

THESE MINUTES ARE SUBJECT TO APPROVAL BY BOARD OF FINANCE

The **Board of Finance** held a regular meeting on Monday, September 10, 2012 in the Council Chamber of the Newtown Municipal Center, Newtown, CT. John Kortze called the meeting to order at 7:30.m.

PRESENT: John Kortze, Joseph Kearney, Harry Waterbury, Richard Oparowski, James Gaston, Jr. and Carol Walsh.

ALSO PRESENT: First Selectman E. Patricia Llodra, Finance Director Robert Tait, Public Building & Site members Robert Mitchell and Joe Borst, Barry Bernabe of Webster Bank, one member of the public and two members of the press.

VOTER COMMENTS: none.

COMMUNICATIONS: Mr. Kortze spoke about a letter from Legislative Council Chairman Jeff Capeci (Att. A) about a charter revision commission.

MINUTES: Mr. Kearney moved to accept the minutes of June 11, 2012. Mr. Waterbury seconded, motion passed (Gaston/Oparowski abstained). Mr. Waterbury moved to accept the minutes of July 9, 2012. Mr. Gaston seconded, motion passed (Kearney/Walsh abstained). Mr. Kearney moved to accept the minutes of July 26, 2012. Mr. Gaston seconded, motion passed (Waterbury/Walsh abstained).

FIRST SELECTMAN REPORT: First Selectman Llodra said the Poverty Hollow Bridge replacement project is not moving forward until the spring because of special permitting through DEEP. Hook & Ladder reported to the Board of Selectmen on September 4. It is uncertain they will be able to secure the South Main Street property; the Selectmen encouraged them to look at other options. The property owner will likely reach out to Hook & Ladder again to reach some understanding.

FINANCE DIRECTOR REPORT: Mr. Tait shared the August 2012 budget report (Att. B).

ADD TO AGENDA: Mr. Kearney moved to add the resolution providing for a special appropriation relative to the boiler replacement at Hawley School, with the corrected amount, to the agenda. Mr. Waterbury seconded. All in favor.

Mr. Kearney moved to waive the reading of the entire resolution entitled RESOLVED: That the resolution entitled "Resolution Providing For A Special Appropriation In The Amount Of \$144,000 For Professional Services For Phase I (Revised) Of Boiler Replacement, HVAC And Related Infrastructure Upgrades At Newtown Hawley School And Authorizing The Issuance Of \$144,000 Bonds Of The Town To Meet Said Special Appropriation And Pending The Issuance Thereof The Making Of Temporary Borrowings For Such Purpose", a copy of which is attached hereto, is hereby adopted and recommended to the Legislative Council for consideration and action, said special appropriation was requested in a letter dated September 10, 2012 from Robert G. Tait, Financial Director, a copy of which is attached hereto, in accordance with Chapter 6, Section 6-30 (a), (b) & (c) of the Town Charter. (Att. C) Mr. Oparowski seconded. All in favor.

UNFINISHED BUSINESS:

Discussion and possible action:

1. **Policy on depositing unexpended funds to the Capital/Non-Recurring fund:** item to be carried.
2. **Board of Education Reserve Fund Statute:** item to be carried.
3. **Board of Education Monthly Financial Report, June 30, 2012:** Att. D
4. **Board of Education Monthly Financial Report, July 31, 2012:** Att. E

NEW BUSINESS

Discussion and possible action:

