

Approved 1/20/10

Minutes of the regular meeting of the Board of Finance held on December 16, 2009 in the Madison Town Campus

Present: Chairman Helen Burland, Peggy Lyons, James Matteson, Kathleen Rossini, Kathleen Stahelski, Jennifer Tung

Also present: Fillmore McPherson, First Selectman; Dotty Bavin, Finance Director, Alma Carroll, Director of Town Services; Steve Nikituck, Shellfish Commission; Bill Lindsay, Independent Bond and Investment Consultants; Dean Plummer, Ad Hoc Energy Committee; Joe Kask, Lisa Walsh, Blum Shapiro; Gus Horvath, two members of the public; MCTV

Ms. Burland called the meeting to order at 7:30 p.m.

1. Approval of minutes – November 18, 2009 regular meeting. The following corrections were made to the minutes of the regular meeting of November 18, 2009.

Page 1, also present, spelling error in name Bill Lindsay

Page 4, item 5, spelling error in name Bill Lindsay, several paragraphs

Page 5, item 4, spelling error in name Bill Lindsay, several paragraphs

Page 5, item 5, second paragraph, second sentence, spelling error “Leyland”

Page 5, item 5, second paragraph, last sentence “Long Range Planning Committee” should be “Joint Facilities Review Committee”

Page 5, item 5, third paragraph, third sentence, should refer to \$9 million rather than \$8 million

Page 8, item 10, “Parks and Recreation” should be “Beach and Recreation”, “Capital” should be “Investment”, Legal Committee representative should be Kathy Rossini and Jennifer Tung

On motion made by Ms. Stahelski, and seconded by Ms. Rossini, the Board voted unanimously to approve the minutes of the regular meeting of November 18, 2009 as amended.

2. Citizen and Finance member comments. Mr. Horvath provided background information on the Tax Deferral program and the responsibility of the Board of Finance for setting the interest rate for this program. He recommended that the Board look at the STIFF rate as a guide since he believes interest rates will be increasing. He disclosed that he is eligible to participate in this program.

Mr. Horvath commented on agenda item #9 regarding the resolution reducing authorized but unissued bonds. He believes this is quite an accomplishment for the Hand High School project Building Committee to complete the project and be able to reduce the cost by \$1.2 million. He complimented Mr. Scarpati and Ms. Burland for their efforts.

2-Minutes of the regular meeting of the Board of Finance held on December 16, 2009

3. Discuss and take action on request from the Ad-Hoc Energy Committee to apply for a U.S. Dept. of Energy Grant for a Regional Energy Manager. This grant would be awarded by the CT Office of Policy and Management. On motion made by Ms. Tung, and seconded by Ms. Burland, the Board voted unanimously to remove from the table discussion and action on the request from the Ad-Hoc Energy Committee to apply for a U.S. Dept. of Energy Grant for a Regional Energy Manager.

A motion was made by Ms. Rossini, and seconded by Mr. Matteson, to approve the request from the Ad-Hoc Energy Committee to apply for a U.S. Dept. of Energy Grant for a Regional Energy Manager. Mr. Plummer was present to answer any additional question raised following review of the proposal at the November Board of Finance meeting.

In response to a question by Ms. Stahelski, Mr. Plummer noted that the action being requested of the Board of Finance is simply to approve the submission of the application. Acceptance of the grant will be considered at a future meeting if the grant is awarded. Ms. Burland reiterated that that action being requested this evening is only authorization to apply for the grant.

Mr. Plummer provided an update on the grant process noting that the Towns of Durham, Killingworth, and Westbrook have passed the resolution to apply for the grant and approved Madison as the lead town. The Ad Hoc Energy Committee has been invited to attend the Branford Board of Selectmen's meeting when the grant is considered and it is expected that Branford will also approve the resolution. On Monday, the Guilford Board of Selectmen is expected to approve the resolution. It is particularly important that Branford and Guilford join with Madison as adjoining neighboring towns.

Mr. Matteson requested confirmation that the grant will provide funding for two years and it is projected that future funding for the Energy Manager could be provided from the energy savings from the prior two years. Mr. Plummer noted that the regional representatives will begin looking at the energy savings and how to proceed in the future after approximately 18 months.

Ms. Burland reiterated that the Energy Manager would not be hired on a Town payroll, but rather would be contracted under a professional services arrangement. An expectation of continued employment would not be included in any contract. Mr. Plummer noted that the Ad Hoc Energy Committee has received a sample contract from other Towns to use as a guide and they will be sure that any contract will include an opt-out clause.

