



**TOWN OF MADISON
BOARD OF FINANCE**
REGULAR MEETING, April 20, 2016

Approved May 18, 2016

Present: Joseph MacDougald, Mark Casparino, Sharon Kokoruda, Bennett Pudlin, Jennifer Tung, Jason Ulstad (via telephone)

Also present: Tom Banisch, First Selectman; Stacy Nobitz, Finance Director; Mike Ott, Public Works Director; Alma Carroll, Tax Collector; Scot Erskine, Beach and Recreation Director; Jack Drumm, Chief of Police; Scott Cochran, Youth and Family Services; Bill Lindsay, Day Pitney LLP; Gus Horvath, member of the public; MCTV

Mr. MacDougald called the meeting to order at 7:00 p.m.

REGULAR SESSION

1. Pledge of Allegiance. The Board of Finance and members of the audience stood and recited the Pledge of Allegiance.
3. Chairman's comments. There were no Chairman comments,
4. Citizen and Finance member comments. Mr. Horvath provided a recommendation, for consideration by the Board of Finance, on how to manage the impact of the possible shortfall in State funds for the FY 16-17 budget. He recommends that, for the FY 16-17 budget, the Board of Education and Town budgets be reduced by 1%. Then any surplus left in the FY 15-16 Board of Education budget at the end of the year should be returned to the Board of Education for FY 16-17. He also recommended that any surplus left in the F 15-16 Town budget be returned to the Town and put in the FY 16-17 Contingency Fund to be used to fund items reduced by the 1% cut as needed. Mr. Horvath commented that, for the past 20 years, he does not believe the Contingency Fund has been used the way it was originally designed, which is to total 1% of the operating budget. He would advocate that this account be increased to the appropriate amount.

Mr. MacDougald noted that the Board members have had multiple meetings regarding the potential impact on the State budget. A number of ideas have been discussed to cover budget reductions including:

- Use of any surplus FY 15-16 funds for the FY 16-17 budget.
- A freeze on FY 15-16 funds.
- Changes in Reserve Account funding

NEW BUSINESS

5. Discuss and take action to adopt a resolution to recommend the authorization of bonds to refund in whole or in part various of the town's outstanding bond issues. Mr. MacDougald noted that the Board of Finance is being asked to take action to adopt a resolution regarding a \$10,675,000 refunding authorization which includes the 2009 Series A Refunding Bonds, 2009 Series B Refunding Bonds and 2010 Series A Refunding Bonds as well as a cushion to cover possible market changes between now and the pricing of refunding bonds. The goal is to recall outstanding debt, put it back out into the market and then replace the existing debt with the same debt but at a lower interest rate, similar to refinancing a home.

Mr. Lindsay reviewed the process for calling bonds in advance of the call date. The Town is allowed one advance refunding per issue. The bonds to be recalled include \$1,520,000 for the 2003 Daniel Hand High School 2009A Issue, \$4,230,000 for the 2004 Daniel Hand High School 2009B Issue and \$3,835,000 for the Senior Center and Ambulance Facilities and Griswold Airport Purchase for a total of \$9,585,000. Mr. Lindsay then reviewed the summary of the refunding results noting that they are projecting a 6.03% savings. He also reviewed the cash flow savings which would total \$610,917 for the period FY 15-16 to FY 2030-31. Mr. Lindsay noted that they would establish an escrow account to pay interest until the actual call date in December. The Town is allowed one advance refunding per issue.

In response to a question by Ms. Kokoruda, Mr. Lindsay noted that the only risk in moving forward with the refunding is the \$15,000 owed to the rating agencies.

In response to a question by Mr. Casparino, Mr. Lindsay noted that he does not expect the refunding to cause a change in the Town's rating.

Mr. Lindsay commented that he does not see the current State budget situation having any impact on Madison's plan to refund.

On motion made by Mr. MacDougald, and seconded by Ms. Tung, the Board voted unanimously to adopt the following resolution:

Recommending the Issuance of refunding bonds for payment of the outstanding principal of and interest and any call premium on Town of Madison's \$5,720,000 general obligation refunding bonds, issue of 2009, series A, \$12,985,000 general obligation

refunding bonds, issue of 2009, series B, and \$5,910,000 general obligation bonds, issue of 2010, series B, and costs related thereto:

RESOLVED, That the Board of Finance recommends that the Town of Madison authorize the issue of its refunding bonds, in an amount not to exceed \$10,675,000, the proceeds of which shall be appropriated: (1) to fund one or more escrows, and to apply the balance held in such escrows, together with the investment earnings thereon, to the payment in whole or in part, as to be determined by the First Selectman and the Director of Finance of the town, of the outstanding principal of and interest and any call premium on the town's \$5,720,000 General obligation Refunding Bonds, Issue of 2009, Series A (consisting at original issue \$5,720,000 School Refunding Bonds), \$12,985,000 General Obligation Refunding Bonds, Issue of 2009, Series B (consisting at original issue of \$12,985,000 School Refunding Bonds), and \$5,910,000 General Obligation Bonds, Issue of 2010, Series B (consisting at original issue of \$5,910,000 General Purpose bonds), including the payment of interest accrued on said bonds to the date of payment, and (2) to pay costs of issuance of the refunding bonds, including legal fees, consultants' fees, trustee or escrow agent fees, underwriters' fees, bond insurance premiums, net interest and other financing costs and other costs related to the payment of the outstanding bonds described above.

