

**Simsbury Board of Finance
TOWN OF SIMSBURY
REGULAR MEETING MINUTES
Tuesday, September 17, 2019 at 5:45 P.M.
Simsbury Town Hall - Main Meeting Room
933 Hopmeadow Street, Simsbury, Connecticut**

PRESENT: Lisa Heavner, Derek Peterson, Robert Pomeroy, Kevin Prell

ALSO PRESENT: Melissa Appleby, Deputy Town Manager; Sean Askham, Board of Selectmen; Judith Blank, Bond Counsel, Day, Pitney, LLP; Maria Capriola, Town Manager; Cheryl Cook, Board of Selectmen; Bob Crowther, Economic Development Commission Chair; Bob Decrescenzo, Town Attorney; Tom Earl, Economic Development Commission; Burke LaClair, Schools Business Manager; Amy Meriwether, Director of Finance/Treasurer; Mike Paine, Board of Selectmen; and other interested parties.

1. Call to Order - Establish Quorum

Chairman Pomeroy called the meeting to order at 5:46 P.M.

2. Pledge of Allegiance

All present stood for the Pledge of Allegiance.

3. Approval of Minutes - July 30, 2019

MOTION: Mr. Prell made a motion to approve the July 30, 2019 Special Meeting Minutes. Mr. Peterson seconded the motion. All were in favor and the motion passed unanimously.

4. Communications

• **GFOA Award Letter**

Mr. Pomeroy noted congratulations for this award.

5. Cyber Security Update

Ms. Meriwether referenced the memorandum prepared by Melissa Appleby and Rick Bazzano regarding cyber security initiatives. Ms. Meriwether noted it is an update on how the funds were spent and was written in response to the request from the Board of Finance. Mr. Pomeroy noted the use of KnowBe4 is good practice. Ms. Heavner inquired about ransomware procedures and protocols. Ms. Meriwether noted that in speaking with the IT Director, that ransomware is not a major cause for concern due to the Town having appropriate backups in the event of an attack. Backups are stored every evening. Ms. Meriwether also discussed precautions and procedures in the event money is physically taken from one of the Town's bank accounts. She reported she attended a class on this topic before she began working in Simsbury and was made aware of proactive steps to take so there is less risk of fraudulent bank activity and what to do in the event a Town bank account is compromised. There was brief discussion about backups on tape versus the cloud and having a cyber insurance carrier.

6. Debt Management Discussion

- **Draft Debt Policy**

Judith Blank, Bond Counsel at Day, Pitney, LLP, addressed the Board as requested to bring clarity to the debt issuance authority and budget making authority as interpreted by the Town Charter. She reported the Charter is clear. It gives the BOF authority to approve appropriations and designates to the BOS the power to authorize debt. She clarified that the power to issue debt rests with the BOS and the BOF has the power to approve appropriations. She noted in her experience with the Town over the past 30 years everyone has worked very well together. Mr. Pomeroy asked if the BOF can have a debt policy. She responded 'yes.' Robert (Bob) Decrescenzo, Town Attorney, addressed the Board, noting he and Ms. Blank agree on this matter and collaborated on the memo submitted. He pointed out that the BOF has no power to bind the BOS, nor does it have the power to bind any other agent of the Town. The BOF can have a debt policy that it recommends to the BOS and can request that the BOS confer with the BOF prior to making a decision to issue debt. Discussion followed. Mr. Pomeroy noted the policy will be edited and approved by Ms. Blank and Mr. Decrescenzo so that it may be voted on at the October meeting.

- **Best Practices Overview: Phoenix Advisors**

Ms. Meriwether introduced the Town's financial advisor, Barry Bernabe, of Phoenix Advisors, LLC. Mr. Bernabe presented an overhead presentation entitled, Best Practices Credit Overview & Interest Rate Outlook. He began by noting the Town's rating from Standard & Poor's and Moody's at AAA, the highest possible rating. He noted the five major factors contributing to that are: Management Practices, Economy & Demographics, Financial Performance, Debt Management and Long-term Liabilities. He spoke about fund balance levels, the Financial Management Assessment (FMA) score, existing annual debt service, ten year U.S. Treasury yields, the recent Simsbury bond sale and refinancing opportunities. Mr. Bernabe noted the Town is very conservative and a mill rate stabilization fund might be something to consider. Discussion followed.

7. FY18/19 Year End Results

Ms. Meriwether referenced her provided schedule of year-end budget transfers, noting some highlights. She noted a bond premium from the last issuance of \$1.2M and a designated fund balance of \$2M, including \$1M designated for the Health Insurance Fund and \$1M designated for tax relief. She added fund balance appropriations were not used due to excess revenues as noted. She reported the Simsbury Farms Fund had a deficit of \$495,000 and \$267,000 of that is due to an accounting change. Mr. Pomeroy noted the Board still needs to discuss Simsbury Farms and Ms. Capriola noted a draft of a final report is being finalized and will be shared with the Board this fall. Discussion followed.

