

Minutes

Board of Finance Meeting

April 10, 2012

Room 119 7:30 PM

CALL TO ORDER

The meeting was called to order by Chairman Liz Mao at 7:37 pm. All members of the Board of Finance were present. Also in attendance was Kate Clarke Buch, Finance Director. The meeting was taped for broadcast over Channel 79.

OTHER BUSINESS

Jon Zagrodzky moved discussing other business not on the agenda; passed 7-0.

Liz Mao provided an overview of two school construction accounts that needed to be closed – Darien High School and Tokeneke Elementary School. The budgets for these projects estimated the value of state construction grants to be received, but the amounts were over-estimated, resulting in a shortfall:

- Darien: \$283,585.40
- Tokeneke: \$681,069.94
- **Total: \$964,655.34**

The cause of the shortfall was certain expenses being ineligible for reimbursement through the state grant (e.g., auditorium exceeding size/dimension limits). It was not clear which expenses would be ineligible until a formal audit was conducted.

Martha Banks moved closing these accounts and covering the shortfall with an appropriation of \$964,644.34 from the General Fund; passed 7-0.

REFUNDING RESOLUTION

Kate Buch provided a revised refunding resolution, which increased the borrowing limit from \$50 million to \$60 million. The reason for the increase was to provide the Board of Finance greater flexibility should a refunding opportunity for approximately \$63 million in callable bonds present itself during the upcoming fiscal year.

Jamie McLaughlin moved approval; passed 7-0. The refunding resolution is reproduced at the end of these minutes.

BUDGET REVIEWS

First Selectman Jayme Stevenson addressed the Board of Finance and thanked the Board for its diligence and its support of Town initiatives.

Kate Buch reviewed the list of cuts made to date, which accompanies these minutes as Exhibit A. The cuts totaled \$2.2 million, most of which was due to lower amounts for healthcare and debt service as well as moving the funding for the Middlesex School roof to the current fiscal year. Ms. Buch also indicated that the taxes required to fund the full budget would require a mill rate increase of 4.34%.

The Board continued its discussion of the Board of Education budget. Ms. Buch indicated that the Annual Required Contribution (ARC) for the BoE OPEB would be approximately \$150,000 less than budgeted (final amount to be determined). This amount could be cut from the BoE budget.

Martha Banks reviewed the BoE budget for Excess Cost Reimbursement (ECR). She indicated that over the years, Darien has received between 1.7% and 2% of the state's overall budget for ECR, which state officials believe will be flat funded for the coming year. Ms. Banks calculated that assuming the lowest percentage Darien has received in recent years (1.7%), the BoE could expect funding approximately \$375,000 more than what it has budgeted.

Elizabeth Hagerty-Ross, BoE chairman, and Superintendent Stephen Falcone were in the audience. They countered that the planned budget anticipates lower expense reimbursement due to the higher average costs for all students (the ECR grant reimburses school districts for the reasonable costs of special education for a student who lives in the district that exceed 4.5 times the district's average per pupil expenditures for the preceding year). They also indicated that sharing resources has lowered expenses for the highest cost students. For these reasons, the BoE budgeted a lower ECR.

After this discussion, the BoF debated what level of overall funding would be appropriate for the BoE. Jon Zagrodzky proposed a 4% mill rate increase, which would require a BoE cut of approximately \$440,000, \$150,000 of which would come from the lower OPEB funding requirement. Though no vote was taken, there was a general consensus that this proposal would be an appropriate path forward, with final numbers and a vote on April 12th.

TRANSFERS

- **Department of Public Works – dump overtime** – \$1,900

On orders of the First Selectman, the dump was kept open extended hours after the two significant storms of August and October that left roads and private properties clogged with downed trees and branches. The dump was kept open to the public during the cleanup effort as a convenience to the taxpayers and their contractors to expedite the massive cleanup. The weighman and the recycling operator worked extended hours as a result.

Lori Bora moved approval; passed 7-0.

- **Department of Public Works – dump sticker overtime** – \$4,355

The fiscal year 2012 budget reduced the full-time administrative secretary position to a 20 hour per week position. As of July 1, 2011 the incumbent employee was on long-term leave and continued that status until recently. When it became clear that the office could not function with one part-time clerical employee, the department was allowed to staff a temporary part-time clerical position. The budget estimate did not anticipate a long-term need for such a position. Despite a previous supplemental appropriation, the account is now over budget by \$1,455.

Dump sticker sales begin in May. Typically, the number of walk-in customers occupies one or more staff full-time for at least part of the day, thus creating a need for additional counter help. In the past we have met this need with a summer student, and the budget has included adequate funding. The fiscal year 2013 budget includes such funding, but the department will need additional funding of \$2,900 to carry through from mid-May to July 1. Therefore, the Department is requesting a total transfer of \$4,355.

Jamie McLaughlin moved approval; passed 7-0.

- **Department of Public Works – fuel costs** – \$21,000

The fiscal year 2012 budget used prices of \$2.59 per gallon for unleaded gas and \$2.60 per gallon for diesel fuel. Unfortunately, actual costs have been significantly higher. Unleaded gas is up to \$2.85 per gallon of diesel is costing \$3.28 per gallon. Since the department purchases 75,000 gallons of gas and 17,000 gallons of diesel, the effect on the budget is significant. Based on estimated usage for the remainder of the current fiscal year, the Department is projecting a deficit of \$21,000. Because of the lack of winter weather, funds are available in the Ice Control Materials account.

Lori Bora moved approval; passed 7-0.

