

From: SimsburyCT Postings July 20, 2011 4:58:44 PM
Subject: Board of Finance Minutes 07/19/2011
To: SimsburyCT_FinanceMin
Cc:

BOARD OF FINANCE
REGULAR MEETING
JULY 19, 2011

CALL TO ORDER

Paul Henault, Chairman, called the regular meeting of the Board of Finance to order on Tuesday, July 19th, at 6:00 p.m., in the Main Meeting Room at the Town Offices. The following members were also present: Peter Askham, Nicholas Mason, Anita Mielert, Kevin North and Barbara Petitjean. Also present were Michael Foley, consultant to the Finance Department, Tom Cooke, Acting Finance Director, Debra Sweeney of the Finance Department, Thomas Roy, Director of Public Works, Burke LaClair, Board of Education Assistant Business Manager, Colleen O'Connor, Tax Collector and other interested parties.

I. INTERVIEW WITH FINANCE DIRECTOR/TREASURER POSITION - MARY ANN HARRIS
(Executive Session)

Ms. Petitjean moved, that the Board go into an Executive Session. Mr. North seconded the motion, which was unanimously passed.

The Board then went into Executive Session:

6:28PM - Mary Ann Harris was excused

6:35PM - Tom Cooke was excused

6:42PM - Executive Session was completed

Mr. Mason made a motion to come out of Executive Session. Ms. Petitjean seconded the motion, which was unanimously passed.

Mr. North made a motion to resume the regular meeting of the Board of Finance. Ms. Petitjean seconded the motion, which was unanimously passed.

Mr. Henault then said he would like to go out of order a bit and first address the approval of the June 21, 2011 minutes (Item #3 on the Agenda).

III. APPROVE MINUTES - June 21, 2011

Mr. North made a motion to approve the minutes of the June 21, 2011 meeting. Ms. Petitjean seconded the motion. Three (3) changes were then made on the minutes from June 21, 2011 meeting. The amended minutes were

approved by the Board and the motion was unanimously passed.

II. DISCUSSION AND APPOINTMENT OF FINANCE DIRECTOR/TREASURER - MARY ANN HARRIS

Mr. Henault said the Board had the opportunity, during Executive Session, to visit with Mary Ann Harris who is a candidate for the position of Finance Director/Treasurer with a conditional offer of employment.

Ms. Petitjean moved that the Board appoint Mary Ann Harris Finance Director/Treasurer pursuant to the letter of offer dated July 1, 2011. Mr. North seconded the motion, which was unanimously passed.

Mr. Henault then welcomed and congratulated Ms. Harris. Mr. Henault then thanked Michael Foley for his efforts to fill in during the time our Finance Director left to go to another location. He then also thanked Tom Cooke, Acting Treasurer for the Town of Simsbury, for his service.

IV. UPDATE OF 2003 BOND REFUNDING

Mr. Henault mentioned that this has been an issue for the Board as well as for the Board of Selectmen. Mr. Henault then referenced a spreadsheet "Advance Refunding 2011 (Current Rates)" which reflected rates as of July 13th. Mr. Henault asked Mr. Foley and Mr. Cooke if this the final number or is it still a moving number. Mr. Foley said that it updates every Friday, but that PFM is not expecting it to move very much. Mr. Henault then asked Mr. Foley if PFM is recommending that the Board wait until after August 2nd. Mr. Foley said their strategy was that the debt ceiling issue would be resolved before we went to market so we could take advantage of the additional savings. Mr. North asked Mr. Foley to quantify the magnitude of those savings. Mr. Foley replied that it would be approximately \$17,000. When asked if they were ready to go, Mr. Foley said they are waiting on the confirmation of the bond rating from Moody's, which should be later this week. Mr. North then offered the opinion that if the total savings would be \$17,000, he would say pull the trigger as soon as we are ready. He said he thinks the \$17,000 is immaterial versus other risks that exist. Mr. Mason concurred, saying that that \$17,000 savings is spread over seven (7) years and does not amount to huge dollars. Ms. Petitjean brought up the fact that when they made the motion, they made it contingent upon "final approval of the bond language" and asked if that had been drafted. Mr. Foley confirmed that it was ready and waiting to go. Mr. Henault agreed with Ms. Petitjean and said that if they were ready to pull the trigger on it, the Board could hold a special meeting in order to approve that final language.

