

George Ferguson, Chair
Anthony Filiato, Vice Chair
Dan Amaral
Mary Ann Jacob
Ryan Knapp
Paul Lundquist



TOWN OF NEWTOWN

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Legislative Council Finance and Administration Committee

The Legislative Council Finance and Administration Committee held a special meeting at the Newtown Municipal Center, 3 Primrose Street, Newtown, CT, on October 5, 2016, at 6:30 p.m., in Council Chambers.

Minutes

Call To Order The meeting was called to order at 7:24 p.m. when a quorum was achieved and was followed by a Salute to the Flag.

Roll Call All members of the Committee were in attendance as was Bob Tait.

Voter Comment There was no voter comment.

Minutes: Paul Lundquist moved to approve the minutes Approval of the Minutes of the Meeting of September 1, 2016. Second by Ryan Knapp. All in favor 5-0, with Anthony Filiato abstaining.

Communications:

George Ferguson reported that he sent an email to Jim Gaston re the Board of Finance invitation.

Old Business

Discussion and Possible Action:

A Discussion of the Town of Newtown Debt Policy was initiated based on the following charge from the Legislative Council:

“MR. KNAPP MOTIONED TO HAVE THE FINANCE COMMITTEE OF THE COUNCIL LOOK INTO AN APPROPRIATE METRIC FOR DEBT PER CAPITA THAT WE CAN MEASURE AND BENCHMARK AGAINST OTHER COMMUNITIES IN OUR AREA. SECOND BY MR. LUNDQUIST. MR. FERGUSON MOTIONED A FRIENDLY AMENDMENT TO ALLOW THE FINANCE AND ADMINISTRATION COMMITTEE TO REVIEW THE ENTIRE POLICY AND TO BRING ANY RECOMMENDATIONS IT WARRANTS BACK TO THIS BODY FOR CONSIDERATION. SECOND BY MR. CARROLL. AMENDMENT APPROVED. MAIN MOTION APPROVED”

George Ferguson opened by recapping the prior meeting. At the last meeting it was decided via motion to recommend moving the Debt Cap from 9.8% to 9%. A discussion of moving lower over time was also discussed and remains a topic of discussion. Bob Tait was asked to develop policy language in three areas: 1) taking a break from the bonding every 5th year; 2) adding policy language to contrast debt with trends for asset (property) values, income, and the economic health of the community and its residents; and 3) comparing Newtown’s debt with “local communities”, in addition to Moody’s Aa1 communities, and SDE DRG B communities.

Upcoming Meeting with Board of Finance

Discussed that the previous Board of Finance had recommended that Newtown's Debt Levels should be "controlled through the CIP process.

Mary Ann Jacob indicated that it was beyond the scope of our charge to take up the CIP but that it would be something that we could ask the Board of Finance to take this up and follow through on previous Board's work.

A consensus formed that we will suggest this to the Board of Finance when we ask them for advice on Debt Policy. The Council did not charged LC Fin & Admin Committee with reviewing the CIP process.

Mary Ann Jacob said that she feels it is important to have our recommendations to the Board of Finance in writing and as the result of formal motions.

Bob Tait will be away and next Board of Finance meeting.

Discussion Purposes Only

Bob Tait shared a document for "Discussion Purposes Only" (See Attachment) that showed draft language that addressed taking a break from bonding, debt policy parameters, and debt burden indicators.

Taking a Break from Bonding Every 5th Year

Dan Amaral said that there are some big projects that are coming up, (e.g. Police) and taxes are up and we need to find ways to address those increases.

Paul Lundquist indicated a reluctance to embrace the 5th year off concept feeling that it is not flexible and thinks that we can manage to it in other ways.

George Ferguson expressed a concern that mandating that a break be taken every 5th year might force the other four years up.

Ryan Knapp said that he feels that the 5th year break from bonding is a tool to get to a lower Cap but that the Cap is what is important, not how we get there.

Tony Filiato wants to make sure that the language is such that it allows for refinancing in the fifth year so we don't miss such an opportunity.

George Ferguson suggested that we could soften the language around the 5th year break so that it is referenced as a tool to use when necessary to manage below the cap.

Flat Level of Debt Service

Tony Filiato said that he thought that holding Debt Service flat as spending increases would be a viable vehicle for bringing debt into line.

Reducing the Cap over time

George Ferguson asked about interest in a developing a schedule for a Cap that declines in increments going from 9% to 8.5% to 8% to 7.5% to 7%, such as the Cap for a Moody's AAA community like Simsbury.