Ms. Tung questioned if any funds needed to be set aside to begin the process of hiring an Energy Manager. Ms. Bavin noted that the contract could be set up contingent upon receipt of the funds from the grant.

### 3-Minutes of the regular meeting of the Board of Finance held on December 16, 2009

Mr. Plummer commented that one concern is that the State has not come forward with clear criteria for how they will award the grants. They are hopeful, however, that this region will be submitting a good proposal that could possibly serve as a demonstration project.

After discussion, the Board voted unanimously to approve the motion made by Ms. Rossini, and seconded by Mr. Matteson, to approve the request from the Ad-Hoc Energy Committee to apply for a U.S. Dept. of Energy Grant for a Regional Energy Manager. .

4. Discuss and take action on acceptance of Auditor's Report. Ms. Burland recommended that the Auditor's Report be limited to discussion only since the document is just being received tonight.

Mr. Kask introduced himself and Lisa Walsh as representatives of Blum Shapiro the auditor of the Town of Madison as well as approximately 80 other municipalities in Connecticut. He noted that the audit report needs to be sent to the State Office of Policy and Management by December 31 but it would not be a problem for the Board to wait until January to take formal action to accept the report. Mr. Kask reviewed the audit report. He noted that one highlight of the report is the financial statements which includes the requirements of GASB 45. The Management Letter, which would outline any material weaknesses or deficiencies, does not include anything of significance in the Madison report. Other reports include the Independent Auditor's Report which is the auditor's opinion of the Town financial statements, the management discussion and analysis which includes an overview of the financial activities of the Town and various exhibits which provide detail on the Town's compliance with GASB 34, the actuaries costs of various functions of government and the net cost of education, major and non-major funds, the net change in the fund balance, and the operations of the self insured funds. Mr. Kask noted that the report also highlights the Town's "pay as you go" funding for the Police retirement fund, rather than establishing a Pension Trust Fund. A "pay a you go" approach requires the Town to recognize a liability on its balance sheet for the unfunded amount of \$13.8million, which is determined through actuarial calculations. He noted that the primary concern is that a high unfunded liability over a period of time can have an impact on the town's bond rating. Mr. McPherson noted that the major contributor to the Town's unfunded liability is the Police Department which is now a closed group. He noted that this issue was addressed with Moody's. In response to a question by Mr. Matteson, Ms. Burland noted that the Board is asked to accept rather than approve the audit but she would prefer they wait for action until the January meeting so a final document rather than a draft can be accepted by the Board. Ms. Burland requested that Board members forward any additional questions regarding the draft audit to Ms. Bavin

5. Discuss and take action on request from Shellfish Commission to apply for an Agriculture Viability Grant in the amount of \$26,750. A motion was made by Ms. Tung,

4-Minutes of the regular meeting of the Board of Finance held on December 16, 2009

and seconded by Mr. Matteson, to approve the request of the Shellfish Commission to apply for an Agriculture Viability Grant in the amount of \$26,750.

In response to a question by Ms. Burland, Mr. Nikituck noted that the project is requesting funds from both the Farm Transition Program and Farm Viability Program. He noted that the total in-kind match is \$32,500 and the total cash amount is \$2,500. The Shellfish Commission will provide the cash match from the sale of their old boat.

After discussion, the Board voted unanimously to approve the motion made by Ms. Tung, and seconded by Mr. Matteson, to approve the request of the Shellfish commission to apply for an Agriculture Viability Grant in the amount of \$26,750.

6. Discuss and take action on setting interest rate for Garnet Park Water Main Project. A motion was made by Ms. Stahelski, and seconded by Ms. Lyons to accept the recommendation of the Director of Town Services, and set the interest rate for the Garnet Park Water Main project at .25%.

In discussion, Ms. Carroll provided background on the project noting that the annual rate of interest is to be 3% below the prime rate, not to exceed 8.5% per annum at any time. She noted that as of November 17<sup>th</sup> the prime rate was 3.25%,

After discussion, the Board voted unanimously to approve the motion made by Ms. Stahelski, and seconded by Ms. Lyons to accept the recommendation of the Director of Town Services, and set the interest rate for the Garnet Park Water Main project at .25%.

7. Discuss and take action on setting interest rate for the Tax Deferral Program. A motion was made by Ms. Stahelski, and seconded by Ms. Tung to accept the recommendation of the Director of Town Services and set the interest rate for the Tax Deferral Program at 1% for the 2009 grand list

In discussion, Ms. Carroll provided background information on the Tax Deferral Program and the role of the Board of Finance in setting the interest rate for this program. She noted that the interest rate is generally set to offset any potential lost revenue from Town investments. She recommended that the interest rate for the Tax Deferral Program be set at 1%.