V. YEAR END FINANCIALS UPDATE

Mr. Henault asked Mr. Foley if he had any additional information, other than previously provided, for the Board. Mr. Foley then handed out an updated memo, in narrative form with financial details included, updated as

of June 30, 2011. He mentioned that all department heads have been notified that July 29th is the final day to get in FY 2010-2011 expenditures. He referenced that the Finance Department has posted all cash receipts through June. He also mentioned that the 2011-2012 Budget was uploaded as of June 28th, and other than one minor problem in terms of creating a new account, the whole Budget is on the system. He thanked Deb Sweeney and the Department of Education for assisting with this process. Mr. Foley said they are expecting to do some department transfers, but would have a better feel for that by middle of next week, if not earlier. He said those transfers are in the range of approximately \$270,000 based on a report he ran this afternoon. Mr. Henault asked about any large items that might stand out. Mr. Foley said the biggest one is for the Finance Department due to the fact that he was hired, as well as an accountant. He said the Library may come off the list due to a recent reimbursement and Culture, Parks & Recreation may come off after Mr. Foley does some reconciliation of their numbers. He mentioned the telephone meeting with Moody's which included, First Selectmen Mary Glassman, Mr. Foley, PFM, Mr. Cooke and the analyst from Moody's. He said it included a series of questions as a disclosure-type process. He said that Chris Doyle, of PFM, thought it went very well, although they will not know for sure until Moody's either reaffirms or gives a new bond rating.

Mr. Henault pointed out to the Board that the projected revenues for FY 2010-2011 have exceeded budgeted projections by an estimate of \$1,631,323 and that our collection rate is at approximately 99.18%, which is extremely good. He referenced \$4,673,000 of Educational Cost Sharing Funds and the Investment Earnings this year were \$119,588 and Local Revenues were somewhat higher than anticipated. Mr. Henault said the Town will probably end with a surplus of approximately \$105,000. He then stated that they transferred \$637,780 from reserves for various projects including; \$180,000 for Building Improvements, \$125,000 for Parking Lot Resurfacing, and \$120,000 for Pool Improvements, which were all approved by the Board to pay cash, as opposed to accruing debt. Mr. Henault then mentioned \$90,000 that was used for a Historic Restoration Project, which he believes should get reimbursed at some point. He said the Board of Education is expecting a surplus as well. Mr. Henault asked the Board if there were any further questions with respect to the Year End Financials, which there were none. Mr. Foley thanked the Board for allowing him to work with them.

Burke LaClair handed out a memo from David P. Holden, Business Manager, outlining projections as of June 21, 2011. Mr. LaClair said they still believe they will end up with the surplus of \$12,875. He mentioned that the grants from the State were slightly above \$39,000 greater than budgeted. Mr. Henault asked Mr. LaClair if the \$158,295 variance, shown on the memo, was YTD. Mr. LaClair confirmed that it was through the month of May. Mr. Henault pointed out that snow removal was \$40,000 more than

anticipated, mostly due to plowing, and called attention to the Staffing Comparison that went from 689.4 (FTE) (2009-2010) to 670.1 (FTE) (2010-2011). Ms. Petitjean asked Mr. LaClair if that was on a twelve (12) month average and he confirmed that yes, it is averaged. Mr. Henault asked if there were any further questions from the Board for Mr. LaClair, there were none.

VI. STATE BUDGET UPDATE

Mr. Cooke said he thinks there are two themes to look at; (1) Municipal Aid - Mr. Cooke referenced the legislature's quick movement, after Unions failed to ratify contract agreements, to block the pulling of municipal aid. He mentioned that most municipalities had already approved budgets based on what the State had previously indicated. (2) What it will take to get the Budget done - Mr. Cooke again referenced the contract agreements, and how the Governor announced the potential for 6,500 layoffs with a series of additional cuts. He mentioned that just yesterday, the Unions changed their standings on the ratifications to these concessionary agreements. He thinks it looks like it is being teed up for a revote. But either way, the \$54.4 million for the Towns is safe. Mr. Henault then asked if the Revenues from the State are as projected and Mr. Cooke said, yes, we can be comfortable with that. Mr. Henault asked if there were any additional questions from the Board for Mr. Cooke, there were none.

