

**Board of Finance  
Town of East Windsor  
11 Rye Street  
East Windsor, CT**

**MINUTES OF REGULAR MEETING, April 21, 2010 at 7:30 p.m.**

These minutes are not official until approved at a subsequent meeting.

Members Present: Jack Mannette, Danelle E. Godeck, Robert Little, Kathleen Pippin, Jason Bowsza and Marie DeSousa  
Members Absent: None  
Alternates Present: Thomas Baker  
Alternate Absent: Jamie Daniel  
Others: Denise Menard, Richard P. Pippin, Jr., Catherine Cabral, Timothy Howes, Mark Simmons, Christine Caruolo, and other townspeople

**I. Call to Order**

Chairman Jack Mannette called the Regular Meeting to Order at 7:30 p.m., in the East Windsor Town Hall.

**II. Appointment of Alternates**

Chairman Jack Mannette indicated that all Board Members are in attendance and no appointment of an alternate will be necessary.

**III. Approval of Minutes**

- **Minutes of March 17, 2010 Regular Meeting**

It was **MOVED** (DeSousa) and **SECONDED** (Bowsza) and **PASSED** (U) that the Board of Finance approves the minutes of March 17, 2010 Regular Meeting as presented.

- **Minutes of March 24, 2010 Public Hearing**

Mr. Robert Little moved to accept the minutes of March 24, 2010 Public Hearing. The motion was seconded by Ms. Marie DeSousa for discussion purposes. Ms. DeSousa questioned the Motion to Adjourn on Page 3. She indicated she believed that Ms. Kathleen Pippin never voted to adjourn nor did she vote against the adjournment. Mr. Jason Bowsza also questioned the motion indicating he believed he never voted against the adjournment. Ms. DeSousa and Mr. Bowsza requested the video recording and/or the DVD be reviewed by the recording

secretary to clarify this issue. The motion to accept the minutes was rescinded by Mr. Little and Ms. DeSousa.

It was **MOVED** (Bowsza) and **SECONDED** (DeSousa) and **PASSED** (U) that the Board of Finance table the approval of the minutes of March 24, 2010 Public Hearing until the next Regular Meeting in May until the recording secretary can view the DVD to clarify the motion to adjourn of the March 24, 2010 Public Hearing.

- **Minutes of March 26, 2010 Budget Workshop – Special Meeting**

An error was noted in the March 26, 2010 Budget Workshop Special Meeting. An amendment to the minutes on Page 1, Paragraph 3 is noted. The following is the noted amendment:

“...Mr. Mannette did maliciously or deliberately not notice the meeting...”  
to

“...Mr. Mannette did **not** maliciously or deliberately not notice the meeting...”

An error was noted in the March 26, 2010 Budget Workshop Special Meeting. An amendment to the minutes on Page 2, Paragraph 1 is noted. The following is the noted amendment:

“Ms. DeSousa began discussing an email she received from the Town Clerk indicating the meeting was in violation of the FOI.”  
to

“Ms. DeSousa began discussing an email she received from the First Selectwoman Denise Menard regarding the stamp date of the Town Clerk’s office of the notice of the meeting indicating it was not received until this morning and therefore in violation of the FOI.”

It was **MOVED** (Bowsza) and **SECONDED** (Little) and **PASSED** (U) that the Board of Finance approves the minutes of March 26, 2010 Budget Workshop Meeting as amended.

- **Minutes of March 30, 2010 Budget Workshop – Special Meeting**

It was **MOVED** (DeSousa) and **SECONDED** (Little) and **PASSED** (U) that the Board of Finance approves the minutes of March 30, 2010 Budget Workshop Meeting as presented.

- **Minutes of March 31, 2010 Budget Workshop – Special Meeting**

It was **MOVED** (Little) and **SECONDED** (DeSousa) and **PASSED** (U) that the Board of Finance approves the minutes of March 31, 2010 Budget Workshop Meeting as presented.

- **Minutes of April 7, 2010 Budget Workshop – Special Meeting**

It was **MOVED** (Bowsza) and **SECONDED** (Little) and **PASSED** (U) that the Board of Finance approves the minutes of April 7, 2010 Budget Workshop Meeting as presented.

