

The **Board of Finance** held a special meeting on Thursday, October 1, 2009 in the lower meeting room at Town Hall South, 3 Main Street, Newtown, CT. John Kortze called the meeting to order at 7:35 p.m.

**PRESENT:** John Kortze, James Gaston, Marty Gersten, Joseph Kearney, Harry Waterbury and Michael Portnoy

**ALSO PRESENT:** First Selectman Joseph Borst, Finance Director Robert Tait, fifteen members of the public and two members of the press.

**VOTER COMMENTS: Ruby Johnson, 16 Chestnut Hill Road** (Att. A) asked the Board of Finance to conduct a careful review of the CIP. She feels that the CIP has misplaced priorities saying it is a mistake to put the police department and fire departments off five years. Ms. Johnson asked the board to look at the financial ramification of Hook & Ladder. She feels strongly that the town needs a swimming pool where children can learn to swim. She thinks \$30,000,000 more to Fairfield Hills is unacceptable. She asked the board to use their financial expertise to complete a return on investment analysis on Fairfield Hills. (Att. A.)

**Ben Roberts, 19 Farrell Road** is concerned that open space is the last priority four out of five years of the CIP and next to last on one year. Open space has an impressive return on investment and Mr. Roberts wondered if anything else in the CIP has such a high return. He asked if the board would be willing to reconsider and reprioritize or if the board may think the \$2,000,000 figure for open space may in fact be too low and maybe the town should be investing more in something that has a positive cash flow over a period of time.

**Gary Davis, 23 Charter Ridge Drive, Sandy Hook** asked if council members would be able to ask questions at the end of the meeting. Mr. Kortze responded they would.

**COMMUNICATIONS:** Mr. Kortze stated that the CIP is in the presentation phase at this point. Mr. Kortze submitted a year end (2008-2009) report from Janet Woycik (Att. B). A letter from Bob Mitchell of the Public Building & Site Commission was submitted regarding the Community Center and their opinion that the Community Center should not go forward for less than the full scope of the project, (Att. C). The Hockey Booster Club wants to understand how the money for sports is spread out between the sports at the High School and the Middle School, (Att. D). Mr. Kortze thanked Ms. Murray for her questions. He said that some questions may be answered during the normal course of discussion in the CIP process but he would do what he could to get the answers for her. Each year the Board of Education and the Board of Selectmen come back to the Board of Finance for a second meeting to get into specific details. He asked that any answers be directed back to him for the public record.

**ACCEPTANCE OF MINUTES:** Mr. Gersten moved to approve the minutes of September 14, 2009. Mr. Gaston seconded. All in favor.

**FIRST SELECTMAN REPORT:** First Selectman Borst reported that the Town has received bids on the Litchfield Hall demolition, they are under review and no decisions have been made. Mr. Kortze asked if the Board of Selectmen was going to answer pension questions the Board of Finance provided to them. First Selectman Borst answered there will be a meeting with the pension committee this month.

**FINANCE DIRECTOR REPORT:** none

**NEW BUSINESS:**

**Discussion and possible action:**

- 1. Discussion with consultant from Webster Bank, Barry Bernube:** Mr. Bernube stated he was the financial advisor for the town and went over the Interest Rate Outlook, Credit Overview & Debt Analysis (Att. E). He noted the Town has issued new money bonds in January, completed two refinances and has done a short term loan issue this year. He explained that Webster Bank assists and advises the town in preparing for the rating presentation, structuring the bond issue and it is the general public, institutional and retail investors that buy the towns bonds, which determine what the interest rate is. There are three major rating agencies: Moody's, Standard & Poor's and Fitch Rating. Mr. Bernube explained sound management policies and practices include the towns level of fund balance; a community with policies on debt policies. Webster Bank is the financial advisor to 52 municipalities and school districts. Mr. Portnoy asked what is the normal time frame for CIP's, Mr. Bernube answered three to five years, a few communities go out ten years, but that is more the exception. Mr. Kearny asked if the towns that are rated higher than Newtown have a structured plan. Smaller communities may not have a lot in the pipeline, so they don't have a very active CIP program. Mr. Bernube said the most important factor in determining any municipalities bond rating is financial performance. Fund balance is critical. Rating agencies believe 10% of the budget should be set aside in a fund balance; in reserve. The rating agency would like to see the town wean itself off of the use of the fund balance going forward. They like to see communities that have the discipline to implement the budget for future years without using the fund balance. Newtown clearly invests in itself, which is a positive. It may make sense for the town to explore getting a Standard and Poor's rating the next time they do a bond issue. Moody's is on one scale, S& P is on another. Investors are doing much more due diligence now and assigning their own rating. Mr. Kortze asked why Newtown received an interest rate that was lower than comparable rated towns or a town that was rated higher. It appears the market place is doing it's own due diligence. It is required that municipalities go through Moody's, Standard & Poor's or Fitch Rating. It cost \$8,000 to \$10,000 to get a bond rating. Mr. Kortze asked if Mr. Bernube could come to the Board before the towns next meeting with Moody's so the Board could understand what the hot topics are and what will be presented. Mr. Bernube stated that he knows the topics will be the town weaning itself from the use of fund balance and another topic will be pensions.
- 2. CIP - Selectman:** First Selectman Borst stated the pension fund has recovered 100%. He then went on to present the Board of Selectmen CIP, with prioritizations, (Att. F) and handed out a bonded only review (Att. G), stating that the Board of Selectmen made cuts totaling \$15,500,000 from what was originally requested. Mr. Kortze noted there was a study done years ago that determined \$2,000,000 a year was required to maintain the town roads and asked that Fred Hurley, Director of Public Works, be at the next meeting that will address the Selectmen CIP. Mr. Borst noted that the bridges and roads are now separated. Mr. Gaston noted that the overall road maintenance is increased \$309,000 and bridge replacement hasn't been bonded in the past. Mr. Tait said that bonding \$809,000 would enable more bridges to be completed. Mr. Gaston questioned why we aren't continuing the practice that has been done in years past. Mr. Tait noted that Mr. Hurley is using the current unit

