

TOWN OF EAST HADDAM
BOARD OF FINANCE
Special Meeting
March 2, 2015
Town Grange

A special meeting of the East Haddam Board of Finance was called to order at 7:01 pm by Chairman Susan Link.

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:

Susan Link, Chairman
Robert Bennett, Secretary
William DiCristofaro
Bruce Dutch
Harvey Thomas

Others:

Mark B. Walter, First Selectman
Emmett Lyman, Selectman
Ernie Malavasi, Selectman
Deb Denette, Town Clerk and recording secretary
Cindy Varricchio, Finance Director
Jim Ventres, Land Use Administrator
Rob Smith
Todd Gelston
Pat Lacy

First Selectman Mark Walter called a special meeting of the Board of Selectmen to order at 7:02 pm.

OLD BUSINESS

Mrs. Link noted that the resolutions were necessary to move the open space purchases forward to referendum.

a. Open Space Resolution—Lena Property:

Motion was made by Mr. Thomas motioned to approve the following resolution. Mr. Bennett seconded the motion.

RESOLVED, that the Board of Finance (the "Board") of the Town of East Haddam (the "Town") hereby accepts the recommendation of the Board of Selectman adopted at its meeting held on February 18, 2015, and recommends to the electors and citizens eligible to vote at town meetings of the Town the following:

- 1) That the Town (i) appropriate the sum of \$127,500 for costs related to the acquisition of approximately 19.26 acres of land or rights therein located on Sarah Baker Road (also**

known as the Zeleznicky property) in East Haddam, Connecticut, shown and designated as Lot #10 on the East Haddam Assessor's Map #43 (the "Property") for open space purposes such as, but not limited to, preservation, conservation, recreation and forestry (the "Project"), including, without limitation, the costs of land acquisition, site work, demolition and removal, easement acquisition, engineering, legal, administration, temporary and permanent financing and any other costs and expenses related thereto, including the costs of printing explanatory text and any other materials in accordance with Section 9-369b of the Connecticut General Statutes, and (ii) authorize the Board of Selectmen, through the actions of the First Selectman, to acquire the Property from Agnes Zeleznicky pursuant to the terms of a certain purchase and sale agreement dated May 30, 2014, provided that no acquisition shall be undertaken until after referral of the proposed purchase to the Planning and Zoning Commission for a report pursuant to Section 8-24 of the Connecticut General Statutes.

- 2) That to finance said appropriation for the Project, general obligation bonds and notes of the Town may be issued pursuant to Chapter 109 of the Connecticut General Statutes, Revision of 1958, as amended (the "Connecticut General Statutes"), or any other applicable provision of law thereto enabling, in an amount not to exceed \$127,500 (or so much thereof as may be necessary after the deduction of grants or other sources of funds available therefor, including, but not limited to, a grant from the State of Connecticut in the amount of \$78,000, general fund monies and/or capital reserve funds).
- 3) That the First Selectman, or a majority of the Board of Selectmen, and the Treasurer (the "Officials") be authorized to issue and sell bonds and notes secured by the full faith and credit of the Town in an amount not to exceed \$127,500 (or so much thereof as may be necessary after the deduction of grants or other sources of funds available therefor, including, but not limited to, a grant from the State of Connecticut in the amount of \$78,000, general fund monies and/or capital reserve funds), pursuant to the Connecticut General Statutes or any other applicable provision of law thereto enabling, to finance the appropriation for such project having been made by this resolution; that the Officials are hereby authorized to appoint a bank or trust company to be the certifying agent, registrar, transfer agent and paying agent for such bonds and notes; that Updike, Kelly & Spellacy, P.C., Hartford, Connecticut is designated as the attorneys at law to render an opinion approving the legality of such issue or issues; that the Officials be authorized to sign any bonds by their manual or facsimile signatures; and that the Officials be authorized to determine the rate or rates of interest for such bonds and notes, their date or dates, the dates of principal and interest payments on such bonds and notes, the form of such bonds and notes, the provisions for protecting and enforcing the rights and remedies of the holders of such bonds and notes and all other terms, conditions and particular matters regarding the issuance and securing of such bonds and notes and to sell and deliver the same, in accordance with the provisions of the Connecticut General Statutes and any other act of the General Assembly thereto enabling.
- 4) That the Officials are authorized to sell the bonds or notes at public or private sale; to deliver the bonds or notes; and to perform all other acts which are necessary or appropriate to issue the bonds or notes. If the bonds or notes authorized by this resolution are issued on a tax-exempt basis, the Officials 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 bonds or notes, including covenants to pay rebates of investment earnings to the United States in future years.
- 5) That the Town reasonably expects to incur expenditures (the "Expenditures") in connection with the Project described above. The Town reasonably expects to reimburse itself for the cost of the Expenditures with the proceeds of general obligation bonds and notes of the Town described above. The maximum principal amount of such debt (both

