

Minutes

Board of Finance Meeting

February 15, 2012

Town Hall Auditorium 7:30 PM

CALL TO ORDER

The meeting was called to order by Chairman Liz Mao at 7:35 pm. All members of the Board of Finance were present. Also in attendance was Kate Clarke Buch, Finance Director. The meeting was broadcast live over Channel 79.

DISCUSS AND TAKE ACTION ON SALE OF BONDS

Mr. Mark Chapman, of Independent Bond and Investment Consultants, LLC, joined the meeting to provide the Board with perspectives on the upcoming bond sale. The Board had talked about staying under \$10 million in order for the bonded amount to be bank-qualified. Mr. Chapman indicated that staying under \$10 million was not important and that the Town should bond what is need to in light of the low interest rate environment.

The 2012 bond sale components, which total ~\$14 million, are as follows:

Project	Narrative	Options	Amount
Police station renovation	After bidding, estimated costs are \$15,800,000. We currently have bonded \$8,075,000. Change orders to date are approximately \$200,000. Estimated completion date is July 2012.	<ul style="list-style-type: none">• \$7,730,000 which is the estimated cost of \$15.8 less \$8.075 already bonded.• \$7,925,000 allows for the change orders to date.• Some lesser amount, but recommended no less than \$7 million, with plans to borrow further in 2013.	\$7,730,000
Weed Beach	Project will be completed in May. Total bonding authorization is \$3 million. BoF has expressed a desire to fund some of this project from fund balance. Current	<ul style="list-style-type: none">• \$1,500,000 which allows up to another \$1.5 million in bonding in 2013 or up to \$1.5 million to be funded through fund balance, and addresses current	\$2,000,000

	expenditures just under \$1 million	cash flow needs. • Some lesser amount, but recommended no less than \$1 million.	
Goodwives Sewer	Project is virtually complete.	• \$770,000 funds cost to date.	\$770,000
35 Leroy / Mather Center	Funding is needed to provide documents for bidding for both phases of this project, followed by renovations of 35 Leroy. Estimated completion date of 35 Leroy renovations is November, 2012. A second issue will be needed in 2013 for the Mather Center phase of the project	<ul style="list-style-type: none"> • \$3,500,000, half the cost of the total project authorization. • \$500,000, cost of work needed to bring project through bidding phase. • Some other amount between \$500,000 and \$3,500,000. 	\$3,500,000
Total			\$14.0 million

Mr. Chapman presented several bonding scenarios:

- 20 year – level principal
- 15 year – level principal
- 15 year – deferred principal

There was considerable debate about the merits of deferring principal. Those opposed (Martha Banks, Gwen Mogenson, Lori Bora) cited the following points:

- Deferring principal payments now means higher principal payments after the deferral period, potentially at a time when there might be additional capital projects (e.g., Middlesex roof, flood control) or land acquisitions, thus increasing future budget pressures
- The Town represented at the time of the Shuffle vote that sufficient borrowing and repayment capacity existed; we should not now decide to defer principal payments given these representations

Those in favor (Liz Mao, Joe Duwan, Jamie McLaughlin, Jon Zagrodzky) cited these points:

- The proposed 2012-2013 budget is under considerable pressure; deferring helps manage this strain
- Significant capital projects in the next few years are unlikely

Jamie McLaughlin moved approval of the 15 year – deferred principal bonding scenario along with the required BoF resolution (Appendix A attached to these minutes); the motion passed 4-3.

Mr. Chapman indicated that a BoF representative needed to be present at the proposed March 29th meeting, when the bonding will be finalized and executed. Liz Mao was designated as the BoF representative, with Joe Duwan as backup, depending on the actual sale date.

NEW BUSINESS

Jon Zagrodzky moved taking up new business; passed 7-0. Liz Mao offered comments on the Board of Education budget:

- Feels sorry for the BoE
- Reaffirmed the BoF's intent during last year's budget deliberations, which was to provide full funding for the proposed BoE budget
- However, Special Education spending has exploded since then, forcing the BoE to cut back on regular education spending (e.g., books, intramural sports)
- The BoE is faced with a State mandate: no cuts in Special Education allowed
- This is deeply troubling

TRANSFERS

- **Registrar of Voters – printing of canvass query** – \$1,500

The Registrars' original budget estimate was based upon the previous year's charges. There has been an increase in postal rates not envisioned in the budget. The Registrars proposed moving \$1,500 from the Seasonal/Temporary account to the Mailing/Shipping account.

