

**Town of Stonington
K-12 Building Committee
Special Meeting Minutes
September 11, 2013
7:00pm
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Members present: Rob Marseglia, Chairman; Bill Sternberg, June Strunk, Julie Holland, Kathy Sanford, Faith Leitner and Deane Beverly

Late arrival: George Crouse, 8:06pm

Members absent: John McNally

Recording Secretary: Sandy Tisslere

Guests and Citizens: Van Riley, SPS Superintendent, Ken Donovan, SPS Maintenance and Security, Maryanna Stevens, Stonington Director of Finance, Glee A. McAnanly, Stonington Selectman, Paul Sartor and Peter Manning

1. Call to Order
Rob Marseglia called the meeting to order at 7:06pm
2. Approval of K-12 special committee meeting minutes for August 13, 2013
The following motion was made by Faith Leitner and seconded by June Strunk
Motion: To approve the K-12 Building Committee minutes of August 13, 2013
All: Aye
3. 2014 Meeting Schedule
The committee agreed to check their schedules for availability to continue to meet the second Tuesday of the month. If agreeable, Rob Marseglia will create the new schedule to be approved at the October 13, 2013 meeting.
4. Compile Data for Board of Finance
The request of \$50,000 to hire an architect was not approved by the Board of Finance. It was the consensus of the committee that the Board of Finance needs a conceptual plan of an estimated timeline and cost for the renovation of the elementary schools. The data for the project is compiled in the Educational Specifications for Elementary Schools drafted by Stonington Public Schools and approved by the Stonington Board of Education. Rob Marseglia, Chairman, will collaborate with Dr. Van Riley, Superintendent; to create a summary of this document adding a timeline, comparison of existing space to needed space and cost estimate for presentation to the Board of Finance. For a cost estimation, local area school districts that have renovated or recently built new schools will be contacted. To provide the Board of Finance and the Board of Selectmen visualization of the need of renovation to the elementary schools, an invitation will be extended to tour the schools during school hours. This will be a joint invitation from the K-12 Building Committee and Stonington Public Schools which Rob Marseglia and Dr. Riley will create and send. Julie Holland volunteered to conduct the tours.
5. Debt Service Report – Maryana Stevens
Maryanna Stevens, Stonington Director of Finance, presented the committee with the town's current debt profile including authorized but uninsured debt (Attachment 1). The impact of additional bonding for a potential elementary school(s) renovation project was included in this report. The committee discussed many financial aspects of the renovation project including State approval submission date, State reimbursement rates, and a timeline for the project. There was also a discussion of using the West Broad Street School to generate income to use as payment toward the debt of the renovation project.

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6. Additional Discussion of the Data for Board of Finance.

To expedite the process of submission of data to the Board of Finance, a Sub-committee will meet on Monday, September 23, 2013 at 7:00pm to discuss the document produced by Rob Marseglia and Dr. Riley. This synopsis of the summary of need, timeline and estimated cost along with a copy of the Educational Specifications for Elementary Schools will be presented to the Board of Finance.

Adjourn

The following motion was made by June Strunk and seconded by Kathy Sanford:
To adjourn the meeting at 8:50pm
All: Aye



Julie Holland, Secretary



TOWN OF STONINGTON FINANCE DEPARTMENT

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Memorandum

To: Members of K-12 Building Committee
CC: Members of Board of Finance and Members of Board of Selectmen
From: Maryanna Stevens, CPA; Director of Finance
Date: 09/11/2013
Re: Debt Profile – Town of Stonington

The attached spreadsheet outlines the Town's current debt profile including authorized but unissued debt. It also includes an analysis of the impact of additional bonding for a potential elementary school(s) renovation project. The financial factors to consider are the impact on the Town's taxpayers and the impact on the Town's bond rating when proposing projects for bonding.

The Town's annual debt service as a percentage of the operating budget is an indicator used by rating agencies. Typically, the recommended level is 10% or less. The Town is currently at 7.99%, peaking at 8.71% in 2015-2016. In addition the Town's overall Debt burden is currently at 2.45%, peaking at 2.67% in 2018-2019. Moody's tended to view debt burdens that range from 3%-4% as average, however, in April they issued a new ratings methodology and no longer give a range.

The attached spreadsheet also includes an analysis of the tax impact of current and potential debt. The potential debt would add an average of \$128.25 in taxes for a house assessed at \$225,000.

Please note that the attached spreadsheet makes various assumptions and does not take into consideration any other potential projects that may require bonding.

Town of Stonington Debt Profile

Assumptions

Bond 1 (08/2014)	\$	8,240,000
2014 Budget	\$	57,937,553
Budget Growth Assessment	\$	225,000
Interest Rate		3.50%
2013 Grand List	\$	3,542,673,025
Grand List Growth		0.75%

