

DRAFT MINUTES 2
BOARD OF FINANCE SPECIAL MEETING

January 27, 2010
7:30 PM –Room 119

The meeting was called to order at 7:35 PM by Chairman Stegelmann. All members of the Board of Finance were present. Kate Clarke Buch, Finance Director, was also present. Mark Chapman, from IBIC, Financial Advisor to the town was also in attendance. The meeting was being taped by Channel 79.

PROPOSED REFUNDING

Mark Chapman and Kate Buch discussed the present opportunity to refinance certain town bonds. Mr. Chapman reported that the current low interest rate environment and the market's appetite for triple A rated paper afforded Darien the opportunity to refund bonds with a par value of \$11,775,000 at very attractive rates. The refunded bonds would have a new par amount of \$11,490,000. IBIC estimates that the town could have as much as \$1,104,182.50 in cash flow savings (net of expenses.) The present value of such savings is \$617,975.04.

Moreover, the fact that the town had just had a bond sale provided the opportunity for a quick turnaround by the underwriter. The Board then discussed the merits of trying to bring forward the maturity of some of the proposed bonds in order to smooth out the projected interested payments and to further improve the economic benefits.

Mr. Zagrodzky made a motion to adopt the following resolution:

Be it Resolved:

That the Town of Darien shall issue refunding bonds as described in the proposal presented to the Board of Finance at its January 27, 2010 meeting, with a par value of approximately \$11,500,000, the final amount to be determined by the Finance Director, Designee of the Board of Finance and the Town's professional advisors, based on market conditions. The bond shall be sold on or about February 9, 2010.

Be it further resolved that the Board of Finance names Murry Stegelmann or his designee as its designee for purposes of this bond sale.

The motion was seconded and approved 7-0.

DISCUSSION OF DEBT LEVELS AND TARGET RECOMMENDATIONS

Chairman Stegelmann reported that the Board of Selectmen had asked if the Board of Finance had a policy on debt levels for the town, and that such a policy would be a useful tool in deciding the timing of capital projects facing the town. In discussing the matter, Mr. Stegelmann said he thought that somewhere between \$95 million and \$100 million was a good range, and that he favored \$95 million as a suggested upper limit, particularly as he was looking for minimal stress on the FY 2011 budget. Mr. Zagrodzky agreed with Mr. Stegelmann. Other members also reviewed debt levels over the past few years and thought that debt should not exceed the highest level actually reached, which was almost \$98 million.

Accordingly, Ms. Mogenson made a motion that the Board of Finance adopts a policy supporting the tenet that town debt levels, including both bonds and notes, should not exceed the level of \$98 million, and that the timing of any capital project restart would be done while minimizing any impact on a tight 2011 budget. The motion was seconded and approved 5-2. (Mr. Stegelmann and Mr. Zagrodzky voting no because they believed the level should not exceed \$95 million.)

There being no other business, Mr. Duwan made a motion to adjourn. The motion was seconded and approved 7-0. The meeting was adjourned at 8:38 PM.

Respectfully submitted,
Elizabeth Smith Mao, Clerk