VII. TRANSFERS - PUBLIC WORKS

Mr. Henault referred to a memo from Tom Roy, Director of Public Works, addressed to First Selectmen Mary Glassman, outlining issues with snow removal. Mr. Henault said the one issue he has with this request for transfer is usually these types of things are just handled by internal transfers, so a request to take money out of reserves is something he really wants to talk through. Mr. Roy outlined the two (2) things that put Public Works Department over budget were the amount of snow and having several days in the single-digit and teen temperatures, which increased costs in all buildings with regards to heating. Overall, he said the winter season probably ran over about \$60,000, but due to adjustments/cut-backs they got down to an overage of only \$25,000+/- . Mr. Roy said, all things considered, they were fortunate the numbers are as low as they are. Ms. Petitjean then asked if they would do it as an internal transfer or from reserves and sited the lack of paperwork. Mr. North said since there are sufficient surpluses arising out of the operating budgets to cover this shortfall, and therefore, this could be accommodated for during the ordinary reserve transfer exercise that is done annually. The Board discussed adding this amount onto the previously mentioned internal transfers amount. Mr Roy then pointed out that there were some unforeseen revenue for Public Works, one being insurance money from two (2) auto accidents that caused damage to Town facilities, and also from the sale of some scrap metal (combined to be in excess of \$22,000). Mr. Henault asked

Mr. Roy where the department is with regards to considering selling sand. Mr. Roy said that when this was originally brought up a few years ago, there was confusions about how the Special Revenue Fund and how that should be worded and the other thing is that the market for sand is down so it has not jumped out at them as a need. Mr. Roy did mention the excess of other materials that could be a potential source of revenue for the Department. It was concluded by the Board that action would not be taken on this issue, and that they should put it through the normal process in terms of transfers and then when they get the transfer request, it will just be part of it. Mr. North then said he would be interested to hear how the Paving Management Program is progressing. Mr. Henault asked Mr. Roy to stick around so it could be covered under Other Business.

VIII. ACCEPTANCE OF FEMA REIMBURSEMENT GRANT

Mr. North made a motion to accept the \$56,726.45 FEMA Reimbursement Grant. Mr. Mason seconded the motion. Mr. Henault then said he thought Mr. Roy did a great job of going after this money, collecting it and making sure the Town of Simsbury had their share of available funds from FEMA. Mr. Roy then said that it was a town-wide grant and not just for Public Works. The motion was then passed unanimously.

IX. CALENDAR

Mr. Henault said that traditionally the August meeting has not been held unless there was a real issue in front of the Board. He asked the Board to consider this while they moved onto Other Business, specifically the previously mentioned Board of Finance's final approval of the bond language.

X. OTHER BUSINESS

Mr. Henault said if that is the case that the Board has final approval, once they get the bond language, the Board has to have a special meeting or wait until the August 16th meeting. The alternative would be to give the Chairman the leeway to review that language and decide whether that was acceptable or not.

Mr. North then moved that the Board give the Chairman the leeway to review that language and decide whether it is acceptable or not. Ms. Petitjean seconded the motion, which was passed unanimously.

Mr. Henault then returned to the issue of holding or canceling the August meeting. Mr. Foley mentioned that the Board would need to approve the Department Transfers. It was determined that the August meeting would be kept on the schedule.

Mr. Roy addressed the Board regarding paving and said they have been ramping up the amount of roadwork being done in the summer. He said it has

helped them that they are not spending time street sweeping. Mr. Roy said there have been two (2) crews working on drainage projects, because they want to work on the drainage prior to paving, because if there isn't good drainage, pavement doesn't last. They are looking to get 15.5 total road miles repaved/resurfaced, which is an ambitious goal. He reviewed different treatments being done varying from full reconstruction to chip-seal projects. Mr. Henault asked if they are ok in terms of funding. Mr. Roy said yes, they are online in terms of meeting their goals. Ms. Petitjean asked if residents had a question in terms of when their street would be scheduled. Mr. Roy said they are putting on the website what they intend to get to that specific year, but that it is difficult to project beyond that current year because things change. They do have a tentative 5-year plan and even more accurate 3-year plan. Mr. North asked Mr. Roy about the dialogue between Simsbury's Public Works Department and State DOT. Mr. Roy said while the State is good about notifying him ahead of time, especially on larger projects, they do not necessarily take input from him on what needs to be done. He said there has been cooperation in terms of Public Works administering a contractor for a specific project that is being paid for by State DOT, which has worked out well.

ADJOURNMENT

Mr. Askham made a motion to adjourn the meeting at 7:30 p.m. This motion was seconded by Ms. Petitjean and was passed unanimously.

Respectfully submitted,

Paul W. Henault, Chairman
Clerk

Leslie U. Faraci,