FYE	Current Outstanding Principal/Interest	Estimated Principal/Interest Authorized Debt	Current/Authorized Principal/Interest	Estimated Budget	Current/Authorized Annual Debt Service as % of Budget	Difference between 10% of Budget and Debt Service	Phase 1 \$10,000,000 principal plus interest	Difference between 10% of Budget and Debt Service	Phase 2 \$15,000,000 principal plus interest	Difference between 10% of Budget and Debt Service	Debt Burden
2014	4,651,551	57,937,553	4,651,551	57,937,553	7.93%						2.45%
2015	4,617,206	58,632,916	4,617,206	58,632,916	7.87%	1,246,086			1,246,086	2,466,086	2.25%
2016	4,466,108	700,460	5,165,509	59,338,510	8.71%	767,142			767,142	767,142	2.05%
2017	4,347,197	685,980	5,033,177	60,048,546	8.38%	971,678	850,000		121,678	121,678	2.30%
2018	4,048,306	671,560	4,719,866	60,789,131	7.77%	1,357,047	832,500		524,547	524,547	2.12%
2019	3,764,606	657,140	4,421,746	61,493,361	7.19%	1,728,090	815,000		913,090	(361,910)	2.64%
2020	3,629,656	642,720	4,272,376	62,236,341	6.86%	1,951,258	797,500		1,153,758	1,248,750	2.38%
2021	3,005,156	628,300	3,633,456	62,983,177	5.77%	2,654,982	780,000		1,874,982	1,222,500	2.12%
2022	2,614,006	613,880	3,427,886	63,738,975	5.38%	2,946,012	762,500		2,183,512	1,198,250	1.90%
2023	2,729,956	599,460	3,329,416	64,503,843	5.16%	3,120,968	745,000		2,375,968	1,170,000	1.85%
2024	2,641,006	585,040	3,226,046	65,277,889	4.94%	3,301,743	727,500		2,574,243	1,143,750	1.68%
2025	2,397,772	570,620	2,898,392	66,061,224	4.39%	3,707,730	710,000		2,997,730	1,117,500	1.29%
2026	1,658,056	556,200	2,252,256	66,853,659	3.97%	4,433,140	692,500		3,740,640	1,091,250	1.11%
2027	1,174,263	541,780	1,716,043	67,656,207	2.94%	5,049,578	675,000		4,374,578	1,065,000	0.95%
2028	974,844	527,360	1,502,204	68,468,061	2.19%	5,344,604	657,500		4,687,104	1,039,750	0.85%
2029	897,013	512,940	1,459,953	69,289,693	2.11%	5,469,017	640,000		4,829,017	1,012,500	0.77%
2030	917,413	498,520	1,415,933	70,121,174	2.02%	5,598,184	622,500		4,975,684	986,250	0.59%
2031	897,913	484,100	1,371,913	70,962,828	1.93%	5,724,350	605,000		5,119,350	960,000	0.46%
2032	853,181	469,680	1,322,861	71,814,180	1.84%	5,858,557	587,500		5,271,057	933,750	0.36%
2033	223,368	455,260	678,648	72,676,950	0.93%	6,598,947	570,000		6,018,947	907,500	0.28%
2034	214,053	440,840	655,303	73,548,061	0.89%	6,999,503	552,500		6,447,003	881,250	0.21%
2035		426,420	426,420	74,430,536	0.57%	7,016,544	535,000		6,481,544	855,000	0.13%
2036				75,323,836	0.00%	7,532,381	517,500		7,014,881	828,750	0.07%
				76,227,592	0.00%	7,622,769	0		7,622,769	802,500	0.03%
	50,910,961	11,260,200	62,179,161				13,675,000	19,785,250			

Town of Stonington Debt Profile

Assumptions

Bond 1 (08/2014)	\$	8,240,000
2014 Budget	\$	57,937,663
Budget Growth Assessment	\$	225,000
Interest Rate		3.50%
2013 Grand List	\$	2,542,673,025
Grand List Growth		0.75%

FYE	Grand List	Mill Rate Required Current/ Authorized Debt	Taxes on Current/ Authorized Debt	Mill Rate Potential Debt	Taxes on Potential Debt	Total Taxes
2014	2,542,673,025	1.82	409.50	0.00	0.00	409.50
2015	2,587,743,073	1.80	405.00	0.00	0.00	405.00
2016	2,580,986,146	2.00	450.00	0.00	0.00	450.00
2017	2,600,313,317	1.94	436.50	0.33	74.25	510.75
2018	2,619,815,667	1.80	405.00	0.32	72.00	477.00
2019	2,639,464,285	1.68	378.00	0.79	177.75	555.75
2020	2,659,260,267	1.61	362.25	0.77	173.25	535.50
2021	2,679,204,719	1.36	306.00	0.75	168.75	474.75
2022	2,699,296,784	1.27	285.75	0.73	164.25	450.00
2023	2,719,543,495	1.22	274.50	0.70	157.50	432.00
2024	2,739,940,071	1.18	265.50	0.68	153.00	418.50
2025	2,760,489,622	1.05	236.25	0.66	148.50	384.75
2026	2,781,193,294	0.81	182.25	0.64	144.00	326.25
2027	2,802,052,244	0.61	137.25	0.62	139.50	276.75
2028	2,823,067,636	0.53	119.25	0.60	135.00	254.25
2029	2,844,240,643	0.51	114.75	0.58	130.50	245.25
2030	2,865,572,448	0.49	110.25	0.56	126.00	236.25
2031	2,887,064,241	0.48	108.00	0.54	121.50	229.50
2032	2,908,717,223	0.45	101.25	0.52	117.00	218.25
2033	2,930,532,602	0.23	51.75	0.50	112.50	164.25
2034	2,952,511,597	0.22	49.50	0.49	110.25	159.75
2035	2,974,655,434	0.14	31.50	0.47	105.75	137.25
2036	2,996,965,350	0.00	0.00	0.45	101.25	101.25
	3,019,442,590	0.00	0.00	0.27	60.75	60.75