- **Minutes of April 13, 2010 Budget Workshop – Special Meeting**

Mr. Jason Bowsza moved to accept the minutes of April 13, 2010 Budget Workshop – Special Meeting. The motion was seconded by Ms. Kathleen Pippin for discussion purposes. Ms. DeSousa questioned a few matters listed in the minutes. On Page 2, Paragraph 2 she wanted to clarify the statement to read “Ms. Menard indicated she has not yet received any responses and is still waiting”. Ms. DeSousa also recalled that she made a motion to recommend the proposed budget to public hearing, however, that motion was not listed in the minutes. She would like the recording secretary to check her notes to verify same. It was also questioned that Mr. Robert Little was not absent although he is listed as absent in the minutes. She would also like the recording secretary to check her notes to verify same. Mr. Bowsza indicated he would like the minutes to reflect, when the vote is made and there are some dissenting votes, if the recording secretary could reflect in the minutes how each Board Member has voted. The motion to accept the minutes was rescinded by Mr. Bowsza and Ms. Pippin.

It was **MOVED** (Bowsza) and **SECONDED** (Pippin) and **PASSED** (U) (R. Little abstained) that the Board of Finance table the approval of the minutes of April 13, 2010 Budget Workshop – Special Meeting until the next Regular Meeting in May until the recording secretary can view notes and/or audio recording to clarify the issues raised.

- **Minutes of April 14, 2010 Budget Workshop – Special Meeting**

An error was noted in the April 14, 2010 Budget Workshop Special Meeting. An amendment to the minutes on Page 1, Paragraph 2 is noted. The following is the noted amendment:

“...Ms. Jamie Daniel is in attendance and should be appointed as **an alternate** member.”

to

“...Ms. Jamie Daniel is in attendance and should be appointed as **a voting** member.”

Ms. Marie DeSousa indicated she was absent at that meeting, however, she had given notice to the Board in advance and it would be an excused absence. The record was noted by Mr. Mannette that Ms. Jamie Daniel is absent at tonight’s meeting and it is an excused absence.

It was **MOVED** (Little) and **SECONDED** (Pippin) and **PASSED** (U) (M. DeSousa abstained) that the Board of Finance approves the minutes of March 26, 2010 Budget Workshop Meeting as amended.

#### **IV. Public Input**

First Selectwoman Denise Menard addressed the Board regarding a letter she received from Attorney Steven G. Mednick regarding the East Windsor Charter Revision 2009. She gave copies of the letter to all Board Members for their review. She asked the Board if they could add this item to their agenda under Communications.

No other public input was given.

#### **V. Communications**

Chairman Jack Mannette remarked about the junk mail he receives addressed to the Board of Finance. He asked if there were any objections for that junk mail to be discarded as it comes in. The only Board Member who had a comment was Ms. Marie DeSousa indicating she would be interested in looking any junk mail that is received. Mr. Mannette indicated he would leave that mail in Ms. DeSousa's inbox at the Town Hall.

Mr. Mannette indicated that the Superintendent of Schools, Mr. Timothy Howes, has contacted him requesting a Board Member at a special meeting regarding Board of Education and he only had one day advance and Mr. Robert Little has been the chosen representative.

Mr. Mannette began discussing the letter which Ms. Menard had just given to all Board Members regarding the Charter Revision. The letter indicated two Board Members are to be on the Pension Board as discussed on Page 2. Ms. Marie DeSousa commented that pending the legal question, three Board Members have been appointed to the Pension Board, Ms. Kathleen Pippin, Mr. Jason Bowsza, and herself. She indicated she would resign her position prior to the meeting so business can be conducted. A discussion was held among the Board Members regarding the length of the legal opinion and the cost of same.

#### **VI. Webster Bank – Financial Advisor Presentation**

Ms. Christine "Chrissy" Caruolo, Assistant Vice President of Government and Institutional Banking introduced herself to the Board of Finance. She is presently the financial advisor for the Town of East Windsor. She gave a slide presentation to the Board. She began by discussing the topics of the presentation which included; Status of East Windsor, Rating Status, Debt Ratios, Fund Balance Position, Tax Base, Financial Policies, Fire Truck Financing, and Current Affairs in the Municipal Bond World. She began discussing the current rating for the