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prices. Mr. Portnoy asked about stimulus money in regards to the roads. Mr. Borst stated that \$584,000 to be used for Castle Hill Road and Castle Meadow Road. Mr. Tait said we will know during the budget process if there will be more stimulus money and adjustments will be made then. Mr. Borst didn't know if the CIP included Queen Street sidewalks.

Mr. Michael Burton spoke about the Sandy Hook sub station (Att. H) request for \$375,000 to be put in the CIP for a 2 bay addition and renovation of the sub station located at 249 Berkshire Road. He also spoke of funding for the Hook & Ladder Fire House, stating it is something that needs to be considered. Mr. Borst stated that he couldn't see putting Hook & Ladder into the CIP without more definitive information about it.

Elizabeth Stocker, Director of Economic Development spoke about the Sandy Hook Streetscape, saying there has been \$5,000,000 worth of investment of private money in that district since 1998 for new projects. Mr. Tait said \$450,000 is for the water main.

Mr. Gaston asked for more information with respect to Fairfield Hills, asking for financials on a budget basis or on specific projects. Mr. Kortze asked the board to get questions to him that he can distribute to the appropriate people before the next meeting.

Mr. Borst stated that the Board of Selectmen reduced the \$12,000,000 request for the Parks and Recreation Community Center to \$9,000,000. He said that he has had a change of opinion since hearing the Parks and Recreation presentation to the Public Building and Site Committee and supports going to \$12,000,000. He will address this at the next Board of Selectmen meeting.

Mr. Kortze questioned the significant increase in roads and bridges and that it is priority one and two when it hasn't been a high priority in the past.

Mr. Gaston questioned if the Police facility study was for a new structure for renovations to the current building.

Mr. Gersten questioned the direct economic impact of spending 40% of bonding authority over the next five years on Fairfield Hills.

It was requested that Fred Hurly, Director of Public Works and Police Chief Michael Kehoe attend the next meeting.

Mr. Davis asked if the first year infrastructure at Fairfield Hills included the new Town Hall. Mr. Borst answered no. Mr. Davis pointed out that there is a five year CIP process and wondered why the Fairfield Hills cost hasn't shown up sooner. Mr. Kortze said that there would hopefully be insight into questions during the CIP process.

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**UNFINISHED BUSINESS:**

**Discussion and possible action:**

**Update on teacher negotiations:** Mr. Portnoy reported that the last meeting was mediation with a result of no agreement. Teacher negotiations will go to arbitration unless the last offer is accepted.

**ANNOUNCEMENTS:** Mr. Kortze reported that Superintendent Dr. Janet Robinson will be at the next Board of Finance meeting for a Q&A and the State of the District.

The next regular Board of Finance meeting (Tuesday, October 13) will address the Board of Education CIP. The next regular Thursday Board of Finance meeting (October 22) will address the Board of Selectmen CIP.

**ADJOURNMENT:**

Having no further business, Mr. Kearney moved to adjourn the regular meeting at 9:40 p.m.  
Seconded by Mr. Gaston. All in favor.

Respectfully Submitted,

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Susan Marcinek, Clerk

- Att. A: Ruby Johnson handout, Space program analysis
- Att. B: letter and fiscal year end report from C.H. Booth Library
- Att. C: letter from Public Building & Site Commission re: Community Center
- Att. D: Newtown Middle School sports expenditures
- Att. E: Webster Bank presentation
- Att. F: Pension portfolio performance review
- Att. G: Selectmen CIP
- Att. H: Selectmen CIP review – bonded only
- Att. I: letter from Bill Halstead, Rob Sibley, Cost estimate for Sandy Hook Substation addition