Ms. Lyons suggested that consideration be given to setting the annual interest rate for the Tax Deferral Program based on a specific formula or benchmark rather than the Board's "guestestimate" of future rates. .

Ms. Rossini suggested that the Board consider setting the interest rate at 1.5%. Ms. Stahelski commented that, because the difference in the actual revenue between 1% and

5-Minutes of the regular meeting of the Board of Finance held on December 16, 2009

1.5% is minimal so she recommended that the Board accept Ms. Carroll's recommendation. Ms. Burland noted that since the goal of the program is to recoup revenue that the Town would have lost, she agreed that the Board should be consistent and set the rate at 1.5%. She also recommended that a statement on how the Board came up with the interest rate be developed and put in the file to use as a reference for next year.

A motion was made by Mr. Matteson, and seconded by Ms. Stahelski to amend the motion made by Ms. Stahelski, and seconded by Ms. Tung and set the interest rate for the Tax Deferral Program at 1.5% for the 2009 grand list. The amended motion was unanimously approved.

8. Discuss and take action on transfer of property taxes to suspense based on recommendation from the Tax Collector. Ms. Carroll noted that the amount to transfer to suspense is based on the recommendation of the auditor. The taxes are removed as an asset for the Town but remain a liability for the taxpayer and a lien is placed on any real estate that is transferred to suspense.

On motion made by Ms. Tung, and seconded by Ms. Lyons, the Board voted unanimously to accept the recommendation of the Director of Town Services and transfer \$29,008.61 in property taxes to suspense.

9. Discuss and take action on the following resolution "Reducing Authorized but Unissued Bonds".

**RESOLUTION REDUCING AUTHORIZED BUT UNISSUED BONDS  
(Daniel Hand High School Project and Brown Middle School Project)**

WHEREAS, there remains bonds authorized but unissued in the amount of \$1,233,396 to fund the appropriation for the Daniel Hand High School Project (\$48,400,000 original borrowing authorization less \$11,000,000 3/02 bonds, \$8,000,000 3/03 Bonds, \$9,000,000 3/04 Bonds and \$6,840,000 12/04 Bonds issued, and less \$12,326,606 grants received); and

WHEREAS, there remains bonds authorized but unissued in the amount of \$300,000 to fund the appropriation for the Brown Middle School Project (\$1,500,000 original borrowing authorization less \$1,200,000 3/04 Bonds issued); and

WHEREAS, the aforesaid projects are complete and no further borrowing will be required to fund the project appropriations;

BE IT RESOLVED THAT the aforesaid bond authorizations are hereby each reduced to \$-0-.

6-Minutes of the regular meeting of the Board of Finance held on December 16, 2009

On motion made by Ms. Burland, and seconded by Ms. Tung, the Board voted unanimously to approve a resolution "Reducing Authorized but unissued Bonds" as follows:

**RESOLUTION REDUCING AUTHORIZED BUT UNISSUED BONDS  
(Daniel Hand High School Project and Brown Middle School Project)**

WHEREAS, there remains bonds authorized but unissued in the amount of \$1,233,396 to fund the appropriation for the Daniel Hand High School Project (\$48,400,000 original borrowing authorization less \$11,000,000 3/02 bonds, \$8,000,000 3/03 Bonds, \$9,000,000 3/04 Bonds and \$6,840,000 12/04 Bonds issued, and less \$12,326,606 grants received); and

WHEREAS, there remains bonds authorized but unissued in the amount of \$300,000 to fund the appropriation for the Brown Middle School Project (\$1,500,000 original borrowing authorization less \$1,200,000 3/04 Bonds issued); and

WHEREAS, the aforesaid projects are complete and no further borrowing will be required to fund the project appropriations;

BE IT RESOLVED THAT the aforesaid bond authorizations are hereby each reduced to \$-0-.

Ms. Burland congratulated the Brown School Building Committee.

11. Discuss and take action on 2010 Budget Workshop Schedule. Ms. Burland noted that the morning meetings on February 9 and 11 are Board of Selectmen's meetings so members of the Board of Finance do not need to be in attendance. She noted that the public hearings are scheduled for February 25 and April 26. Ms. Burland requested that Board members advise her if there are any dates on the schedule that they are unable to attend.

12. Discuss and take action on Special Appropriation request of \$7,000 from Police Department for funding for professional fees in connection with an executive search for the rank of police chief provided by the International Association of Chiefs of Police. A motion was made by Ms. Stahelski, and seconded by Ms. Tung, to approve the request of the Police Department and approve a special appropriation request of \$7,000 from Contingency for funding for professional fees in connection with an executive search for the rank of police chief provided by the International Association of Chiefs of Police.