Town of East Windsor, which is Moody's A1 rating. The rating dates back to 2004. She gave a brief description of the rating scale from AAA to BB. She indicated the A1 rating is a good rating. The debt position and fund balance position of the town is to be considered average and is on par with peer towns. A question was posed by Mr. Mannette asking why the date of the rating was taken in 2004 and nothing more current. Ms. Caruolo indicated every few years the rating will be reviewed, especially during the time the town goes out looking for a loan. Ms. Caruolo continued her presentation explaining the three agencies that make up the ratings which are: Moody's Investors' Service, Standard & Poor's, and Fitch Ratings. Components of the rating are: economic strength, financial strength, debt profile and Management and Governance. Debt is an important tool during the rating process. Too much debt can indicate concerns about the ability to payback investors and too little debt can indicate concerns that the town is not keep up with its infrastructure maintenance. She then showed graphs entitled "Debt Ratios: Historical Debt as a Percentage of General Fund Expenses", "Debt Ratios: In Comparison Debt as a Percentage of General Fund Expenditures", and Debt Ratios: In Comparison Debt as a Percentage of Net Grand List". The first graph showed a historical picture of the town's debt as a percentage of the general fund expenditures from 2000-2011. The second and third graph compared East Windsor to comparable towns in Connecticut regarding debt ratio as to debt as a percentage of the general fund expenditures and debt ratio as to debt as a percentage of net grand list. A discussion was held among the Board Members and Ms. Caruolo regarding the charts in more detail.

Ms. Caruolo explained the fund balance rating component. It provides a measure of financial reserves available to fund unforeseen expenditures and/or future liabilities. The appropriation of the fund balance can be seen as deferred tax increases. Another graph was shown entitled "Fund Balance: General Fund Balance as a Percentage of General Fund Expenditures". The graph represented 2004-2009. An additional graph was shown comparing East Windsor to comparable towns in Connecticut comparing general fund balances as to the percentage of general fund expenditures. Questions from Board Members regarding fund balance and the current audit were raised and how that affects the town's rating. Ms. Caruolo indicated if the fund balance goes below 5%, this would affect the rating dramatically. If the rating is low, the cost of loans increases. The final rating component discussed was management. It is important to have policies in place formal or informal regarding fund balance, investments, debt issuance, revenue and expenditure assumptions, and regular reporting of finances. A regular view of the policies should be done.

The current affairs in municipal bonds were discussed. Ms. Caruolo indicated the importance of the rating. Bond insurance is not readily available in today's market. The underlying rating of the town matters more to the investor. Investors are willing to pay more and receive a lower interest rate for higher rated credits. The rating scale has changed. The old way used two separate scales: municipal and corporate. For example, AAA rated corporate bonds are much more likely to

default than Baa rated municipal bonds. Recent changes include Standard & Poor's changed rating criteria first. Moody's and Fitch ratings have been recalibrated. She spoke about Building America Bonds (BABs). They are taxable bonds issued, towns receive thirty-five percent tax credit from the Federal Government biannually for life of bonds. Some risk is involved. Administrative costs are up front and through the life of the bond. This program has worked well for very large issues of \$20 Million or more. She began discussing the current financing of a fire truck. A Bond Anticipation Note (BANs) of \$700,000 is due on October 15, 2010. The interest due on October 15, 2010 is \$9,074.72. She gave the Board options regarding the financing of the fire truck, which are: Issue a four year bond and lock in interest rate or issue one year note, making twenty percent principal pay down at maturity and every year until the note is paid off.

A lengthy discussion was held among Board Members and Ms. Caruolo regarding bond ratings, rating agencies, and financing of the fire truck.

It was **MOVED** (Bowsza) and **SECONDED** (DeSousa) and **PASSED** (U) that the Board of Finance approves moving item "VII (c) BOE ARRA Monies" to "VII (a) BOE ARRA Monies".

## **VII. Monthly Reports**

### **a. BOE ARRA Monies**

Mr. Timothy Howes, Superintendent of Schools, addressed the Board regarding the ARRA Monies. He gave all the Board Members a seven page memorandum regarding the ARRA/SFSF accounting practices. It discussed the four ways in which funds may be accounted for and used. The State Fiscal Stabilizations Funds (SFSF) were authorized as a two-year entitlement grant program as part of the American Recovery and Reinvestment Act of 2009 (ARRA). The funds passed through the State of Connecticut for disbursement to municipalities were originally intended to supplement educational practices; however, in Connecticut state legislators approved plans to pass monies directly to municipalities through existing grant management frameworks as means to stimulate the economies of the states and expediently as possible. Governor Rell authorized disbursement of the funds to the towns through the existing ECS grant management system, and also addressed a shortfall in available funds to support the ECS program by making those grants whole vis-à-vis the ARRA component of the grant. The net result was each town's ECS grant was fully funded, but only 85% of the ECS grant could be applied to non-educational municipal spending and the remainder was directly disbursed to the Board of Education, leaving a significant shortfall for municipal budgets. The four methods of reporting those funds are as follows: Board of Education Budget Reduction Method, Report and Return Method, Town-side Revenue Recording Method and Retention by District. The memo describes all those methods mentioned above. Examples of how surrounding