6. 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 \$160,124.38.

Mr. Cochran explained that the \$800.00 transfer request for Youth and Family Services was critical to cover a deficit due to added services by an outside billing person. He noted that the need for counseling has increased and therefore there is increased need for billing services. He further noted that the billing efforts also serve to increase revenue. He noted that the request for funds for this service has been increased for next year's budget and he requested the support of the Board of Finance for this item with an understanding the these funds will help increase revenue.

In response to a question by Ms. Tung, Chief Drumm explained the revenue provided from CIRMA for Worker's Compensation and the savings for gasoline.

On motion made by Mr. MacDougald, and seconded by Mr. Pudlin, the Board voted unanimously to approve Line Transfers totaling \$160,124.38.

7. Discuss and take action to approve a Special Appropriation request in the amount of \$65,000 to fund the OT – Special Duty Police Department Account pending Town Meeting approval). On motion made by Mr. Pudlin, and seconded by Ms. Kokoruda, the Board voted unanimously to approve a Special Appropriation request from the Police Department in the amount of \$65,000 from the undesignated fund balance to fund the OT – Special Duty Police Department Account pending Town Meeting approval.

2. Approval of minutes – Regular meeting of March 16, 2016 and Special Meetings of March 30, 2016 and April 15, 2016. The following correction was made to the minutes of the Regular Meeting of March 16, 2016:

- Items 6 and 11, correct spelling of Tom Banisch
- Item 11, 5th paragraph, third line “not” should be “now”
- Item 11, 5th paragraph, fourth line “left” should be “lift”

On motion made by Mr. MacDougald, and seconded by Mr. Casparino, the Board voted unanimously to approve the minutes of the regular meeting of March 16, 2016 as corrected.

Correction of spelling of “Bennett” under Present

On motion made by Mr. MacDougald, and seconded by Mr. Casparino, the Board voted unanimously to approve the minutes of the Special meeting of March 30, 2016 as corrected.

On motion made by Mr. MacDougald, and seconded by Mr. Casparino, the Board voted unanimously to table approval of the minutes of the special meeting of April 15, 2016.

8. Discuss and take action to amend and/or approve the 2016-2017 recommended budget. Mr. MacDougald thanked the Board for their assistance so far with meeting and discussing the 2016-17 budget with the new concerns regarding the impact on the Town due to State budget issues. Topics of discussion have included:

1. A request for the Town and Board of Education to engage in a spending freeze.
2. Use of any FY 15-16 budget surplus for FY 16-17.
3. A review of areas to look at to meet any budget cuts.
4. Use of fund balance
5. A review of the average tax rate to see if adjusting this rate could increase revenue projections.

Mr. MacDougald recommended that the Board schedule a special meeting for further discussion and possible action. He noted that the Board of Education will be meeting on May 3rd to approve their budget and the budget needs to be published May 6th for the May 24th referendum date set by the Board of Selectmen. The Board members agreed to hold a special meeting on May 4th at 7:15 a.m. to take action on the 2016-17 budget.

Mr. MacDougald recommended that both the Board of Education and Board of Selectmen provide a priority list for the budget. He also commented that, if the State has not provided an understanding regarding State funding by this date, the Board should base the budget on either no or minimal ECS funding with an assumption that any budget items reduced would be restored on a pro-rated basis when the final figure is revealed.

Ms. Nobitz noted that Departments were asked to provide requested budget information by the end of the week so the Finance Office will have solid numbers available for the May 4th special meeting.

Ms. Tung noted that the Board needs to take action to add a meeting on the budget calendar to set the mil rate.

On motion made by Ms. Tung, and seconded by Mr. Casparino, the Board voted unanimously to open the agenda and add as Item 8A, setting the date for a special meeting to set the mil rate.

On motion made by Ms. Tung, and seconded by Mr. Casparino, the Board voted unanimously to add a special meeting to the budget schedule calendar for May 25, 2016, 7:15 a.m. with an agenda item to set the mil rate for the FY 16-17 budget.

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9. Review of Financials. No discussion.

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10. Citizen comments. There were no citizen comments.

11. Liaison Reports and Report from First Selectman. Chief Drumm noted that there was discussion by the Board of Police Commissioners regarding discussion at the State level to move toward consolidation of emergency dispatch centers. The State will provide funding for designated regional centers. He is supportive of the Police Commission beginning discussions with Clinton to work together as a regional center. The Madison system is set up to be able to provide this service. Chief Drumm also noted that Madison has successfully regionalized other areas including animal control and the firing range. Mr. MacDougald noted that there has been some discussion regarding forming a sub-Committee to include members of the Board of Selectmen but he agrees a Police Commission exploratory group would be the best way to begin discussions.

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Mr. Pudlin noted that the Board of Education is in their final stages of budget discussion.

12. Adjourn to Budget Workshop. On motion made by Ms. Tung, and seconded by Mr. Casparino the Board voted unanimously to adjourn the meeting at 8:10 p.m.

Terry Holland-Buckley, Clerk