- **Karl Kilduff/Administrative Officer – seasonal/temporary – \$7,000**

The full-time office administrator in the building department has been out on short-term disability since February 9, 2012. The original return to work date for the office administrator was projected to be late April, and the office was covered by a temporary clerical employee who worked 15 hours a week and was paid using the limited monies in the seasonal/temporary salary line. Unfortunately, the office administrator will not be able to return to work for several additional months and may not be able to return to full duty when she does return. In order to ensure that the building department continues to run efficiently and keep up with the demands of operation, it is necessary to increase the hours of the temporary employee from 15 hours a week to 35 hours a week effective March 19, 2012.

A total of \$7,000 is requested to be transferred from the contingency salary account to the Administrative Officer's seasonal and temporary salary account to provide sufficient monies to employ a full-time temporary employee in the building department until the end of the fiscal year.

Joe Duwan moved approval; passed 7-0.

MINUTES

Minutes from the April 3rd and April 5th BoF meetings were reviewed. No changes were made. Gwen Mogenson moved approval of the April 3rd minutes; passed 7-0. Jamie McLaughlin moved approval of the April 5th minutes; passed 7-0.

ADJOURNMENT

There being no further business, Joe Duwan made a motion to adjourn. The motion was seconded and approved 7-0 at 9:21 pm.

Respectfully submitted,

Jon Zagrodzky
Clerk

RESOLUTION APPROPRIATING SIXTY MILLION DOLLARS (\$60,000,000) TO REFUND CERTAIN OF THE TOWN'S OUTSTANDING BONDS AND AUTHORIZING THE ISSUANCE OF REFUNDING BONDS TO FINANCE SUCH APPROPRIATION.

RESOLVED:

Section 1. The sum of SIXTY MILLION DOLLARS (\$60,000,000) is appropriated to fund the redemption and the payment, in whole or in part, as determined by the First Selectman, the Town Treasurer, the Board of Finance or any Town official designated by the Board of Finance and the Finance Director of the Town of Darien (the "Town"), of the outstanding principal, accrued interest and any call premium on all or any portion of any issue of the Town's General Obligation Bonds, including, but not limited to, the Town's General Obligation Bonds issued in 1999, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 (the "Prior Bonds"), together with the costs of issuance including, but not limited to, any applicable consultants' fees, legal fees, trustee and escrow agent fees, investment fees, verification fees, underwriters' fees and other financing or transactional costs and other expenses related to the payment or redemption of such bonds for the purposes of refunding them.

Section 2. The Town is hereby authorized to issue its Refunding Bonds, in an amount not to exceed SIXTY MILLION DOLLARS (\$60,000,000) (the "Refunding Bonds") to fund the appropriation authorized by Section 1 of this resolution, provided that the issuance of such Refunding Bonds achieves present value debt service savings for the Town. The Refunding Bonds shall be issued pursuant to section 7-370c of the Connecticut General Statutes, as amended, and any other provision of law thereto enabling. The Refunding Bonds shall be general obligations of the Town secured by the irrevocable pledge of the full faith and credit of the Town.

Section 3. The First Selectman and the Town Treasurer shall sign the Refunding Bonds by either manual or facsimile signatures, and the law firm designated as bond counsel is authorized to approve the legality of the Refunding Bonds.

Section 4. The First Selectman, the Town Treasurer and Board of Finance or any Town official designated by the Board of Finance and the Finance Director are authorized to determine which of the prior bonds are to be redeemed and the amount, date, interest rates and interest mode, maturities, redemption provisions, form and other details of the Refunding Bonds; to designate one or more banks or trust companies to be certifying bank registrar, transfer agent and paying agent for the Refunding Bonds and escrow agent with respect to the refunding escrow or escrows to be funded with proceeds of the Refunding Bonds; to provide for the keeping of a record of the Refunding Bonds; to sell the Refunding Bonds at public or private sale; to deliver the Refunding Bonds; and to perform all other acts which are necessary or appropriate to issue the Refunding Bonds.

Section 5. The First Selectman and the Town Treasurer are authorized to call irrevocably for redemption of such of the maturities of the Prior Bonds, as they shall determine to refund from the proceeds of the Refunding Bonds and other monies as they may determine to make available for this purpose and to defease such Prior Bonds by executing and delivering an escrow agreement in such

form, and upon such terms as they shall approve, such approval to be conclusively evidenced by their execution thereof.

Section 6. The First Selectman, the Town Treasurer and the Finance Director, or any two of them, are authorized to bind the Town pursuant to such representations and covenants as they deem necessary or advisable in order to maintain the continued exemption from federal income taxation of interest on the Refunding Bonds authorized by this resolution, if issued on the tax exempt basis, including covenants to pay rebates of investment earnings to the United States in future years.

Section 7. The First Selectman, the Town Treasurer and the Finance Director, or any one of them, are authorized to make representations and enter into written agreements for the benefit of holders of the Refunding Bonds to provide secondary market disclosure information, which agreements may include such terms as she or he deems advisable or appropriate in order to comply with applicable laws or rules pertaining to the sale or purchase of such Refunding Bonds.

Section 8. The First Selectman and the Town Treasurer are authorized to take all other action which is necessary or desirable to enable the Town to effectuate the refunding of all or a portion of the Prior Bonds and to issue Refunding Bonds authorized hereby for such purposes, including, but not limited to, the entrance into agreements on behalf of the Town with underwriters, trustees, escrow agents and others to facilitate the issuance of Refunding Bonds, the escrow of the proceeds thereof and investment earnings thereon, and the payment of the Prior Bonds in whole or in part.

Section 9. Any authorized but unissued portions of previous refunding authorizations are rescinded.