towns account for those funds. After a discussion of how to account for the funds, it was asked to the Treasurer, Catherine Cabral, how she would like those funds reported. She indicated she has consulted with Ms. Leslie Zoll and believes she should report the revenue in the grant line.

**b. Treasurer**

Ms. Catherine Cabral, Treasurer, addressed the Board of Finance. She discussed the memorandum dated April 15, 2010 to all Board Members and Ms. Denise Menard, First Selectman. The document is broken down in four subjects: Cash, Tax Collections, Assessor Information, and Treasurer Update. As of March 31, 2010, the cash position of the Town is as follows: Webster Bank \$4,315,317; New England Bank (formerly Enfield Federal Savings) \$554,732; TD Banknorth \$572,925; STIFF \$1,255,141; and MBIA Class \$36,458.

**c. 2009/2010 Budget by Department Report**

Ms. Cabral gave a sheet to all Board Members entitled "Revenue Comparison" which broke down State Funds, Town Clerk, Building Department, Tax Collector, and Total Fiscal Year from years 2005-2006 through 2009-2010. She discussed the Town Clerk Revenue which has been down since 2008. On March 31, 2010, the percentage of revenue received is approximately 65.59% up from the same time last year which was only 49%. The Building Department is also up from the figures from last year.

Ms. Cabral then gave all Board Members a copy of the latest Tax Collector Report prepared by Ms. Samantha Lee, Tax Collector. She indicated the report gives more information on collections. She indicated the town is at a better position this month than last month. Mr. Jason Bowsza inquired as to the delinquent tax collections status. Ms. Cabral said the Tax Collector has been following up and the collections are up from last month. She also reported the Tax Collector has been working diligently on looking for unclaimed funds from the State of Connecticut. She was happy to report \$42,000 was found.

Ms. Cabral indicated no report was given by the Assessor due to the fact the Assessor's Office has been working on the assessment appeals and a report will be given to the Board at the next meeting next month.

Ms. Cabral reported that on April 1, 2010, the town received the Mashantucket Pequot Grant payment in the amount of \$13,963.97. Also, on April 13, 2010 the town received School Construction Grant payment in the amount of \$31,418.54 from Reich & Tang

#### **d. Budget Overruns and Added Appropriations Policy**

Board Secretary Danelle Godeck passed out to all Board Members a proposed policy for Budget Overruns for their review. She indicated she has been working with First Selectwoman Denise Menard and Treasurer Catherine Cabral regarding this policy. The policy, if approved, would go into effect on July 1, 2010, the beginning of the new fiscal year. The policy would apply to all departments with the exception of Board of Education and the Police Department. The Police Commission would have the responsibility to first address the potential budget overruns to the Police Department. The Board of Education would be responsible for any internal transfers, however any potential budget overruns of the Board of Education would be brought to the Board of Finance. The document also discusses definitions of added appropriations, reimbursement appropriations, and transfers. Ms. Godeck indicated she would attend the next Board of Selectmen meeting so this can be discussed and explained.

The general rules which are included in this policy are: (1) Additional Appropriations. In accordance with State Statute and Town Charter, only the Board of Finance has ability to approve added appropriations and recommend said appropriations to a Town Meeting. Added funds shall not be expended prior to such approvals. (2) Department Management. A new line item or unfunded line items which require funding, the Board of Selectmen shall recommend to the Board of Finance reallocation of budget line item funds and/or appropriate the funds. The Treasurer shall present to the Board of Selectmen the recommended transfers on a monthly basis for approval. Those approved transfers then will be recommended to the Board of Finance. Line item overruns with the exception of salary, of less than \$1000, line items shall be made. Within a department budget, if a non-salary account has an overrun in excess of \$1000 of its allocated amount, after review by the Treasurer and First Selectwoman, said overrun will be presented to the Board of Finance for discussion. (3) If there is no budgeted line item there should be not be an over expenditure. Approval must be obtained from the Board of Finance before expenditures happen, unless there is an emergency or threat to public safety. (4) Any salary expenditure that is anticipated or goes into the negative shall be discussed by the Board of Selectmen and the Board of Finance. (5) All unpaid invoices over \$200 over forty-five days must be encumbered until paid.