In discussion, Ms. Burland noted that the funds are for the work done by the Association for the search for the new Police Chief.

7-Minutes of the regular meeting of the Board of Finance held on December 16, 2009

Mr. Matteson questioned the timing of this request and whether it should have been made before the process began. Ms. Tung noted that receiving funding requests after the fact from the Police Department has been a recent trend. Mr. McPherson commented that he agrees that the request for funding should have been submitted at the beginning of the search process and this process should be corrected in the future.

After discussion, the Board voted unanimously to approve the motion made by Ms. Stahelski, and seconded by Ms. Tung, to approve the request of the Police Department and approve a special appropriation request of \$7,000 from Contingency for funding for professional fees in connection with an executive search for the rank of police chief provided by the International Association of Chiefs of Police.

13. The following line transfers are designated as routine and appropriate for approval as a single action by the Board of Finance, if so desired. A Board member may request removal of any line transfer item from the consent agenda for review and discussion.

Motion: to approve line transfers totaling \$30,328.57

On motion made by Mr. Matteson and seconded by Ms. Tung, the Board voted unanimously to approve line transfers totaling \$30,328.57.

10. Discussion on revenue for 2009-2010. Ms. Bavin highlighted the history of Town Clerk revenues for the Conveyance Tax, Document Fees, Vitals, LOCIP and Dog Fees for the past two years and current fiscal year through December. She noted that the Finance Office will continue to monitor several other small items.

Ms. Burland noted that the conveyance tax revenue is falling short and should be monitored. Ms. Carroll noted that this revenue is tied into closings for house sales which are down. The Town receives \$2.50 for each \$100 of sale price. Ms. Carroll noted that she is looking at reducing revenue projections for next year.

Ms. Bavin noted that \$75,000 was added for November interest revenue and she is projecting that the interest income projection will be met for this fiscal year.

14. Review of financials. Ms. Stahelski questioned the status of the excess cost grant for special education. Ms. Bavin noted that the excess cost grant will be reduced by 22% this year, however, the Board of Education is working to manage this reduction within their budget. A 30% reduction is anticipated for FY 2010-2011.

Ms. Stahelski noted that she is impressed with the legal summary noting that costs are less than anticipated.

Ms. Carroll noted that tax collections are ahead compared to last November.

8-Minutes of the regular meeting of the Board of Finance held on December 16, 2009

15. Report from First Selectman. Mr. McPherson noted that there was a meeting of the Legal Oversight Committee this morning and the current legal bill is on target and reasonable.

Mr. McPherson noted that there was a BAN sale on December 7 for the Ambulance and Senior Center projects. The interest rate for the 2.5 million BAN was .484%. The BAN will be replaced with bonds in a year. He noted that the current 20 year bond rate for municipalities in Madison's category is 3.5% and 3.75% so this is a good time to borrow. They will begin to look at this after January 1.

Mr. McPherson reported on the CCM meeting he attended noting that the Deputy Director of OPM was present and he reported that the State is anticipating a \$200-300 million deficit this year and they are projecting a \$3 billion deficit two years from now. There is a projection of \$6.2 million in unfunded liabilities so this is one area the cities and towns should encourage State assistance and action. He commented that the Town should not plan on much help from Hartford in the future.

Mr. McPherson noted that, pending a positive report on the background check of the number one candidate, the plan is to make an announcement regarding the new Police Chief on Monday. Contract negotiations are in process for a fixed term. He noted that the individual being considered was either the number one or two choice of all 9 individuals who were a part of the interview process.

16. Citizen and Finance member comments. Ms. Burland noted that the funding for the special education appropriation had been approved at the Town meeting last night without a quorum. Ms. Burland acknowledged the passing of Attorney Judith Ravel, who had previously served as Town Counsel. Ms. Burland noted that she had great respect for Ms. Ravel. Mr. Burland noted that the Board of Selectmen approve the charge for the Joint Legal Oversight Group.

Ms. Burland noted that she had advised the Library that Ms. Lyons would serve as their Board of Finance liaison after they had erroneously been advised that there was no liaison

Mr. Matteson noted that the Board of Police Commissioners is beginning work on their budget and are working on a flat request. Mr. Matteson noted they also worked on a settlement with a police office that needs to be resolved.

Ms. Burland wished a Merry Christmas and Happy Hanukkah to all.

17. Adjournment. The meeting was adjourned at 9:20 p.m.

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Terry Holland-Buckley  
Clerk

