

**TOWN OF EAST HADDAM  
BOARD OF FINANCE  
Regular Meeting  
September 9, 2013  
Town Grange**

**CALL TO ORDER**

The regular meeting of the Board of Finance was called to order at 7:00 pm by Chairman Susan Link.

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:

Susan Link, Chairman  
Robert Bennett  
Dan Alexander (arrived 7:04)  
Bruce Dutch  
Harvey Thomas  
Raymond Willis

Others:

Mark B. Walter, First Selectman  
Deb Denette, Town Clerk and BOF recording secretary  
Denise Dill, Tax Collector  
Cindy Varricchio, Finance Director  
Craig Mansfield, Director of Facilities, Operations and Emergency Management  
Donald Angersola, Fire Marshal  
Scot Mackinnon, Chairman Agriculture Commission  
Peter Simmons, Economic Development Coordinator  
Patty Stricker, Municipal Facilities Advisory Group Member  
Xaykham Khamsyvoravong (Xay), Webster Bank

**APPROVAL OF AGENDA**

**Motion was made by Harvey Thomas to accept the agenda as presented. Bruce Dutch seconded the motion and it was unanimously approved. Motion carried.**

**APPROVAL OF MINUTES**

**Motion was made by Harvey Thomas to approve the minutes of the Regular Meeting of August 12, 2013 as presented. Bruce Dutch seconded the motion and it was unanimously approved. Motion carried.**

**CORRESPONDENCE**

Nothing noted.

## **CHAIRMAN'S REPORT**

### **a. Tax Collector Monthly Report:**

Chairman Susan Link inquired if monthly reconciliations are completed with regard to tax reconciliation. Finance Director Cindy Varricchio confirmed that monthly reconciliations are done. Tax Collector Denise Dill advised the Board of the volume of payments in August [as a result of tax bills being delayed one month] that will reflect on next month's report.

## **FIRST SELECTMAN'S REPORT**

### **a. Webster Bank Financing Presentation:**

First Selectman Mark Walter introduced Xaykham Khamsyvoravong (Xay), Vice President at Webster Bank in their governmental banking division. Xay noted that he has been in discussion with the First Selectman and Finance Director regarding funding options for various Town projects—including the 4-8 Middle School project that is awaiting State reimbursement and authorized open space that has been financed through short term financing (BANs-Bond Anticipation Notes) and the general fund. Webster Bank is recommending a direct loan to the Town that would provide a low interest loan with no prepayment penalty. The loan, as it relates to the school project, would be paid down upon receipt of the anticipated State reimbursements. The advantage of this program would be the minimization of issuance costs and a consistent amortization avoiding debt service spikes.

Xay also discussed the present uncertainty in the market and the speculation that interest rates will be increasing from the low interest rates that we have experienced. He advised that the market is up 100 basis points since May. Responsive to inquiry from Chairman Susan Link, Xay advised that the rate would be determined at loan closing, however, it is presently anticipated to be 2.75%. It was noted that bond costs for larger projects average \$80,000 to \$100,000 and that the issuance of bond anticipation notes are transactionally expensive averaging \$8,000 to \$15,000 in fees. Mr. Alexander questioned the interest rate for a BAN and was advised that it is under half of a percent.

Xay reviewed examples of where Lyme and Hebron realized savings with this loan format. Mr. Walter indicated that he would like the Board's consensus to proceed with this loan for financing flexibility. He advised that one of the BAN's matures in early November. Once committed, a closing can occur within 30 days. Mrs. Link questioned the financial risks. Xay advised that the cost of issuance is approximately \$20,000. He reiterated that those costs will not be reassessed in nine months, as with the issuance of a BAN. Mrs. Link inquired if similar programs with other institutions were reviewed. Mr. Walter responded that other vendors were not solicited. Finance Director Cindy Varricchio reported that bond counsel has reviewed and approved the financing proposal.

Mrs. Link polled each Board of Finance member and there were no objections raised to the concept or direction. Mrs. Link stated that as the rate would not be fixed until further along in the process, the Board needs to be advised of that rate as soon as it is known for the transaction.

Mrs. Varricchio advised that Mrs. Link and Mr. Willis will be part of the process to look at financial models for the large projects being proposed. Mr. Walter advised that federal funding is being investigated. Such financing would offer a longer (30-40 year) amortization at a low rate. The paperwork would be more burdensome.

b. **Center for Agriculture Business Plan:**

Mr. Walter presented an updated draft business plan summary. A follow-up was given to questions that were answered by Harvey Thomas at the prior meeting. Mr. Thomas stated that he did not have the opportunity to review the responses because of the late arrival of his Board meeting information. He questioned if discussion could be deferred until the October meeting.

Mr. Walter stated that Economic Development Coordinator Peter Simmons was present to answer questions this evening and that he is only compensated for 12 hours weekly, although he works much more. Mrs. Link questioned what a hoop house was. Agriculture Commission Chairman Scot Mackinnon responded that it is essentially a temporary greenhouse.

Mr. Simmons advised that the Harris property now has a designated farm number (#180). He stated that he is preparing a conservation plan and other paperwork that are prerequisites' for future grants.

Additional discussion was held relative to the property. Mr. Walter advised that the proposals for fencing came in higher than budgeted. Mr. Mackinnon advised that a cover crop was planted. A cover crop is an organic product that serves two purposes it nourishes the soil and minimizes the impact of invasive weeds.

c. **Building Advisory Group Updates—Municipal and School:**

Mr. Walter requested Craig Mansfield, Director of Facilities, Operations and Emergency Management to report. Mr. Mansfield reported that both advisory groups are moving forward quickly. He advised that the Municipal Facilities Building Advisory Group met with ambulance, fire and economic development. Overall he stated that feedback has been positive. The popular question has been the impact on taxes. The Elementary School Building Advisory Group took a tour of the property. He stated that although the Advisory Group has not taken action he believed that they will vote to recommend renovate as new. He stated that fiscally it is more prudent. It was noted that the figures presented to the Board of Finance last month contained errors, revised figures will be sent via e-mail documenting estimated costs for demolition and new construction, renovation as new, updating, etc.