Mary Ann Jacob would like to see some alternative scenarios of what we could do to get to a lower number over time.

Ryan Knapp said that he would like to see how we could get there developed by Bob Tait.

Paul Lundquist would like to see a decrease in the cap relative to budget increases

Bob Tait said that he would prepare some examples for the next meeting including the freezing the cap concept

Debt Policies (V. Separate from indicators / ratios))

This element was presented to suggest a way of separating different elements of the debt policy document and was not discussed at length.

Debt Burden Indicators (Separate from section V.)

Ryan Knapp would like to see us giving this language a little more formality so we “annually” have a public discussion

The group again discussed and agreed by consensus on including a reference group of the neighboring communities (i.e. Southbury, Oxford, Danbury, Bethel, Monroe, Brookfield, New Milford, and New Fairfield) to be used in addition to Moody’s Connecticut Aa1 and State Department of Education DRG B communities.

Ryan Knapp sees us getting to a standard report that gives context and a baseline for discussion. He also suggested we include the most recent Moody’s report as measure to review.

Paul Lundquist would like to see a sample or baseline completed report prepared as part of the Committee’s work.

General Observations

George Ferguson discussed that any action we recommend we take that we should have a goal set and a schedule for achieving that goal.

Mary Ann Jacob said that we need to be clear to the groups planning like Parks and Recreation so they can plan.

Tony Filiato said that Parks and Recreation planning is department level planning.

Future Meeting Date: To be determined.

Old Business None

Voter Comment None

Announcements None

Adjournment Tony Filiato moved to adjourn the meeting at 7:27 p.m. Second Paul Lundquist

George Ferguson
Chair

IV. **GENERAL DEBT GOVERNING POLICIES** (add "D")

D. Starting in fiscal year _____ and every fifth year thereafter (except for emergency capital appropriations) the Town will not plan any capital projects in the CIP, to be funded by bonding, for those fiscal years.

V. **DEBT POLICIES** (separate from indicators/ratios)

A. Purpose of Issuance - (need to add "fire department assets")

B. Maximum Maturity –

C. Average Maturity –

D. Debt Service Levels –

"If debt service levels fall above the recommended level.....BOF...plan to bring to appropriate level"

E. Net Present Value Savings –

F. Bond Covenants and Laws –

VI. **DEBT BURDEN INDICATORS** (separate from section V.)

A. The Town will use the following debt burden indicators to assess its debt burden. The Town's debt burden will be compared to Towns with the same bond rating and to Towns within the same district reference group (DRG). The Town recognizes that such ratios are useful guides but not the exclusive means by which it should measure its debt burden:

- Ratio of debt to equalized net grand list
- Debt per capita
- Per capita income
- Median household income
- Debt per capita as a % of per capita income
- Debt per capita as a % of median household income

Data should be taken from the latest State of CT Municipal Fiscal Indicators Report

Trends should be developed over time using the data above.

From: George Ferguson <george-ferguson@earthlink.net>
Subject: Re: Board of Finance/ Finance and Administration
Committee - Town Debt Policy
Date: September 23, 2016 at 12:01:58 PM EDT
To: James Gaston <okjt@aol.com>
Cc: Robert Tait <robert.tait@newtown-ct.gov>, Arlene Miles
<arlene.miles@newtown-ct.gov>, Dan Amaral
<amaralpoggy@aol.com>, Mary Ann Jacob
<mjacob4404@charter.net>, Paul Lundquist
<lundquist.paul@gmail.com>, Anthony Filiato
<anthony.filiato@signal-ct.com>, Ryan Knapp
<ryan.w.knapp@gmail.com>, Daniel Honan
<danielthonan@gmail.com>, Dan Wiedemann
<dgw0315@yahoo.com>, Phil Carroll <ppcarroll13@gmail.com>, Neil
Chaudhary <nkc@thechaudharyfamily.com>, Judit Destefano
<judit.destefano@gmail.com>, Chris Eide
<chriseide4newtown@gmail.com>, "Godin, John D (GE Comm Fin)"
<jgodin1312@gmail.com>, Aaron Carlson
<Aaron4Newtown@gmail.com>, Sandy Roussas
<sandyroussasBOF@gmail.com>, Kelley Johnson
<kelleytjohnson@gmail.com>, Mark Boland <bolmark@aol.com>,
"William F. L. Rodgers" <sugbrk@aol.com>, Herb Rosenthal
<herb.rosenthal@newtown-ct.gov>

Hi Jim,

Thanks for the invitation to visit with the Board of Finance to discuss "the Committee's" work.

In our meeting last night several people felt that Bob Tait should be present as a resource when we meet and he is not available on the 11th.

