

From: SimsburyCT Postings September 24, 2010 4:23:39 PM
Subject: Board of Finance Minutes 07/20/2010
To: SimsburyCT_FinanceMin
Cc:

BOARD OF FINANCE
JULY 20, 2010
REGULAR MEETING

1. CALL TO ORDER

The Regular Meeting of the Board of Finance was called to order at 6:00 P.M. in the Main Meeting Room of the Simsbury Town Offices. The following members were present: Paul Henault, Peter Askham, Nicholas Mason, Anita Mielert and Kevin North. Ms. Petitjean was unable to attend due to a family emergency. Also present were Director of Finance Kevin Kane and other interested parties.

2. MINUTES

One change was made to the minutes.

Mr. North made a motion to approve the minutes of the June 15, 2010 Regular Meeting as amended. Mr. Mason seconded the motion, which was unanimously approved.

3. 2009/10 BUDGET TRANSERS

Mr. Kane provided the budget transfers to the Board members totaling \$623,271.00. He stated that the key item is the request to set aside \$300,000 for the revaluation that will occur in October 2012. Chairman Henault stated that it is prudent to start setting this money aside now.

Mr. Kane stated that these are all internal transfers. This year, the main transfer is for the revaluation. In the Board of Selectmen's budget this year, there is approximately \$400,000 of surplus prior to these transfers.

Mr. Askham stated that \$500,000 was estimated for the revaluation. He questioned when this money would be needed. Mr. Kane stated that the money would be needed now. They will know the exact price once this goes out to bid; the cost will be upwards of \$500,000 and could be paid over a two year

period. Approximately \$230,000 would be expended this year.

Mr. Askham questioned what the open positions were. Mr. Kane stated that the Assistant Assessor position has not been filled in this year's budget; Hank Colella retired in the Engineering Department; as well as other positions are open. Mr. North questioned if the Town anticipated that these positions would be filled sometime in the future. Mr. Kane stated that there were four reductions of staff positions (Receptionist, Assistant Assessor, Engineer and Assistant Building Official). The people who retired, these positions were eliminated.

In response to a question by Ms. Mielert, Mr. Kane stated that there will be a full revaluation as of October 1, 2012, which would affect the budget for fiscal year 2013/2014. Mr. Mason questioned if one of the possible ramifications is the Grand List going down substantially. Mr. Kane stated that the Grand List will go down. He stated that, most likely, there will be an increase in the mill rate, although this does not mean that there will be an increase in people's taxes.

Mr. North stated that after the meeting with the Board of Education, Ms. Petitjean was asked to get information regarding equalized mill rates. As of 2008, which is the last time OPM updated this information, Simsbury was the 14th highest equalized mill rate in the State.

Mr. North made a motion to approve the budget transfers as outline in the Finance Director's memo dated, July 12, 2010. Mr. Askham seconded the motion, which was unanimously approved.

4. 2009/10 TRANSFER FROM RESERVES

Mr. Henault stated that this is a request from the Board of Selectmen regarding the Simsbury Land Trust. A July 7th memo was distributed to the Board members with additional information for their review. The Board of Selectmen, at their regular meeting on June 28th, approved an allocation of \$280,000 from reserves from the Town of Simsbury to participate in the Simsbury Land Trust acquisition for the Woodlot. This was then referred to the Board of Finance for their consideration. Mr. Henault stated that the \$280,000 represents less than 10% of the total purchase for the development rights. It also is to achieve Federal and State funding and is also contingent upon further fundraising by the Simsbury Land Trust.

Mr. Henault stated that the Board of Finance has received a letter from Simsbury Land Trust and information from the open space grant application that was submitted. They have also received maps and information regarding

this location and how it ties in with other State purchases along with the Simsbury Land Trust.

Mr. Askham questioned if any State grants were received. Mr. Howard stated that they have applied, although they have not heard as of yet if they will be receiving any of these grants. He stated that they have already raised over 400,000; fundraising will also be continuing.

Mr. Mason stated that the shortfall is \$230,000- \$240,000. Mr. Howard stated that that would be correct if the Town gives the Simsbury Land Trust this funding. He stated that there is still work to do regarding fundraising. They are still making those efforts.

Mr. Henault stated that their ability to take from reserves is stated in Charter Section 909C for this project; this would be for FY 09/10.

Ms. Mielert stated that she feels this is a great opportunity to match Federal funds and to bring some Federal funds back to Simsbury.