bonds and notes) is not expected to exceed \$127,500. This declaration of official intent is a declaration of official intent made pursuant to Federal Income Tax Regulations Section 1.150-2. The Officials are authorized to amend such declaration or official intent as they deem necessary or advisable and 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 notes authorized by this resolution, if issued on a tax-exempt basis, including covenants to pay rebates of investment earnings to the United States in future years.

- 6) That the Officials are authorized to make representations and enter into written agreements for the benefit of holders of the bonds or notes to provide secondary market disclosure information, which agreements may include such terms as they deem advisable or appropriate in order to comply with applicable laws of rules pertaining to the sale or purchase of such bonds or notes.
- 7) That the First Selectman is hereby authorized to enter into and/or execute any agreements, documents and instruments necessary or in furtherance of the acquisition of the Property.
- 8) That the Officials are authorized to take all other actions which are necessary or desirable to complete the Project consistent with the foregoing.
- 9) No additional discussion ensued. The Chairman called for a raise of hand vote. The following was recorded.

FAVOR: Dutch, Bennett, DiCristofaro, Thomas

Opposed: Link

Absent: Willis

Motion carried

b. Open Space Resolution—Zelevnick Property:

Motion was made by Mr. Thomas motioned to approve the following resolution. Mr. Dutch seconded the motion.

RESOLVED, that the Board of Finance (the "Board") of the Town of East Haddam (the "Town") hereby accepts the recommendation of the Board of Selectman adopted at its meeting held on February 18, 2015, and recommends to the electors and citizens eligible to vote at town meetings of the Town the following:

- 1) That the Town (i) appropriate the sum of \$767,000 for costs related to the acquisition of approximately 207 acres of land or rights therein located on Tater Hill Road and Babcock Road (also known as the Lena property) in East Haddam, Connecticut, shown and designated as Lot #62 on the East Haddam Assessor's Map #22 (the "Property") for open space purposes such as, but not limited to, preservation, conservation, recreation and forestry (the "Project"), including, without limitation, the costs of land acquisition, site work, demolition and removal, easement acquisition, engineering, legal, administration, temporary and permanent financing and any other costs and expenses related thereto, including the costs of printing explanatory text and any other materials in accordance with Section 9-369b of the Connecticut General Statutes, and (ii) authorize the Board of Selectmen, through the actions of the First Selectman, to acquire the Property from The Hugh F. Lena Family Limited Partnership pursuant to the terms of a certain contract dated March 27, 2014, provided that no acquisition shall be undertaken until after referral of the proposed purchase to the Planning and Zoning Commission for a report pursuant to Section 8-24 of the Connecticut General Statutes.