As you know so far we have been fact finding and sharing the information reviewed and gathered with the BOS, BOF and LC.

We are making some progress and look forward to visiting with you sometime after Bob's return.

George

On Sep 21, 2016, at 4:16 PM, okjt@aol.com wrote:

Oops, I stand corrected. Lol.

Jim G

-----Original Message-----

From: Robert Tait <robert.tait@newtown-ct.gov>

To: George Ferguson <george-ferguson@earthlink.net>; Jim Gaston <okjt@aol.com>

Cc: Dan Amaral <amaralpoggy@aol.com>; Mary Ann Jacob <mjacob4404@charter.net>; Paul Lundquist <lundquist.paul@gmail.com>;

Anthony Filiato <anthony.filiato@signal-ct.com>; Ryan Knapp <ryan.w.knapp@gmail.com>; Dan Honan <danielthonan@gmail.com>;

Dan Wiedemann <dgw0315@yahoo.com>; Phil Carroll

<ppcarroll13@gmail.com>; Neil Chaudhary

<nkc@thechaudharyfamily.com>; Judit Destefano

<judit.destefano@gmail.com>; Chris Eide

<chriseide4newtown@gmail.com>

Sent: Wed, Sep 21, 2016 4:01 pm

Subject: Re: Board of Finance/ Finance and Administration Committee - Town Debt Policy

October 10 is a holiday. Meeting is on Tuesday October 11 (I will not be there :)

Bob

On Wed, Sep 21, 2016 at 3:56 PM, George Ferguson <george-ferguson@earthlink.net> wrote:

Hi, Correspondence from BOF. George

Begin forwarded message:

From: okjt@aol.com

Subject: Re: Board of Finance/ Finance and Administration Committee - Town Debt Policy

Date: September 21, 2016 at 2:14:18 PM EDT

To: george-ferguson@earthlink.net, arlene.miles@newtown-ct.gov

Hi George,

I would like to invite you and any LC Finance Administration Committee members to the Board of Finance meeting of October 10th to share with us your Committee's work and thoughts to date on the Debt Policy. As you may know, the Board of Finance is continuing the previous work of the prior Board of Finance as applicable to the town Debt Policy. If that date's not convenient let me know and we can make other arrangements.

Thanks,
Regards,
Jim G

-----Original Message-----

From: George Ferguson <george-ferguson@earthlink.net>
To: Dan Amaral <amaralpoggy@aol.com>; Mary Ann Jacob <mjacob4404@charter.net>; Paul Lundquist <lundquist.paul@gmail.com>; Anthony Filiato <anthony.filiato@signal-ct.com>; Ryan Knapp <ryan.w.knapp@gmail.com>; Bob Tait <finance.director@newtown-ct.gov>
Cc: Dan Honan <danielthonan@gmail.com>; Dan Amaral <amaralpoggy@aol.com>; Mary Ann Jacob <mjacob4404@charter.net>; Dan Wiedemann <dgw0315@yahoo.com>; Paul Lundquist <lundquist.paul@gmail.com>; Phil Carroll <ppcarroll13@gmail.com>; Neil Chaudhary <nkc@thechaudharyfamily.com>; Anthony Filiato <anthony.filiato@signal-ct.com>; Ryan Knapp <ryan.w.knapp@gmail.com>; Judit Destefano <judit.destefano@gmail.com>; Chris Eide <chriseide4newtown@gmail.com>; Godin, John D (GE Comm Fin) (GE Comm Fin) <jgodin1312@gmail.com>; James Gaston <okjt@aol.com>; Aaron Carlson <Aaron4Newtown@gmail.com>; Sandy Roussas <sandyroussasBOF@gmail.com>; Kelley Johnson <kellejtjohnson@gmail.com>; Mark Boland <bolmark@aol.com>; Pat Llodra <first.selectman@newtown-ct.gov>; William F. L. Rodgers <sugrbrk@aol.com>; Herb Rosenthal <herb.rosenthal@newtown-ct.gov>; Renee Weimann <renee.weimann@newtown-ct.gov>; Town Clerk Newtown <Town.Clerk@newtown-ct.gov>
Sent: Fri, Sep 16, 2016 3:50 pm
Subject: Agenda Finance and Administration Committee Agenda for Wednesday, September 21, 2016 at 7:00 p.m.

Hi All,

Attached you will find an agenda for the Legislative Council Finance and Administration Committee for September 21, 2016 at 7:00 p.m. in Room 1 of the Municipal Center.

Renee, Please post.

Thank you.

George