Mr. Mansfield and Mr. Walter also reported that damage was discovered to the sand/salt shed at the public works garage on Mt. Parnassus Road. Mr. Mansfield stated that the sides are bowing out. This was reported to be the shed that had solar panels put on it. The shed is constructed of texture 111 on the outside and plywood on the inside. It was reported to be approximately 20 years old. It is likely that enforcement of the side structure and containment of a lesser quantity of stored materials will be necessary for the future.

Daniel Alexander requested discussion regarding the status of the radio system.

**Motion was made by Harvey Thomas to add under the First Selectman's report item (d) Radio System Discussion. Raymond Willis seconded the motion and it was unanimously approved. Motion carried.**

d. **Radio System Discussion:**

Mr. Mansfield stated that the Town was able to obtain a frequency. He stated that the next phase is to design a system. Mr. Mansfield noted challenges given the large East Haddam land mass area. Mrs. Varricchio reported that the radio system is in the 10-year plan. It was also noted that East Haddam has its own licenses and as a member under the Resident State Trooper program can piggy back on its system as long as it continues to renew its licenses. Responsive to inquiry from Mr. Alexander regarding urgency, Mr. Mansfield reported that it is a safety and response issue.

Mr. Thomas returned discussion to the Municipal Facilities Building Advisory Group and inquired if figures being presented included savings from the space freed up by the new building. Mr. Mansfield reported that those numbers are being worked up and will be in place in time for the public hearing.

**FINANCE DIRECTOR'S REPORT**

a. **July/August YTD Reports:**

**FY 2013 review:**

Mrs. Varricchio reviewed fiscal year 2013 revenues. Highlighted as better than anticipated were interest and penalties collected by the Tax Collector, FEMA money received and increasing revenues by the Town Clerk's office. Mrs. Varricchio noted that Interest income continues to be way down. She reported that \$55,000 was received from the State from revenue sharing income generated by sales tax; adding that these funds were not budgeted. She further noted that the program that authorized it was not continued so it was essentially a two-year windfall. Mrs. Varricchio reported that the Board of Finance only used \$20,000 of its \$90,000 contingency funds. Chairman Susan Link inquired about miscellaneous revenues far exceeding budget. Mrs. Varricchio responded that the Board of Education accounts payable for from fiscal year 2012 was not fully used and it needed to be recognized as revenue in fiscal year 2013.

Mrs. Link questioned the central services line. Mrs. Varricchio reported that account was for supplemental wages, clerical wages for additional hours, special projects and interim staffing at the senior center.

It was noted that the Town exceeded the budget for insurance costs; however there was a corresponding decrease to the Board of Education insurance budget as a result of combining liability, auto, property and workers' compensation insurances. The Emergency Management budget ended the year over budget due to weather issues. It was noted that although we receive FEMA monies, the revenue is not netted against the expense. Transfers were also documented and reviewed. Mrs. Link reiterated that the Board of Education needs to communicate with the Board of Finance concerning items that have a financial impact to the Town.

## **Current Year**

Year to date. Mrs. Varricchio reported that there is not a lot of data yet. It was noted that both the Town Clerk and Building Department are showing increased revenues. Mrs. Varricchio reported that a capital projects analysis is being put together for the first quarter.

## **LIAISON REPORTS**

Mrs. Link noted that she attended the Board of Education meeting and was going to report on the Elementary School Building Advisory Group however, that has already been discussed.

## **GUESTS AND AUDIENCE COMMENTS**

Patty Stricker questioned whether the budget figures for the Elementary School project are based on grades K-3 or K-4. Mr. Mansfield reported that it is budgeted at K-3. It was noted that the reimbursement rate could change based on the total number of students in the school.

## **OLD BUSINESS**

Nothing noted.

## **NEW BUSINESS**

Nothing noted.

## **OTHER/FOLLOW UP ITEMS**

### **a. Fire Marshal Recommendations School Buildings:**

Fire Marshal Donald Angersola and Mr. Mansfield reported on the condition of the fire tanks at the Middle and High school. Both were inspected recently (required by State statute to occur every three to five years). It was reported that this was the first inspection for the High School tank. The inspection revealed rust on the newer tank at the Middle School and cracks on the High School tank. The next process will be to drain the tanks and go inside of them to repair the deficiencies. The price tag for both tanks was quoted at \$73,000. It was noted that such work should occur in the summer in the event the tanks are not repairable. Responsive to inquiry from the Board, Mr. Mansfield advised that the High School tank has a capacity of 35,000 gallons and the Middle School tank holds approximately 15,000 gallons.

Responsive to inquiry as to how the tanks were inspected, it was noted that cameras were used and the tanks will need to be drained to really determine the extent of what is needed.

### **b. Request for Transfer to Historic Document Preservation Fund:**

Mrs. Varricchio reported that she had reviewed the request to transfer monies to the Historic Preservation Fund (representing Town Clerk Deb Denette donating of her time as the Board Clerk). Pursuant to the auditors this should be budgeted as a transfer and not salaries. It was the Board's request that the funding available in

Technology/Records Management Budget for Historic Document Preservation be transferred to Town Clerk Historic Document Preservation Fund. Relevant account numbers will be presented next month so that a motion articulating the transfer can occur.

**Motion was made by Bruce Dutch to adjourn at 8:300 pm. Robert Bennett seconded the motion and it was unanimously approved. Motion carried.**

Respectfully submitted,

Deb Denette