- 2) That to finance said appropriation for the Project, general obligation bonds and notes of the Town may be issued pursuant to Chapter 109 of the Connecticut General Statutes, Revision of 1958, as amended (the "Connecticut General Statutes"), or any other applicable provision of law thereto enabling, in an amount not to exceed \$767,000 (or so much thereof as may be necessary after the deduction of grants or other sources of funds available therefor, including, but not limited to, a grant from the State of Connecticut in the amount of \$487,500, general fund monies and/or capital reserve funds).
- 3) That the First Selectman, or a majority of the Board of Selectmen, and the Treasurer (the "Officials") be authorized to issue and sell bonds and notes secured by the full faith and credit of the Town in an amount not to exceed \$767,000 (or so much thereof as may be necessary after the deduction of grants or other sources of funds available therefor, including, but not limited to, a grant from the State of Connecticut in the amount of \$487,500, general fund monies and/or capital reserve funds), pursuant to the Connecticut General Statutes or any other applicable provision of law thereto enabling, to finance the appropriation for such project having been made by this resolution; that the Officials are hereby authorized to appoint a bank or trust company to be the certifying agent, registrar, transfer agent and paying agent for such bonds and notes; that Updike, Kelly & Spellacy, P.C., Hartford, Connecticut is designated as the attorneys at law to render an opinion approving the legality of such issue or issues; that the Officials be authorized to sign any bonds by their manual or facsimile signatures; and that the Officials be authorized to determine the rate or rates of interest for such bonds and notes, their date or dates, the dates of principal and interest payments on such bonds and notes, the form of such bonds and notes, the provisions for protecting and enforcing the rights and remedies of the holders of such bonds and notes and all other terms, conditions and particular matters regarding the issuance and securing of such bonds and notes and to sell and deliver the same, in accordance with the provisions of the Connecticut General Statutes and any other act of the General Assembly thereto enabling.
- 4) That the Officials are authorized to sell the bonds or notes at public or private sale; to deliver the bonds or notes; and to perform all other acts which are necessary or appropriate to issue the bonds or notes. If the bonds or notes authorized by this resolution are issued on a tax-exempt basis, the Officials 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 bonds or notes, including covenants to pay rebates of investment earnings to the United States in future years.
- 5) That the Town reasonably expects to incur expenditures (the "Expenditures") in connection with the Project described above. The Town reasonably expects to reimburse itself for the cost of the Expenditures with the proceeds of general obligation bonds and notes of the Town described above. The maximum principal amount of such debt (both bonds and notes) is not expected to exceed \$767,000. This declaration of official intent is a declaration of official intent made pursuant to Federal Income Tax Regulations Section 1.150-2. The Officials are authorized to amend such declaration or official intent as they deem necessary or advisable and 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 notes authorized by this resolution, if issued on a tax-exempt basis, including covenants to pay rebates of investment earnings to the United States in future years.
- 6) That the Officials are authorized to make representations and enter into written agreements for the benefit of holders of the bonds or notes to provide secondary market disclosure information, which agreements may include such terms as they deem advisable or appropriate in order to comply with applicable laws or rules pertaining to the sale or purchase of such bonds or notes.

- 7) That the First Selectman is hereby authorized to enter into and/or execute any agreements, documents and instruments necessary or in furtherance of the acquisition of the Property.
- 8) That the Officials are authorized to take all other actions which are necessary or desirable to complete the Project consistent with the foregoing.
- 9) No additional discussion ensued. The Chairman called for a raise of hand vote. The following was recorded.

FAVOR: Dutch, Bennett, DiCristofaro, Thomas

Opposed: Link

Absent: Willis

Motion carried

NEW BUSINESS

a. Gift Acceptance—Rathbun Library:

The Town received an anonymous donation toward the cupola repair at the Rathbun Library. The capital budget was for \$10,000 for repairs.

Motion made by Mr. Bennett to accept a gift for the Rathbun Library in the amount of \$5,000 (revenue account 33250-43000-C0032 and expense account 33250013-58926-C0032) for the repair of the cupola and to recommend to the Board of Selectmen to Schedule a Town Meeting for approval. Mr. Thomas seconded the motion and it was unanimously approved. Motion carried.

b. Grant Acceptance—Control of Aquatic Invasive Species Grant—Moodus Reservoir:

Mrs. Link noted that the Board of Finance approved this grant to move forward in August of 2014. The required matching funds are contained within the 2014-2015 budget.

