

**Board of Finance  
TOWN OF SIMSBURY, CONNECTICUT  
REGULAR MEETING MINUTES  
Tuesday, January 19, 2021 at 5:45 P.M.  
Zoom Meeting/Simsbury Community Television Live Stream**

**PRESENT:** Lisa Heavner, Arthur House, Derek Peterson, Robert Pomeroy, Kevin Prell, and Linda Schofield. Derek Peterson entered the meeting at 6:41 P.M.

**ALSO PRESENT:**

Sean Askham, Deputy First Selectman; Jackie Battos, Selectman; Maria Capriola, Town Manager; Tom Fitzgerald, Management Specialist; Wendy Mackstutis, Selectman; Amy Meriwether, Director of Finance; Mike Paine, Selectman; Susan Salina, Chair BOE; Chris Peterson, Selectman; Neill Sullivan, Assistant Superintendent; Eric Wellman, First Selectman; Barry Bernabe, Phoenix Advisors.

**1. Call to Order - Establish Quorum**

Mr. Pomeroy called the meeting to order at 5:47 P.M.

**2. Pledge of Allegiance**

All present stood for the Pledge of Allegiance.

Mr. Pomeroy opened the meeting by outlining the primary objective is to talk about debt forecasting, debt service, debt modeling and trying to help everyone have a better appreciation for the levers that effect the annual budgeting process.

Mr. Pomeroy introduced Mr. Bernabe indicating the presentation will help highlight the impacts budgets, debt, debt service have on bond ratings. He suggested the presentation will be used as the basis to start off the discussion, and afterwards the modeling that Ms. Meriwether and Ms. Heavner prepared will be reviewed, which will outline the projects and dollar amounts of where we stand today.

**3. Presentation: Phoenix Advisors LLC**

Mr. Bernabe gave a presentation providing an overview on how bond rating agencies look at our town, and how we compare to all the other AAA rated towns.

Ms. Heavner asked if these are the most up to date numbers. Mr. Bernabe confirmed he's using the States OPM numbers. He confirmed this data is somewhat old and is actually 2018 data, which is the most recent one the State has available.

Ms. Meriwether confirmed the current Debt Service as a % of Expenditures is likely within the 6.7% target or lower. Ms. Schofield indicated that this is the policy goal, and we could be below that in actuality.

Ms. Schofield asked about the Full Value Per Capita number. Mr. Bernabe confirmed it's in relation to the assessment, rating agencies take the full value of the property divided by the

number of people. Mr. Bernabe indicated that even though Simsbury is a wealthy community, it rates weaker in this area relative to other lower Fairfield county communities.

Ms. Heavner asked Mr. Bernabe to talk about best practices in relation to debt service as a % of expenditures, and to clarify what the marker is and why it's recommended to not exceed 10%. Mr. Bernabe outlined that S&P rates anything 10% or higher as a high percentage, 8% as moderate, and anything lower than 8% as low.

Mr. Bernabe gave a quick summary of the presentation so far stating interest rates are low, the town has a high bond rating, and the current debt metrics are relatively low.

Ms. Heavner asked what the typical AAA bond length is, and stated Simsbury usually does 10-year bonding for most capital and 15 years for major school projects. Mr. Bernabe indicated he thought Simsbury is on the aggressive side and is ahead of the curve. Most communities he deals with will go out 20 years when borrowing for town capital projects.

Data for the Town and BOE Capital Improvement Plan was presented using proposed current 6-year CIP town numbers.

Estimates were reviewed indicating how much the town can borrow to stay under certain budget guidelines.

Mr. Pomeroy recapped the presentation stating the overall level of interest rates are very, very low, the town's bond rating is very high, the existing debt is very low, current debt metrics are low in general and comparable to other AAA rated municipalities. He confirmed we are starting at a very good point and some of the CIP wish list numbers are very high and if they were to come to fruition it would push the town's debt up possibly three times higher than it is now.

Ms. Heavner reviewed the Debt and Contingent Liability Score and explained that our total debt has been kept around 60 with a debt service of 7% for the past 20 – 30 years. The benchmark was reviewed, and Ms. Heavner discussed the implications on what the numbers would mean based on a 20-year bond.