Jamie McLaughlin moved approval; passed 7-0.

- **Department of Public Works – storm cleanup** – \$65,193

Tropical Storm Irene cleanup required the use of contractors to open up roads and clear downed trees and debris. Total expense for three contractors was \$65,193, all of which was charged to the Highway Division's repair and maintenance account. Although DPW expects to recover 75% of this amount from FEMA, the account is already in deficit by over \$63,000. Therefore, the DPW is requesting a transfer from the contingency fund to cover this amount.

The BoF discussed this request. Given the small amount of snowfall this year, it was decided to fund \$25,000 of the request from the ice control materials account (Account #104021443021) and the balance of \$40,193 from contingency.

Joe Duwan moved approval; passed 7-0.

- **Department of Public Works – storm cleanup** – \$53,000

Tropical Storm Irene cleanup and the surprise October snowstorm required the concentrated efforts of Cotta Tree Service and the use of an additional tree service to open up roads and clear downed trees and tree debris. Total expense charged to the tree maintenance line as a result of the two storms was \$53,000. Although DPW expects to recover 75% of that amount from FEMA, the account will soon be in deficit. As a result, DPW requested a transfer from the Contingency Fund at this time to carry through to the end of fiscal year 2012.

Jon Zagrodzky moved approval; passed 7-0.

FINANCIAL REPORT

Kate Buch presented the monthly financial report. Highlights as follows:

- HR/Professional Services higher than expected due to contract negotiations/arbitrations.

MINUTES

Minutes from the December 13th and January 17th BoF meetings were reviewed. No changes were made. Gwen Mogenson moved approval of both; passed 7-0.

SPECIAL ASSIGNMENTS, COMMITTEE REPORTS, CHAIRMAN'S REPORT

- Lori Bora reported on the construction project at Weed Beach. She indicated that the project will be complete by April. She also indicated that expenses are under control.
- Jon Zagrodzky reported that the Audit Committee held a conference call with the town's auditors on January 23rd. The call included Gwen Mogenson and Lori Bora as well as Scott Bassett from McGladrey & Pullen. Mr. Bassett indicated that the audit went well, and that his firm was able to issue an unqualified opinion. He noted that the town has successfully adopted GASB 54, which mandates changes in Fund Balance reporting. He also reviewed the contents of the management letter, which identified

only one control deficiency. The deficiency was in the Public Works Department, where monies collected for dumping fees may be maintained in their respective offices for several days or weeks before being deposited into the town's general checking accounts. The management letter recommended that all cash and checks collected by the Department be deposited on a timely basis. Kate Buch stated that procedures have already been put in place to assure this.

ADJOURNMENT

There being no further business, Jon Zagrodzky made a motion to adjourn; passed 7-0 at 9:03 pm.

Respectfully submitted,

Jon Zagrodzky
Clerk

Appendix A

Board of Finance Resolution

Be it resolved that...

- **\$770,000** in general obligation bonds of the \$2,700,000 bonds of the Town authorized to be issued for the design and construction of sewer expansion projects, and
- **\$7,730,000** general obligation bonds of the \$17,680,000 in bonds of the Town authorized to be issued for the renovation and expansion of the Darien Police Station, and
- **\$3,500,000** general obligation bonds of the \$6,979,000 bonds of the town authorized to be issued for the renovation of 35 Leroy and 2 Renshaw Road, and
- **\$2,000,000** general obligation bonds of the \$3,000,000 bonds of the town authorized to be issued for the renovation of Weed Beach

...shall be issued and sold as **\$14,000,000** Town of Darien bonds. The bonds shall be sold on or about March 29, 2012. The bonds will mature on April 1 of each year beginning 2012, ending 2028. The bonds will bear interest payable semiannually on April 1 and October 1 in each year until maturity, commencing on October 1, 2012.