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To: SimsburyCT\_FinanceMin  
Cc:

BOARD OF FINANCE  
REGULAR MEETING - 6:00 PM  
OCTOBER 16, 2012

CALL TO ORDER

Paul Henault, Chairman, called a regular meeting of the Board of Finance to order at 6:00 P.M. on Tuesday, October 16, 2012 in the Main Meeting Room at the Town Offices, 933 Hopmeadow Street, Simsbury, CT. The following members were also present: Peter Askham, Jeff Blumenthal, Nicholas Mason, Kevin North and Barbara Petitjean. Also present were Mary Glassman, First Selectmen, Mary Ann Harris, Finance Director, Matthew Curtis, Superintendent of Schools, Burke LaClair, Board of Education Business Manager, Leslie Faraci, Commissions Clerk and other interested parties.

I. SIX YEAR CAPITAL PLAN – discussion with Board of Selectmen, Board of Education and Superintendent of Schools

Mr. Henault began the meeting by stating he would like everyone to keep in mind a few things during this discussion; 1) there has been a revenue decline in the last five (5) years as a result from the activity at The Hartford, 2) there is a revaluation coming up, 3) some projects, that were deferred last year, may be able to be paid for in cash and 4) there will be some funds coming as a result of the reimbursement from FEMA helping to replenish the undesignated funds balance.

Mr. Curtis added that they will be taking in consideration the declining enrollment at the elementary level and they are taking a hard look at their facility usage to see what short term and long term cost will be.

Ms. Glassman then addressed the board by saying the Board of Selectmen has not had a conversation about the specific projects yet. Mr. Henault agreed that this is just a preliminary discussion in order for the Board of Finance to provide some guidance to the Board of Selectmen and Board of Education moving towards the budget season. Mr. Henault then reviewed a list of projects that were slated for 2013 totaling approximately \$1.3MM and turned the discussion over to Ms. Harris.

Ms. Harris began by speaking about borrowing capacity and debt service. She said in order to stay within the 7% guideline, the borrowing capacity for 2014 is \$1,850,000, which would be the project fund. Mr. Askham and Ms. Harris discussed the current authorizations to date. Ms. Harris then mentioned that there is a remaining balance in the Simsbury High School Project fund, but she said, these funds can only be used for a school project, not for debt service or for the General Fund. Ms. Harris said when the money comes in, they should consider paying down the initial \$600,000 of the District Network Infrastructure project. Ms. Harris passed out a memo from Bond Council stating recommendations for these excess funds. The memo was reviewed and there was further discussion regarding what these funds can/should be spent on. Mr. Blumenthal expressed his support of the recommendation to put these excess funds towards the District Network Infrastructure project.

Mr. Henault said, looking at the numbers and the Capital Improvement Program Summary (2013-2018), there are some projects that just don't fit, taking into consideration the available funds. Mr. Henault said the Board of Finance will look to these two Boards in order to trim approximately \$7MM from the 6-year Improvement Schedule/List. Mr. Blumenthal asked if there were any outstanding bonds that could be refinanced, taking advantage of the current low rates and Ms. Harris said they are not anticipating doing so. The options for bonding future projects were reviewed by Ms. Harris, but she stated this year, they need to use 10-year bonds. Mr. Mason asked if some of the smaller projects could be funded out of the operating budget and Ms. Harris said yes, that could be done. Mr. Askham asked about the fund balance and Ms. Harris said it is approximately \$10.7MM (unaudited), including the expected FEMA reimbursement. Mr. Blumenthal asked about the expected FHWA reimbursement, and Ms. Harris provided a conservative estimate of \$300,000-\$400,000. Ms. Harris said paying cash up front for projects is considered a positive by rating agencies. Ms. Harris spoke about additional considerations taken by the rating agencies and explained why Simsbury is rated so strongly. Mr. Henault said the Board of Finance wants to stick with the seven percent (7%) guideline and both Boards are going to have to look at this schedule, keep the outside factors in mind and make some tough decisions. Ms. Petitjean asked the boards to think about cash flow needs and bonding over future years for some of the larger projects. She asked for the next conversation, they should break down what they need to authorize into cash flow and how they need to borrow it, which might change the picture they are looking at.

Ms. Glassman asked for guidance regarding the project authorization schedule and a number to use in order to go back to the Board of Selectmen. Mr. Mason and Ms. Glassman discussed the numbers further. Ms. Haase asked to see the cash flow by year so they know when everything will hit. Mr. Henault said this might force everyone to look at what will be affordable

and what might not fit. Mr. Askham said he wants money to be transferred into CNR in order to make the cash flow appear more solid. Ms. Harris said that transfer should be done after the winter season. Mr. Henault said this is early in the process and as they get closer to budget season, the discussions will be more detailed, but at this point, he anticipates there will be no boding beyond the previously discussed \$1.8MM amount. Ms. Glassman said the \$1.8MM will not be enough to fund projects that were not funded last year and need to be funded next year, so they now need to go back and prioritize.

Mr. Henault thanked the Board members for coming to discuss this matter.

## II. HIGH SCHOOL CAPITAL CLOSE-OUT – update & discussion regarding District Network Infrastructure

Mr. Henault reviewed the situation and how we ended up with additional funds in the High School project account. The topic of what the funds can be used for was discussed by Ms. Harris and the Board members. Mr. North said while it is clear that it can be used to pay down debt, it would be administratively complex.