A lengthy discussion was held among all Board Members, Ms. Menard, and Ms. Cabral regarding the proposed policy. Changes to the document were noted and Ms. Godeck indicated she would make those changes and present this policy at the next Board of Selectmen meeting.



#### **e. Monthly Transfers**

Chairman Jack Mannette began discussing the requests to transfer funds.

\$6,862.89 from Various Donation Funds to Account No.: 2-67-15-1025-7-140-0000-2 Donations to PD.

A discussion among the Board Members and Ms. Cabral regarding this requested transfer. Donations given to the police department specifically for a particular program cannot be lumped into one Donation Line. After the discussion, no action was taken on this transfer.

A discussion began among Board Members, Ms. Menard, and Ms. Cabral regarding the proposed transfers.

It was **MOVED** (Bowsza) and **SECONDED** (DeSousa) and **PASSED** (U) that the Board of Finance recommends the following transfers:

\$5,058.52 from Account No.: 1-01-50-8410-8-890-000-0 Contingency to Account No.: 1-01-10-1020-3-330-0000-1 Professional Services. This expense is the bank analysis fee.

\$500.00 from Account No.: 1-01-50-8410-8-890-000-0 Contingency to 1-01-10-1020-3-330-0000-0 Professional Services. This expense is for the audit services.

\$1,175.00 from Account No.: 1-01-50-8410-8-890-000-0 Contingency to 1-01-10-1010-1-1410-0000-1 Recording Secretary Board of Selectmen. This transfer was signed.

\$400.00 from Account No.: 1-01-1135-6-610-0000-0 Board of Finance Office Supplies to 1-01-1135-1-110-0000-0 Board of Finance Recording Secretary. This transfer was signed.

\$300.00 from Account No.: 1-01-10-8410-890-0000-0 Contingency Office Supplies to 1-01-1135-1-110-0000-0 Board of Finance Recording Secretary. This transfer was signed.

\$10.77 from Board of Selectman Salary Line to Salary Overtime Line. This transfer was signed.

#### **d. Monthly Invoices**

Mr. Mannette discussed the two public hearing notices which were printed in the Journal Inquirer dated March 18, 2010 and April 19, 2010. The amount totals \$104.50. Mr. Mannette indicated the invoices should be paid out of the

Board of Finance Postage Line considering the postage has a balance of \$200. After a discussion, it was decided to add a line item Board of Finance – Advertising.

It was **MOVED** (Little) and **SECONDED** (Godeck) and **PASSED** (U) that the Board of Finance add line item Board of Finance – Advertising.

A discussion regarding cost of the upcoming referendums and how those costs will be paid since the costs were not budgeted due to the change in the Charter. After the discussion, it was decided by Mr. Little and Ms. Godeck to rescind the previous motion regarding adding a new line item – Board of Finance Advertising. And another motion was entertained.

It was **MOVED** (Godeck) and **SECONDED** (Little) and **PASSED** (U) that the Board of Finance authorize Ms. Catherine Cabral, Treasurer to add advertising to the postage line.

It was noted by Ms. Marie DeSousa the camera ran out of tape and stopped recording the meeting at 10:20 p.m.

#### **VIII. Old Business**

None.

#### **IX. New Business**

##### **a. April 26, 2010 Budget Public Hearing**

Chairman Mannette discussed the budget public hearing is scheduled for April 26, 2010. Mr. Mannette gave copies of his presentation to all Board Members. He asked if they would review same and before the hearing on Monday. If they had any questions, comments, or additions to the presentation, they could contact him either by email or telephone. Ms. DeSousa and Mr. Bowsza indicated they wanted to discuss this presentation with all the Board Members before the hearing on April 26, 2010. Unfortunately, the meeting ran longer than anticipated and there was no time to discuss this matter further.

**X. Adjournment**

It was **MOVED** (Little) and **SECONDED** (Pippin) and **PASSED** (3-2) (Little, Pippin, Godeck – In Favor) and (Bowsza and DeSousa – Oppose) that the Board of Finance adjourns the April 21, 2010 Regular Meeting at 10:24 p.m.

Respectfully Submitted,

Denise M. Piotrowicz  
Recording Secretary