Motion was made by Mr. DiCristofaro to accept the Control of Aquatic Invasive Species Grant—Moodus Reservoir in the amount of \$6,000 (revenue account 33050-43000-G1501 and expense account 33055011-58820-G1501) and to recommend to the Board of Selectmen to schedule a Town Meeting for approval. Mr. Bennett seconded the motion and it was unanimously approved. Motion carried.

c. Grant Acceptance—Control of Aquatic Invasive Species Grant—Lake Hayward:

Motion was made by Mr. DiCristofaro to accept the Control of Aquatic Invasive Species Grant—Lake Hayward in the amount of \$9,050 (revenue account 33050-43000-G1502 and expense account 33055011-58820-G1502) and to recommend to the Board of Selectmen to schedule a Town Meeting for approval. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

d. Heating Oil and Diesel Contract:

Mr. Walter advised that the town has negotiated a two-year fixed price of \$2.27 for fuel oil and \$2.29 for diesel fuel. The prior fixed price was \$3.20. It was noted that this will result in a \$400,000 savings to the town and Board of Education over the two-year period.

Motion was made by Mr. Bennett to approve the two-year contract for #2 diesel fuel at \$2.2749/gallon and diesel fuel at \$2.2929/gallon for a two-year period from July 1 2015 through June 30, 2017 and to recommend to the Board of Selectmen to schedule a Town Meeting for approval. Mr. DiCristofaro seconded the motion.

Discussion: Mr. Thomas inquired whether Mr. Dutch felt this was a reasonable deal for the town. Mr. Dutch responded that during the negotiation process he was consulted and concurred with moving forward. Mr. Thomas apologized for putting Mr. Dutch on the spot, and added that he was pleased that his expertise was utilized.

Motion unanimously approved. Motion carried.

BOARD OF SELECTMEN—TOWN METING CALL

Mr. Walter presented explanatory text regarding the open space purchases. Statutory authority for the document lies with the Town Clerk. Mrs. Denette raised concern with the wording regarding the Town Referendum "March 24, 2015 12 noon to 8 pm at the Town Hall 492 Town Street." The timing of referendum can be altered by the legislative body at the town meeting. The Board of Selectmen were in favor of removing the time or putting in a disclaimer that the time shall be determined at Town Meeting on March 12th. Mr. Walter stated that he would check with the attorney to ascertain the wording that they will approve.

Motion was made by Mr. Walter to approve the call as written with the five items. (See Board of Selectmen special meeting minutes for March 2, 2015 for greater information). Mr. Lyman seconded the motion and it was unanimously approved. Motion carried.

Motion was made by Mr. Walter to adjourn the Board of Selectmen meeting at 7:14 pm. Mr. Lyman seconded the motion and it was unanimously approved. Motion carried.

2015-2016 BUDGET

The Board of Finance began their review of the 2015-2016 budget. It was noted that the request is for a 3% increase. This leaves the educational budget untouched as proposed at a 3.7% increase. The formal budget presentation by both the Board of Selectmen and Board of Education will occur on March 9. Tonight's focus was to be a review of revenues.

a. Revenue Review:

The Town's revenue sources were noted. Mrs. Link commented that the tax collection rate has been steadily decreasing. Mrs. Varricchio responded that it has been largely due to bankruptcy filings. Tax sales are being pursued where appropriate. Penalties and interest collections have gone up as a result.

Mrs. Varricchio noted that this budget makes no reliance upon fund balance as in previous years. If approved as presented, the budget would equate to a 4% tax increase. And have a mill impact of 1.08. Last year's mill rate impact was 1.89.

- It was reported that the grand list grew one half of one percent.
- It was also noted that the total tax figured utilized is prior to the board of assessment meetings regarding appeals. The figures were as of January 30th

- Short-term investments were discussed. It was noted that the Treasurer makes the investments for the town.
- PILOT (Payment In Lieu Of Taxes) payments were also reviewed). The number of state parks located within town was reviewed.
- The Building Department is trending up
- Library revenue is trending down
- Conveyance Tax has maintained steady, however, it is down significantly from prior years. The Town Clerk advised that sales prices are lower resulting in less Conveyance Tax, she also stated that foreclosures and short sales do not generate Conveyance Tax.
- Revenues from the Albert E. Purple fund, Helon Cone fund, Palmer fund and Ray School Corp. were reviewed. Mrs. Varricchio stated that this is approximately \$500,000 that other towns do not have. It was noted that East Haddam is very lucky to have this income from our forefathers.
- Revenues from the transfer station were reviewed. Fees are assessed from bulk waste and brush. Responsive to inquiry from Mrs. Link, Mr. Walter responded that a \$30 transfer station sticker fee would generate approximately \$250,000 in revenue.