1. **Rating Agency best practices:** Mr. Bernabe went through a power point presentation (Att. F). The ten year treasury is the benchmark for all long term borrowing costs. The higher the bond rating, the lower the borrowing cost. Newtown has a strong financial management assessment because of strong financial discipline, policies and procedures and forward planning. The rating agencies believe the more reserves set aside the less risky it is in case something unexpected happens. The fund balance is low compared to other comparable communities; all the metrics are in the triple A category except for the fund balance. The town has an opportunity to get to a triple A level but it will likely take a couple of years to show the town has the discipline to move the fund balance up a little bit higher. It takes 15 basis points to go higher in rating, 25 basis points to go lower. Mr. Kortze asked how important it is that the fund balance is at 8% next year, as the rating agency was told it would be. Mr. Bernabe explained that the fund balance is weighted as more important; it shows how much discipline a community has. Fund balance is the most important credit rating metric and it is very important that Newtown is at 8% next year. In the last budget cycle the fund balance was decreased from \$400,000 to \$100,000. Mr. Tait said that by fiscal year 2014 the fund balance will be 8%. The rating agency will be looking at this. Mr. Tait went over revenues and expenditures (Att. G) which does not include amounts included in transfers approved at this meeting, fund balance forecast (H) and budget detail (I). Mr. Tait recommends using 99% tax collection rate in next year's budget rather than 99.1%.
2. **Charter Revision Consideration:** Jeff Capeci letter was discussed under Communications.
3. **Resolution:** Mr. Mitchell explained that Kaestle Boos was asked to review a rephrasing of the project to minimize phase one, a complete heating package for the 1997 building and the 1948 building. Anything related to duct work, above ceiling work was taken out. There will be a fully operational heating system for the two buildings (Att. J). The 1921 building can be added at a later time. The ventilation system can be added in the summer of 2014; this is doable. The Board of Education and their Ad Hoc committee has approved this. The phase one project will go out to bid in January, bids will be received in February, awarded in March, and the project can begin the day school closes. During spring break hazmat work will be done. Mr. Oparowski hopes the Board of Education considers, in their deliberations, spending money on a school that may close in the future. Mr. Mitchell would not recommend a portable boiler, should there be a failure. Mr. Kearney asked how quickly the situation could be rectified if one of the boilers fails. Mr. Mitchell said one boiler is a hot water boiler, the other is a steam boiler; they cannot cross connect. Without phase two there will still be inadequate ventilation in the school. The work being done must meet current code. First Selectman Llodra said that discreet, explicit decisions can be made along every step in this project; doing phase one doesn't mean we are obligated to do phase two. The amount originally planned for was \$2.3 million; this project is very close to that. Mr. Kearney moved the resolution entitled "Resolution Providing For A Special Appropriation In The Amount Of \$144,000 For Professional Services For Phase I (Revised) Of Boiler Replacement, HVAC And Related Infrastructure Upgrades At Newtown Hawley School And Authorizing The Issuance Of \$144,000 Bonds Of The Town To Meet Said Special Appropriation And Pending The Issuance Thereof The Making Of Temporary Borrowings For Such Purpose". Mr. Waterbury seconded. All in favor.

4. 2011-2102 Transfer: Mr. Oparowski moved to transfer \$250,000 from Interest to Transfer Out Capital Project. Mr. Gaston seconded. Mr. Tait explained that the money will be transferred out to the OPEB account. It is a transaction for fiscal year 2011-2012 after which we will have a fund balance of 8.3%. Mr. Waterbury said this is important for the fund balance and for the OPEB account.

5. 2011-2012 Transfer: Mr. Waterbury moved to transfer \$3,000 from Utilities, \$4,000 from Hydrants and \$2,000 from F/F Incentive Plan to Capital in the amount of \$9,000. Also to re-appropriate \$12,000 to 2012-2013 for the purchase of (2) air packs for Dodgingtown Fire Department (to account 09320-5080 Capital). Mr. Gaston seconded. All in favor.

6. 2011-2012 Transfer: Mr. Gaston moved to transfer \$41,000 from Contingency to Transfer Out Capital Project. Mr. Waterbury seconded. Fund 75, Parks & Recreation, is a special revenue fund. The fund is no longer self-sufficient, it is short \$41,000. All in favor.

7. 2011-2012 Transfer: Mr. Gaston moved to transfer \$4,000 from Administration to Legal Services. Mr. Waterbury seconded. All in favor.

8. 2012-2103 Transfer: Mr. Waterbury moved to transfer \$45,677 from Contingency to various departmental accounts (Att. K). Mr. Gaston seconded. All in favor.

ANNOUNCEMENTS: none.

ADJOURNMENT: Having no further business the regular Board of Finance meeting was adjourned at 9:08pm.

Susan Marcinek, Clerk

Att. A: J. Capeci letter, Aug. 23, 2012

Att. B: TON Munis Budget summary, Sept. 10, 2012 (13 pages)

Att. C: Hawley School project Resolution

Att. D: Board of Education Year End Financial Report, June 30, 2012 (13 pages)

Att. E: Board of Education Year End Financial Report, July 31, 2012 (9 pages)

Att. F: B. Beranbe power point presentation, Sept. 10, 2012 (33 pages)

Att. G: Revenues, expenditures and changes in fund balance, year ended June 30, 2012

Att. H: Fund Balance Analysis

Att. I: Budget Detail, Sept. 10, 2012 (22 pages)

Att. J: R. Mitchell documents relative to the Hawley project (4 pages)

Att. K: \$45,677 transfer