Mr. North made a motion to allow the excess funds, following the High School Capital Closeout, be allocated towards the District Network Infrastructure project. Mr. Blumenthal seconded the motion. This motion was not voted on, as the issue was tabled.

Ms. Harris said she does not need the Board of Finance's approval this evening, she just wanted them to know where they are heading. Mr. Henault said he would like to go through the information to make sure they have a solid ground regarding the accounting on this, although he does think it is a good idea.

Mr. Mason made a motion to table the topic of allocation of excess funds following the High School Capital Closeout until the November Board of Finance meeting. Mr. North seconded the motion, which passed with five (5) votes in favor and one (1) opposed. (Mr. Blumenthal voted in opposition)

Ms. Petitjean said she would like to make sure this topic is addressed at the next meeting. Mr. Blumenthal said he does not see why this needs to be tabled when the information in front of the Board is very clear.

## III. APPROVE MINUTES – September 18, 2012 – Regular & Special Meeting

Mr. North made a motion to approve the minutes of the September 18, 2012 Special Meeting as presented. The motion was seconded by Mr. Mason and was passed with four (4) votes in favor and two (2) abstentions. (Mr. Blumenthal and Ms. Petitjean abstained).

Ms. Petitjean made a motion to approve the minutes of the September 18, 2012 Regular Meeting as presented. The motion was seconded by Mr. Blumenthal and was unanimously passed.

#### IV. FEMA UPDATE -

Ms. Harris said they are waiting for the funds to come in at this point. As this topic was previously addressed in the meeting, Mr. Henault moved onto agenda item #5.

#### V. CNR CLOSE-OUTS

Mr. Blumenthal made a motion to close out the CNR projects totaling \$125,000. The motion was seconded by Ms. Petitjean and was unanimously passed.

#### VI. GRAND LIST UPDATE

Mr. David Gardner, Tax Assessor, said the field work is complete he has done some analysis (distributed a worksheet) comparing assessments with current sales. He spoke about median assessment to sale ratios and how they are calculated. Mr. Gardner said in the three (3) previous revaluations, there were larger changes than there will likely be in this one. He reviewed the numbers provided to the Board within the spreadsheet. Mr. Askham asked if the Grand List has ever gone down and Mr. Gardner said this is the first time he believes they have been in this situation. Mr. Gardner said some people's taxes will go up, some will go down and some will remain the same, just as in every previous revaluation. The effects on the Mill Rate were discussed. Mr. Gardner said he anticipates assessment letters will go out to people in the end of November and then described the process moving forward from there. Mr. North asked if there might be a way to educate the tax payers on how to interpret these numbers. Ms. Glassman said they can work on the distribution of that information and will have counsel review a draft letter. Mr. Blumenthal asked Mr. Gardner to review the assessment to sale ratio, which he did. Mr. Gardner then spoke about the actual entry rate into the homes, saying it was around 55% because it was difficult for some people to coordinate an appointment and some residents did not respond to the letters.

#### VII. REQUEST FOR SPECIAL REVENUE FUND - CT DECD - Historic Preservation Enhancement Grant

Ms. Harris distributed the memo from Hiram Peck describing the grant and said the town will spend no funds above the grant amount.

Mr. Blumenthal made a motion to set up a Special Revenue Fund in the amount of \$30,000 for the Historic Preservation Enhancement Grant. The motion was seconded by Ms. Petitjean and was unanimously passed.

#### VIII. 2014 MEETING CALENDAR - REVIEW

Mr. Henault asked if the Board members would like to wait to address this agenda item, and it was agreed that was the best course of action.

#### IX. NOVEMBER MEETING - AGENDA DISCUSSION

Mr. Henault said for the last three (3) years they have held a special meeting where he has given a presentation on the financial status of the Town and then have the public comment following the presentation. He asked if it should be a separate meeting or just held prior to their regular meeting. Mr. North suggested canceling the second special meeting and keeping it within the agenda of their regular meeting.

Mr. North made a motion to cancel the Special Meeting scheduled for November 20, 2012. The motion was seconded by Mr. Blumenthal and was unanimously passed.

Mrs. Petitjean made a motion to amend the agenda in order to allow discussion regarding the Restricted Grant Funds accounting exhibits distributed by Mr. LaClair. The motion was seconded by Mr. North and was unanimously passed.

Burke LaClair handed out a sheet "Simsbury Public Schools Expenditures Including General and Restricted Grant Funds". He explained the numbers on the sheet. The best possible methods to communicate these numbers to the voters was discussed. Mr. Askham said he thinks this sheet gives complete disclosure and is presented in a clear manner. Mr. Henault asked what would happen if these grant monies did not come through and Mr. LaClair said then the programs could not be funded and tough choices would have to be made. Mr. Blumenthal said the voters should vote on what is being appropriated and that does not include grant money. Mr. Henault said this discussion would continue. Mr. LaClair said they are constantly evaluating the grant money and adjust accordingly when there are any changes in the projected amounts. Town grants versus education grants were discussed. Mr. Henault thanked Mr. LaClair and Mr. Curtis for their efforts on this topic.

Mr. Henault said Mr. Mason and he got together regarding the policies and procedures and will get together again before bringing something forward to the Board.

Mr. North moved to adjourn the Regular Meeting of the Board of Finance at 7:45PM. The motion was seconded by Ms. Petitjean and passed unanimously.

Respectfully submitted,

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Paul Henault, Chairman  
Commissions Clerk

Leslie U. Faraci,