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East Haven Board of Finance  
Regular Meeting Minutes  
January 16, 2019

Stacy Gravano, CTC  
TOWN CLERK

The East Haven Board of Finance held a Regular Meeting on Wednesday January 16, 2019 at 7:00 P.M. in the Mario Giaimo, Joseph Vitale Meeting Room on the lower level of East Haven Town Hall, 250 Main Street, East Haven, CT 06512.

1. Roll Call

Chairman Richard DePalma, Beth Purcell, Richard Esposito Jr., and Marc Conte Sr. were present. Ralph Vitale and Noreen Cough were absent. Director of Finance - Paul Rizza, Tax Collector- Lucille Huelin and Attorney Joseph Zullo were present.

2. Read and Approve Minutes from Special Meeting held on November 7, 2018

Beth Purcell makes a motion to approve Minutes from Special Meeting on November 7, 2018. Marc Conte seconds. All in Favor. Motion Carried.

3. Old Business

Beth Purcell asked whether or not there was any response or resolution to the letters that the Board of Education kept sending which were brought up at previous Board of Finance meetings. Joe Zullo stated that as he understood it is that the town took back almost \$60,000.00 from a prior fiscal year that the Board did not spend and it was never returned back to the general fund. The Town discovered it and took it back. The Board of Education was not a fan of that and wrote us a letter indicating that they wanted the money back. Joe Zullo stated that he believes Paul Rizza indicated to them that it would not have been proper to give it back and it was reflected as having been transferred on paper so this was just the actual consummation of actually transferring it from the Board of Education to the Town. Chairman Richard DePalma wondered if the Board of Education understood that if they do not spend it in the fiscal year it is not theirs. Attorney Zullo stated that we recently received an email that the Board of Education and they have expenses from that fiscal year that it would like to get paid. Paul Rizza has seen that email as well. Attorney Zullo stated that he believes you are required to complete those transactions within that fiscal year or within a short period of time afterwards. Paul stated that even the auditors will say, before the audit is issued, you find that you have to pay the bills and you pay them. Rich DePalma inquired as to how much time between the end of the fiscal year and when they realized they owed money. It was stated about 2 years per Attorney Zullo. Attorney Zullo believes the Board of Education is being a little optimistic with what they want to pay for. Attorney Zullo does not think there is a mechanism to give it back and have them use it for that fiscal year. If they have an expense from a prior fiscal year, Attorney Zullo assumes they would have to pay those old expenses out of current fiscal year. They can adjust it moving forward. They can reduce their expenditures in other areas to account for it. Attorney Zullo wants to work collaboratively with the Board of Education but we want to follow the rules and the bottom line is that we took the money back.

Paul Rizza states that traditionally the procedure has been that unspent monies either are appropriated into the town departments or to the Board of Education, we have not added or subtracted, but at the end when the audit for the fiscal year is finalized and goes up to OPM it is done. It is recognized on paper that it was returned to the general fund; it was not a transfer that was actually done. The money is in the general fund. You cannot keep fiscal years open.

Rich DePalma stated there was another letter and Paul states it was about \$27,000.00 that we took as well for the current year and was returned to the town too. The Board of Education did not know that they did not spend all their money. Joe Zullo does not know for certain but his understanding is the board intends on moving to a system now where they are going to use multiple accounts. Use one account for one fiscal year and then when the new one starts they will use a new account for the new one with the hope that in a year the first one will be zeroed out and then you go back to using that for the subsequent year after that. So that by the end of the year what is left in that account should hypothetically be what is going back to the town, with the exception of uncashed checks.

Paul states that the BOE doesn't realize that if you are going to be running two accounts they have to have two different numbers and you have to have two different checks. The cost for setting up a duplicate account is astronomical. They also notified Paul that they moved the money out of Webster Bank, which held a whole laundry list, grant programs, etc., They were with Webster bank for a long time. They are now moving it back to or want to go to Bank of America.

Marc Conte asked if the Board of Education went to a new accounting system. Paul said they supposedly did.

4. **New Business**

Chairman Rich DePalma congratulated Paul on the fund balance. Paul said it is becoming more difficult because the state is changing the allocation mid-year but are doing their best.

5. **Public Comment**

None

6. **Tax Department**

To: 01-106-0668 Legal & Lawyer fees \$11,000.00

From: 01-885-0689 Contingency \$11,000.00

Beth Purcell made a motion and Richard Esposito seconded.

Discussion: Lucille Huelin states they have a bill for \$13,500.00 from Zullo and Jacks for work they have been doing for about 10 years on a project to get land straightened out. Ms. Huelin further stated they have gotten to the point where they can foreclose on it. The account only has \$5,000.00 in it so we need to compensate and get more money in the account to pay.

Attorney Zullo stated this is one of the last great parcels in East Haven in the center of Town, near McLay Avenue. There are several lots that the town sold tax liens on back in 2006 and 2007. They were sold to an investment group led by an attorney. It turns out that attorney stole the money from a client to purchase those tax liens, so the money got tied up and the attorney never foreclosed on them. Now we have this title dispute. Over the years the liens continued to accumulate and the town decided that rather than let the land fall into the hands of someone and not do something good with it, the town decided to re-acquire it and foreclose on the liens. We have systematically foreclosed on about three or four every year. So there are about four lots that

we can sell, approved building lots as of today, where we could recoup these fees. Those lots provide the interior access to what is left and the lots inside are worth something too. The right away is already reserved. We spend a little in the short term but in the long term we could put some stuff back on the grand list.

Roll call, all in favor, motion carried.

6a. **Add on: Legal Fees**

To: 01-11130694 Other Contractual \$24,500.00

From: 01-8810950 Self Insurance \$24,500.00

Marc Conte makes a motion to add to the agenda the Legal Fees. Beth Purcell seconds.

Discussion: Attorney Zullo stated this is for appraisals and deposition transcripts. Part of this transfer is for \$16,725.00 for fees to Joe Perrelli who does our real estate appraisals for Mike Milici. There were significant tax assessment appeals and we have not been able to pay him. One was 75 Frontage Road, 119 Commerce Street, as well as a large dermatologic cosmetic lab and a number of small matters that he has provided advice to Mike Milici on. The other portion of this is for deposition transcripts in the amount of \$5,037,28 on a case Ferraro v. Board of Police Commissioner matter. Due to the number of people in this case they have all been deposed and we needed copies of those transcripts and it cost \$600.00 to \$800.00 dollars each time. Lastly, there are about \$5,600.00 relating to a mediation which was finally settled in regards to the Maple Street Bridge which lingered. It was a 2.6 million dollar project. It went to mediation and we cut through the nonsense and it got us to a bottom line and it turns out between that bottom line and money we are supposed to be getting back from the state, it may be a wash on the whole thing. Even though there were overages because of the extra reimbursement we should end up in a pretty decent position. This had to do with a mislocated gas line and the project was delayed.

Beth Purcell makes a motion Rich Esposito seconds. Roll call, all in favor. Motion carried

7. **Adjournment**

Beth Purcell makes a motion to adjourn at 7:23 P.M. Richard Esposito seconds. All in favor, motion carried.

Respectfully Submitted,

Susan Mauro  
Board of Finance Clerk