconsistent. This topic was driven by the resignation from this Board of Ms. Wilcox and the fact that Board members were not notified and only found out through their attendance at a Town Council Meeting. The Board was also provided neither the opportunity to participate in nor ability to provide input to the appointing of a new member. While Charter revision was not suggested as a remedy, adoption of a Policy (similar to the existing Policy for the BoE), was.

Chairman Turner and Ms. Dostaler distributed a draft letter that could be sent to the Council on behalf of the Board to address their concerns. Discussion continued resulting in agreement that there were two things that need to be addressed:

* In the short term, the Board required a clarification on who should be seated if the budget cycle carries into July given Ms. Wilcox stated that her resignation would be effective at the conclusion of the budget cycle and Ms. Janine Jiantonio was elected effective July 1.
* In the long term, the Board wishes to understand the process that was followed in this instance and establish a clear policy for the future.

Ms. Dostaler made a motion that the drafted letter be revised (to reflect the short term question requesting a timely response and then the long term request for a policy), circulated to all Board members and upon approval, signed by Chairman Turner and sent to the Council. The motion was seconded by Mr. Hurst. **Vote: 6-0. Motion Passed.**

1. **Continued Business**
2. **High School Renovation project update**

Mr. Jylkka informed the Board that he should be receiving the quarterly report next month.

1. **CNG proposed Expansion**

Mr. Jylkka informed the Board that the Town Council did approve the resolution authorizing lease purchase financing for the boiler conversions as presented by this Board, The dollar amount however, was changed because the Bank (Webster) will not lease remediation costs. The new total is $886.500. He also informed the Board that depending on when a Budget gets approved, the lease has a non-appropriation clause that may force the Town to defer the first semi-annual lease payment (to FY 16/17 instead of 15/16) if we do not have an adopted budget (no appropriation). Finally he stated that we are still waiting to hear about the Grant and that if it is received the lease amount will be reduced by $500,000.

1. **2015-2016 Budget**

With the third Referendum vote scheduled for Wednesday, June 24, 2015, Mr. Jylkka asked that a Special Meeting occur at 8:15 to set the permanent or temporary (i.e. current) mill rate so that property tax bills can be sent out July 1st. He informed the Board that the tax office has prepared 2 files (1 with current mill rate and 1 with proposed mill rate) so that sending of bills is not delayed.

While some Board members will not be able to attend the Special Meeting, there will be a quorum for the setting of the mill rate. Mr. Hurst, who will be out of state, provided contact information in case he is needed in order to make a quorum that evening.

1. **P&R Special Revenue Fund:**

As discussed at the Town Council meeting in early June, this topic will be tabled until September to allow for normal operation over the summer and

then a meeting will be held (Council, BoF and P&R Advisory Board) to discuss. The Board agreed that with some education, the Council will understand and agree with the recommendation of the Board to remove the P&R from the policy.

1. **Liaison's Reports**
2. **Town Council**

Chairman Turner stated that most of the information from the Council meeting was already discussed in previous agenda items.

1. **Board of Education**

Ms. Dostaler informed the Board that there was a lengthy discussion around how the BoE will absorb the $200,000 reduction to their budget. She also mentioned a grant program on “healthy schools” certification that the BoE is participating in as well as interest they have expressed in a school climate (anti-bullying) grant. She also informed the Board that the Business Manager has resigned and the Assistant Superintendent’s last day is June 30th. There was also a Special Meeting on 6/9 that went into an executive session where discussion was had around evaluation of the Superintendent.

1. **Economic Development Commission**

Three new members have been assigned to the commission and a meeting is scheduled for 6/16/15.

1. **Lake / Conservation**

No Report

1. **Fire Commissioners**

Mr. Hurst shared that they are one of the departments that back-load their budget and make a bulk of their yearly purchases at the end of the FY. He also mentioned that they will be requesting a PO through the finance department for the annual physicals.

He also mentioned the possibility of a fee coming in regard to fixing the fence at Company 3 that was damaged during the hurricane in 2011 but not covered by Insurance.

Mr. Hurst also shared that questions were raised by Council members after the Memorial Day Parade as to why a new ladder truck is needed. He informed the Board that the Fire Commission has been asked to make a presentation to the Council after the budget season to discuss further.

Finally, he mentioned that there was a public comment that everyone was paid for their service during the water tower removal except the fire fighters. While they are volunteers, it was stated that it would have been nice since they were asked to be there.

1. **Brownfields/Redevelopment**

 No Report

1. **Park & Rec. Advisory Board**

Mr. Hurst stated that there was no financial discussion other than what was discussed under item 10d above.

1. **Water Task Force**

Mr. Hurst attended his first meeting as the newly appointed BoF liaison to the task force on 6/11. It was the first time the task force had met since January. Vin Susco, the outgoing Public Utilities Administrator was thanked for his 15 years of service (his last day is 6/17/15) and Tim Smith, the incoming Public Utilities Administrator was welcomed. Much discussion was had on possible options (interconnections rather than build) to address a community water system and it was agreed that a meeting would be held in July to prepare for a presentation to the Town Council in order to gain support to move forward.

1. **Public Remarks**

None

1. **Town Manager's Report**

No Report

1. **Adjournment**

Mr. Markham made a motion to adjourn at 8:50 p.m., which was seconded by Mr. Hurst. **Vote was unanimous in favor. Meeting was adjourned.**

Respectfully Submitted,

Renee Bafumi

Recording Secretary