b. Reserve Review:

Reserves for Capital Projects were reviewed at length. Mr. DiCristofaro is working on developing policy regarding reserve funds. Said policy would be a beneficial tool for current and future Boards. Prior practice has been that unexpended funds from a reserved project are transferred back to the general fund. The new policy is intended to keep unexpended funds in a reserve account to offset future large projects. Mrs. Link noted that this practice was started with the Board of Education in 2010-2011. She stated that there is presently animosity with some of the Board of Education members over it. Mrs. Varricchio stated that since inception \$600,000 has been reserved for future Board of Education projects. Mrs. Varricchio stated that another return to reserve from the BOE should be presented in April. Mrs. Link stated that she thought we did that already for this year. Mrs. Varricchio reported that she just closed out accounts payable from the BOE 2013-2014.

Discussion was held regarding future capital projects. Mr. Walter stated that it is a very large wish list. It was noted that no funding for the radio towers or middle school conversion project were built into the budget. It is estimated that the radio tower project will cost \$680,000 for three (3) consecutive years. A meeting to be held on Saturday will firm up the time frame. It is anticipated that this will be moving ahead very quickly.

Mr. DiCristofaro inquired about the status of the RFP for a new financial advisor. Mrs. Varricchio stated that RFPs have come back and that she is in the process of analyzing them. She stated that a committee will be put together for interviews.

Mrs. Link noted that \$190,000 was set aside for large future projects. There was discussion with regard to the major reserve fund and its allocation for specific uses. Mrs. Varricchio stated that it was talked about but no formal action occurred. Mr. DiCristofaro emphasized the need to create multiple reserves for specific projects.

Mrs. Varricchio stated that the citizens vote on the amount of the appropriation, (how much they are taxed) to support the capital plan. Removing funds from reserves requires legislative action.

Mr. Walter discussed Fire Department needs and wants. He stated that presently another tanker is desired, however, there is no place to store an additional vehicle. He also noted that a 1975 ladder truck gifted to the town has proven quite valuable, particularly with chimney fires, and replacement of the truck will be desired. The \$200,000 annual allocation to reserves needed to fund capital projects was discussed. It was noted that this was the intent of the "Mark Fortier" plan.

Discussion regarding the upcoming budget schedule was held. Mrs. Varricchio stated that she could move the meeting on the 12th to the Grange Hall and start earlier or recess to accommodate the Town Meeting. It was noted that both Mr. Bennett and Mr. DiCristofaro are unavailable for the meeting on the 12th. The dates of March 16th and March 18th were selected as potential meeting dates if needed. The next meeting is scheduled for March 9th, for the formal budget presentation by both the Board of Selectmen and Board of Education.

Mrs. Link stated that the Board of Education had a deadline to apply for a grant with matching funds. She stated that she authorized them to submit the grant and then make its presentation to the Board of Finance. She stated that the Board of Finance does not give its approval and the grant is received, it does not have to be accepted.

Mr. Thomas stated that he would like to review enrollment projections when the Board of Education makes its presentation. He stated that he did not see such projections in the budget book presented.

Mrs. Link stated that by 2019, she believed the total enrollment at the school will be under 900 students. Mr. Thomas stated that he is hopeful that the Superintendent's spending plan takes that into consideration.

Mr. DiCristofaro inquired if the MBR figure has been established. Mrs. Varricchio reported that the data is all in and that municipalities are waiting on the State Department of Education. It was noted that the MBR is a formula that determines the level of funding Boards of Finance are required to uphold. When there is a significant drop in enrollment, less funding is permissible.

Motion was made by Mr. Dutch to adjourn at 8:28 pm. Mr. Bennett seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Deb Denette