Mr. Pomeroy summarized that the BOS and the BOE need to review the wish list of the CIP, determine what is being recommended, when it needs to be done and what the real cost should be. The specific projects should be looked at in terms of spacing and timing and Mr. Pomeroy agreed with Ms. Heavner that the term of the bonding is important and should be reasonably and ethically balanced. Mr. Pomeroy also mentioned he was in agreement with Ms. Heavner in that he doesn't think we should go above 10% of the operating budget and asked for feedback from the committee members.

Mr. Prell confirmed he's comfortable with the 7% and with increasing the term to 15-20 years for the school projects.

Ms. Schofield confirmed she is comfortable with 20 years for school projects, excluding maintenance items which should coincide with the life of the item. She said we are currently under 7% so if we do increase to the 7% policy rate, we're adding a large amount to the mill rate

and would have a big impact on taxes. She confirmed she'd be hesitant to go higher than the 7% but could possibly go to 8%.

Mr. Peterson confirmed 15-20 seemed long to him and he is more comfortable trending towards an ultimate goal. He suggested taking a measured approach in how borrowing is ramped up. He would look for some level of increased reserves as borrowing went up, consistent with any lending program.

Mr. House observed it's a good time for low interest rates but a difficult time for a mill rate increase for the town. He mentioned he could go to 20 years on school projects.

Ms. Heavner confirmed she's at 7% because it was just approved but given interest rates are so low and Barry's presentation, she could be persuaded to 8%. She is hesitant to go beyond the 15 years but could be persuaded to 20.

Mr. Pomeroy asked for comment from Board of Selectmen members as well as the Board of Education members. Discussion ensued.

Mr. Pomeroy summarized the presentation by outlining the need to do a deep dive into the numbers, determine what should be included, when should it happen, what the loan term should be, and what the debt service policy should be. He mentioned other options that can be reviewed to help in the high years and a close partnership between the BOS and the BOE to get to a good solution.

#### **4. Approval of Minutes – December 15, 2020**

Mr. Pomeroy will submit 2 edits to Ms. Meriwether to update along with the edit Ms. Heavner previously submitted. There was also a recommendation to adjust line 69. Ms. Meriwether confirmed she will update all and send out another draft.

**MOTION:** Ms. Schofield made a motion to approve the minutes of the December 15, 2020 Regular Finance meeting contingent on the edits supplied to Ms. Meriwether. The motion was seconded by Mr. House. All were in favor and the motion passed unanimously.

#### **4. Finance Director's Report**

*Grants and Donations:* There is a tentative grant available for the structural analysis of Meadwood Barns if the town moves forward with the purchase.

*Financial update for COVID-19:* Reporting on the town side, there is around \$87K in COVID expenditures to date. The State has reimbursed \$26K related to COVID, for the period ended June 30, 2020, and another 13K related to elections. A private grant of \$8,600 related to elections was also received. \$181K was received in State funding for the period ending December 2021, and this number is based on a per population formula. The parameters of the program has changed so this money can be used on expenditures for police salaries and public health. The Health District anticipates returning for additional appropriation and Ms. Capriola is waiting to hear back on this. The quarterly financial report will be reviewed at the next meeting for both the BOE and the town.

*Board of Education:* There is around \$845K in COVID expenditures to date. Received \$375K in state funding and \$266K in year-end savings. There could be another funding source coming

from the State, waiting to hear back on this. \$385K still available in non-lapsing fund that can be utilized to cover the costs.

*Proposed Amended Purchasing Policy:* The auditors recommended additional federal guidelines be added to the Town's purchasing policy to ensure the Town is in compliance with Federal Grant funding requirements.

*Approved Abatement:* Ms. Meriwether referred to a copy of the abatement schedule the Board of Selectmen approved at their January 11, 2021 meeting for 632 (640) Hopmeadow Street.

## **5. Adjourn**

**MOTION:** Ms. Schofield made a motion to adjourn at 7:38 P.M. Mr. House seconded the motion. All were in favor and the motion passed unanimously.

Respectfully submitted,

Marion Lynott  
Commission Clerk