Mr. North stated that he feels uncomfortable with this request at this time partly because they have not had the opportunity to hear from the public. Also, because of the budget issues they have had. He stated that he would feel better discussing this in their overall budget discussions rather than a stand-alone issue. He has no idea that, if the Town's financial conditions continue to deteriorate, whether the public would stand behind these kinds of acquisition as they have in the past. Mr. North stated that he feels it would be appropriate to hold a public hearing. He stated that he cannot support this issue tonight.

Mr. Mason stated that he will support this. This Town puts priorities on education, safety and open space.

Mr. Askham stated that the letter from the Simsbury Land Trust was dated January 2010. He questioned why this was not part of the budget discussions. Mr. Kane stated that this is not capital; it is not Town land.

Ms. Mielert stated that she does understand Mr. North's comments. She feels that they will be making an investment for a better quality of life in Simsbury. They are also making a financial investment against expenditures in the future. She stated that there has been a decline in school population, which she attributes to purchasing open space.

Mr. Askham stated that this Board of Finance needs to be careful when taking from reserves. He stated that although this is a good deal for the Town, he would prefer to see this go through the normal budget process. He

stated that he would be inclined to support this.

Mr. Henault stated that he sees this as a continuation of a long process in the various votes that have been held in Town. He believes that the Simsbury Land Trust has done the bulk of the work in terms of acquiring these acres; this is a good deal for the Town. The Board of Selectmen went through their process. He stated that he would support this and believes that the Town residents would be in support of this also.

Ms. Mielert made a motion that the Town of Simsbury approve an allocation of \$280,000 from reserves for FY 09/10 pursuant to Section 909C with the contingency that the rest of the money is raised by the Simsbury Land Trust. Mr. Mason seconded the motion which was approved. Mr. North voted in opposition. The motion passed.

5. 2010/11 TRANSFER FROM RESERVES

Mr. Henault stated that this item is for a grant from the Hartford Foundation Technology Grant. There is a memo from Mary Glassman requesting the Board of Selectmen move to accept this technology grant for \$29,997 to the Simsbury Public Library for FY 2010/2011 for a part-time floating User Experienced Technician.

Ms. Bullock stated that the library is in need of someone who is knowledgeable with technology and library services that will soon be done on a computer by the patron. She stated that this is a one year grant. After this time, they will be making a long term staffing plan with the Library Board.

Mr. North made a motion to approve a \$29,997 transfer from reserves pursuant to Section 909C to apply to the 2010/2011 budget for purposes of funding this position, which has already been funded by the Hartford Foundation. Mr. Mielert seconded the motion, which was unanimously approved.

6. PENSION DISCUSSION

Mr. Henault stated that last month, this Board discussed and asked Mr. North and Mr. Mason to discuss their thoughts and proper approach to the Pension Subcommittee. He stated that currently, the subcommittee reports to the Board of Selectmen. There may need to be some adjustment in their approach of how they manage the pension and the use of active investment consultants.

Mr. North stated that the liabilities and assets represented by the pension obligations and funds of Simsbury are sizeable. Until there is a

measurable change in the way benefits are paid or calculated, they need to be carefully managed. He stated that the Town should consider engaging an investment consultant to work with them to better understand the investment policy; the investment strategy; and the investment performance measurement going forward. Also, he believes that these consultants should work directly for the Board of Finance and not report to the pension subcommittee. He stated that it is the purview of the Board of Finance as the budget making and financial policy making Board in Simsbury to take a close look at assets and liabilities. He suggested a reorganization of the way the results are monitored and policies are formulated for the deployment of assets.

Mr. Mason stated that he agrees a great deal with Mr. North. The members of the Pension Committee do have a strong understanding of investment management. He is unsure if they should be looking for true experts. He feels that diversity of skills is important. He feels that Russell already acts as an investment consultant for the Town.

Ms. Mielert stated that there has been no discussion that the current practices are failing. She feels there are jurisdictional and governmental issues that should be discussed with the Board of Selectmen and possibly refer to a Charter Revision Commission. The Charter clearly states that all of these positions should be appointed by the Board of Selectmen, although this does not mean that they have to report to the Board of Selectmen.

Mr. Kane stated that he recommends having an independent financial advisor as Mr. North has suggested. There was a consensus on the Board regarding the need for an investment advisor.

Mr. Askham suggested setting up a joint committee with the Board of Selectmen and Board of Finance to list concerns and issues and see what recommendations that committee may come up with.

Mr. Henault stated that there needs to be a discussion regarding the Pension Committee and reaching an agreement regarding the make-up of it, where they should report; and what their duties should be.

7. OTHER BUSINESS

There was none.

8. ADJOURNMENT

Mr. North made a motion to adjourn the meeting at 7:17 p.m. Mr. Mason seconded the motion, which was unanimously approved.

Paul Henault, Chairman
Sturgeon, Clerk

Alison