

THESE MINUTES ARE SUBJECT TO APPROVAL BY THE BOARD OF FINANCE

The Board of Finance held their regular meeting on Monday, February 9, 2015 in the Council Chambers at the Municipal Center, 3 Primrose Street, Newtown, CT. Chairman John Kortze called the meeting to order at 7:30pm.

Present: John Kortze, Harry Waterbury, John Godin, Mike Portnoy, Joe Kearney, James Filan

Also Present: First Selectman Pat Llodra, Director of Finance Bob Tait, Bob Geckle, Andy Clure, John Vouros, David Freedman, Laura Roche, Bob Merola, Michele Embree Ku, Fred Hurley, Keith Alexander, Kathy Hamilton, Dr. Erardi, 1 member of the public and 1 member of the press

VOTER COMMENTS: NONE

COMMUNICATIONS: Mr. Kortze received a list of closed schools from Mrs. Llodra (Attachment A). An e-mail from Kevin Chambers, Education Consultant, State Department of Education (Attachment B).

MINUTES – Mr. Kearney moved to approve the minutes of the 1/22/15 meeting. Mr. Godin seconded, motion unanimously approved.

FIRST SELECTMANS REPORT – The Board of Selectman has scheduled a town meeting on 2/17 at 7:15pm to deal with the issue of demolition at 36 Yogananda.

FINANCE DIRECTOR REPORT – Mr. Tait gave members the BOS proposed budget. It included BOE line items so it is the complete budget. It also has a preliminary mill rate calculation.

NEW BUSINESS

Legislative Council Formal Request for Review of Reduction in Dept Cap (Attachment C) –

Mr. Tait reviewed the typical debt forecast schedule (Attachment D) which changes all the time. The next bonding will be 15-16. With the new bond issues and new bond payments a new estimated debt service is at 9% or slightly less. Our debt per capita is \$2,500 and the state average is \$2,275. The information presented by Mr. Tait will lead into a larger report about Newtown debt, what we have purchased in prior years and the future.

Review of Recent Bond Refunding and Total Savings – Mr. Tait discussed the refunding of bonds (Attachment E). The savings will be approximately \$1,000,000 over a five year period. The average savings is 4%.

Resolution - Mr. Kearney moved a RESOLUTION PROVIDING FOR A SPECIAL APPROPRIATION IN THE AMOUNT OF \$9,550,000 FOR DESIGN AND CONSTRUCTION OF A NEW NEWTOWN COMMUNITY CENTER AND AUTHORIZING THE USE OF \$9,550,000 GRANT WHICH IS PART OF A \$15,000,000 MULTI YEAR GRANT FROM GENERAL ELECTRIC COMPANY (GE) FOR THE DEVELOPMENT, CONSTRUCTION AND OPERATION OF A NEWTOWN COMMUNITY CENTER PER THE GE DONOR AGREEMENT DATED 11/19/2014. Mr. Waterbury seconded. Motion approved 5 yes, 1 abstain (Godin).

Educational Revenue Update – Not discussed

Statue – Sec 10-222 Appropriations and Budget - (Attachment F) This is a relatively new statue.

Review of current CIP, Discussion on Community Center – Mrs. Llodra explained that the BOS appointed Bob Geckle and Andy Clure to act as their agents in doing some of the researched and the modeling for the programs, planning and the economics related to the development of phase 1 of the community center. Mr. Clure presented (Attachment G). Mr. Geckle described the financial appendix to the presentation.

Mrs. Llodra explained that the cause of delamination of the roads has been determined and there is a fix possible. Up until a few weeks ago, our position has been doing incremental investment in capital road but not major investment. Since the delamination problem has a fix, this is the time to boost up our capital investment in roads by \$1,000,000 in addition to the operational budget. Mrs. Llodra asks to put the money in the CIP to get ahead of some of the huge challenges that we have in road work.

Mr. Hurley explained that the material used on the roads for the last few years has been prematurely failing. There were three possible culprits. The type of asphalt liquid, the use of treated salt and the stone. The stone itself is the third culprit. As part of the Recovery Act there were a number of roads that were required to be done with super paver virgin stone, not recycled asphalt, plus test roads done in Eastern CT, have been flawless since the roads have been put down with no indication of delamination. The state DOT commissioner considers the matter closed.

UNFINISHED BUSINESS

Review of Budget Meeting Schedule – Due to scheduling issues the following meeting schedule was determined: 2/19 for the public hearing and the BOE presenting, 2/24 will be the BOS presentation, 3/2 will be a follow up with both BOE and BOS and finalize on 3/12.

Auditors Management Letter and any Action Taken – Attachment H – Not discussed

Review of Proposed Capital Project Policy – Mr. Kortze reviewed the result of the capital process that has been discussed, most recently about the High School Auditorium and how we can improve upon the understanding and the process in general (Attachment I).

Review of Current Debt Policy – Mr. Kortze handed out the current debt policy (Attachment J). There is a section that has various debt policies and ratios. One of the things that they may want to add is the debt per equalized grand list. Mr. Kortze asked to give thought about the timing of this. One of the concerns is to come up with a policy and then break it right away because we are not acting fast enough.

School Expense Review – Mr. Godin explained that he did a top line school expense review examining the question of “if we close the school”. One of three elementary schools, Reed or the Middle School what would be the cost savings for that. Sandy Hook School and the High School are out of scope. He has updated the review based on minutes from an adhoc meeting in May, 2011 as well as a follow up request of analysis from Mr. Bienkowski (Attachment J).

There are schools that have closed. One is in New Milford which they estimated \$650,000 per year savings. They stated in their reasoning that there is a \$23,000,000 savings which is assumed to be capital expenditures. The other is Chauk Hill School where they estimated a \$500,000 per year savings with an estimated \$15,000,000 savings in capital expenditures.

Dr. Erardi explained that they have a committee that has been assembled, putting together their best information of the enrollment study, space needs and instructional needs. They are committed to bring it in June, making the report extensive and bringing it to close.

ANNOUNCEMENTS – None

Having no further business, the meeting was adjourned at 9:32pm

Respectfully Submitted,
Arlene Miles, Clerk