8. Proposed General Fund Transfers

Ms. Meriwether presented her proposed General Fund transfers, noting there are three special revenue funds sitting in a negative fund balance deficit position, which she would like to clean up. She went through the funds, including the Hazard Mitigation Special Revenue Fund, POCD Grant Fund and the Hartford Charette Fund. Further, she spoke about the Health Insurance Fund, Simsbury Farms Fund, Capital Reserve Fund and Transfers to Assigned Fund Balance. Discussion followed regarding new mortality rates, fund balances, professional development and marketing materials for the EDC.

MOTION: Mr. Prell made a motion to make the recommended close-out transfers. Mr. Peterson seconded the motion. All were in favor and the motion passed unanimously.

9. Proposed Capital Project Transfers

Ms. Meriwether noted staff is closing out some of the completed capital projects. She noted projects funded via the Sewer Use Fund, the General Fund, and several projects that utilized bond proceeds that can be closed out. By recommendation of Ms. Blank, projects funded via bonding should be closed out and utilized to reduce future borrowings. Ms. Meriwether noted projects funded via the General Fund to be closed out include her recommendation to build up the capital reserve. She also noted a few minimal projects which were overspent for which capital reserves can be used to pay those off. Lastly, she noted a request to move up a project for fencing at the bandshell due to numerous concerns from the public. This would be net transfers to the Capital Reserve Fund at \$215,000. Ms. Heavner noted she is not inclined to put more than \$1M in the Capital Reserve Fund and would, therefore, exclude the 4 capital projects and keep them in the General Fund.

MOTION: Ms. Heavner made a motion to approve the capital project transfer requests with that exception. Mr. Peterson seconded the motion. All were in favor and the motion passed unanimously.

10. Presentation: Fiduciary Investment Advisors

Chris Kachmar and his associate, Laura Gineo, of Fiduciary Investment Advisors (FIA), provided discussion materials and spoke to the Board. Mr. Kachmar gave a Firm & Service Team overview and a brief capital markets overview. In addition, he spoke about pension plans and OPEB trust reviews, as well as, a defined contribution plan review. He noted his firm works with a lot of peer municipalities. Ms. Gineo provided some highlights on the RFI for the Board. Mr. Kachmar noted the full RFP would provide more data. The \$10,000 fee and where that money would come from was discussed. The change from Simsbury Bank to Liberty Bank was also discussed.

MOTION: Mr. Prell made a motion to engage Fiduciary Investment Advisors to conduct the RFQ. Mr. Peterson seconded the motion. All were in favor and the motion passed unanimously.

11. Tax Abatement Process Improvement Recommendations

Mr. Pomeroy provided background on the recommendations and noted Ms. Heavner has worked on this for a while. Ms. Heavner recognized Bob Crowther, Chair of the Economic Development Commission (EDC), for his work. Ms. Heavner referenced the tax abatement memorandum. She spoke about the resources used and summarized the recommendations made. In addition, she referenced information forwarded from Representative Hampton on economic impact analyses of local option business tax incentives. Mr. Pomeroy thanked Ms. Heavner for her work on this and cautioned against putting too much process in place. Mr. Crowther spoke in support of Ms. Heavner's memorandum. He noted there is a business incentive team on the EDC which is writing a policy for what the Town should be doing. He noted Tom Earl, who was in attendance, is a part of that team. Ms. Heavner noted research shows tax abatements are not very effective and are not determinative in the decision-making process. She added keeping the

overall tax burden low is something that can be done. She argued for extreme caution in giving tax abatements going forward. Discussion followed about the cost to residents. Mr. Pomeroy noted it was agreed the recommendations will be sent to the EDC for discussion. Mr. Askham respectfully asked that they be sent to the BOS for referral to the EDC as it is a subcommittee of the BOS.

MOTION: Mr. Peterson made a motion to send the recommendations on to the BOS and EDC. Mr. Prell seconded the motion. All were in favor and the motion passed unanimously.

Ms. Meriwether went back to year-end results by noting the General Fund Year-End Budget Transfers – Budgetary Basis Schedule needing approval for the audit.

MOTION: Mr. Prell made a motion to approve the General Fund Budget Transfers as presented. Mr. Pomeroy seconded the motion. All were in favor and the motion passed unanimously.

12. Finance Director's Report

Ms. Meriwether referenced an updated listing of grants and donations. She also referenced the FY2019/2020 Fund Balance Appropriation of \$420,000 in her report and provided background on that.

13. Adjourn

MOTION: Ms. Heavner, Mr. Prell second, to adjourn at 8:20 P.M.; unanimously approved

Respectfully submitted,

Karen Haberlin
Commission Clerk