

**APPROVED/BOARD OF FINANCE MINUTES – REGULAR MEETING  
TUESDAY, DECEMBER 18, 2007**

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A regular meeting of the Board of Finance was held on Tuesday, December 18, 2007 in the lower conference room in Town Hall at 7:30 p.m.

Members Present: Marty Heiser, Chairman; Kevin Walsh, Vice Chairman; David Ulmer, Peter Gomez and Robert Cascella  
Town Officials: Rudy Marconi, First Selectman; Jay Wahlberg, Controller;  
Jane Berendsen-Hill, Tax Collector; Maureen Kiernan, Treasurer  
Guests: Roy Messing and Jeffrey Ford (Onalfo field proponents)

**A G E N D A**

1. Approval of Prior Meeting Minutes
2. Tax Collector's Report
3. Treasurer's Report
4. Legal Fees – Airspace Routes – Rudy Marconi
5. Discussion on Onalfo Athletic Field Turf
6. Election of Officers –
7. Controller's Report
  - a. Financial Review
8. Old Business
  - a. New Business
  - b. Communications & Correspondence
9. Adjournment

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Mr. Heiser called the meeting to order at 7:30 p.m.

**APPROVAL OF PRIOR MINUTES**

Mr. Ulmer made and Mr. Gomez seconded a motion to approve the Board of Finance's October 16, 2007 Minutes as presented. Vote: 4-1-0. (Mr. Cascella abstained) Motion **APPROVED**.

Mr. Cascella made and Mr. Heiser seconded a motion to approve the Board of Finance's November 20, 2007 Minutes after some corrections. Vote: 5-0. Motion **APPROVED**.

**TAX COLLECTOR'S REPORT**

Mr. Heiser asked Ms. Berendsen-Hill if there were any areas of concern to her and she responded: "absolutely not, things are coming along very, very nicely". She indicated that, as a result of the current real estate market, things were very quiet in her office, but, because nobody wants delinquent taxpayers she is doing very well with prior-year collections.

Mr. Cascella asked about the interest and lien fees line on the Tax Collector's monthly report, whether the YTD percent of collection was behind the prior year, and Ms. Berendsen-Hill responded that it was

not behind, but was difficult to pin down as is was a "moving target". Ms. Berendsen-Hill opined that, because of the current economy, she expected Supplemental Motor Vehicle to be short.

**TAX COLLECTOR'S REPORT**

(\$ in millions)

Totals are rounded							Prior YTD
						%	as %
	<b>BUDGET</b>	<b>Q1</b>	<b>Oct.</b>	<b>Nov.</b>	<b>Y-T-D</b>	<b>Clctd</b>	<b>of Actual</b>
<b>Current Taxes</b>	\$ 102.1	\$ 32.1	\$ 20.4	\$ 1.9	\$ 54.4	53.31%	52.58%
<b>Supplemental MV</b>	\$ 0.8	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%
<b>Prior Year Clctns</b>	\$ 0.5	\$ 0.2	\$ -	\$ 0.1	\$ 0.3	63.73%	53.78%
<b>Int. &amp; Lien Fees</b>	\$ 0.3	\$ 0.1	\$ -	\$ -	\$ 0.1	38.82%	39.39%
<b>As of 11/30/07</b>	\$ 103.7	\$ 32.4	\$ 20.5	\$ 2.0	\$ 54.9	52.90%	52.46%

**TREASURER'S REPORT**

Investments as of 11/30/07

	<u>Amnt Invested</u>	
MBIA	\$ 206,941.27	
Ridgefield Bank	\$ 10,207,831.00	
STIF	\$ 931,450.55	
Union Savings	\$ 4,961,111.15	
Wachovia	\$ 4,467,340.75	
	\$ 20,774,674.72	4.78%

Year To Date  
Interest Earned:

Bank of America	\$ 1,203.48
MBIA	\$ 4,026.27
Ridgefield Bank	\$ 294,863.10
STIF	\$ 16,022.95
Union Savings	\$ 107,850.90
Wachovia	\$ 118,028.30
	\$ 541,995.00

Mr. Heiser thanked Ms. Kiernan for attending the meeting and stated that he recognized that she is an independently-elected Town official and not in any way subject to the Board of Finance. He referred to their telephone conversation wherein Mr. Heiser had indicated to Ms. Kiernan that, perhaps, she could attend a BOF meeting every quarter or so to answer questions that come up. Mr. Heiser said the two areas the Board of Finance would like to talk about tonight were: 1) the percentages of interest paid and the amount of money in the various bank accounts; and 2) the interest-only election (for the first year) on the most-recent bond issue.

Mr. Walsh noted that the Treasurer's November 30, 2007 Report showed only one interest percentage instead of the percentage for each separate account which usually appears on the reports. The one percentage shown was apparently an average for all five accounts listed, although there was no indication as to whether or not it was a weighted average. Ms. Kiernan responded that she thought the BOF should know what the average interest rate is instead of looking at the very lowest and the very highest. She noted that Ridgefield Bank and Union Savings do not charge the Town any fees for services, whereas Wachovia charges for certain things. The interest rate that you get is given to all bank accounts, even the small accounts.

Mr. Heiser asked if the Treasurer's Reports could revert back to the format that included the interest percentage for each bank. Ms. Kiernan indicated that she could do that but added: "but don't be picky about the interest rate because some banks don't want our money". She also informed the BOF that the banks charge for wire service to transfer money out to another bank. Ms. Kiernan noted that all the tax collector's money is deposited in Ridgefield Bank and "...I just transfer it to the investment account, and, quite frankly, I'm not paid enough to move money back and forth every single day, and it would cost us to do so".

Mr. Heiser said that a person looking at the Treasurer's report and seeing the varied interest rates questions why more money isn't put in the higher-interest accounts. Ms. Kiernan stated that she does not put all the money anywhere (never more than 75% of total funds in one institution), and she has to consider the services provided by the various banks and the fees charged by each bank. In addition, Ms. Kiernan said she tries to use in-Town banks ("people who serve the community") trying to use all the banks.

Mr. Walsh asked if it would be prudent to conduct another RFP. Ms. Kiernan indicated that she would prefer an RFP not be issued at this time, perhaps in the Spring. Mr. Walsh asked about the MBIA and the STIF funds, if there was any reason to maintain those accounts. Ms. Kiernan responded that she never wanted to use STIF, but the account facilitates receipt of State funds (which happens "often") because the State will direct deposit into the STIF account and the Town has use of the funds ten days sooner than it would otherwise. She noted that when the STIF account balance exceeds \$1MM, she transfers the funds out of the account.

Mr. Ulmer asked which account had the longest term, and Ms. Kiernan responded that all the accounts were completely liquid in money-market accounts (subject to daily fluctuations in interest rates) which currently enjoy a better rate of return than CD accounts. Ms. Kiernan noted that these accounts limit her to six transfers per month although the Town is not penalized for an occasional transgression, but generally receives a warning from the offended bank.

Mr. Walsh asked Ms. Kiernan if she saw anything that could be enhanced or done differently and Ms. Kiernan said that she thought she was doing a pretty good job. Mr. Walsh responded that her job performance was not being challenged, that the Board of Finance just wants to understand the process and the factors that influence it.

Mr. Walsh asked Mr. Wahlberg if he could prepare a template for Ms. Kiernan to use that would provide the BOF a more detailed monthly Treasurer's Report.

Mr. Gomez said that when the BOF looked at the Treasurer's reports for the last twenty-six months it seemed that for twenty-two of those twenty-six months the largest deposits seemed to be in the lowest interest accounts.

Ms. Kiernan expressed surprise that the BOF had been brooding about this instead of asking her about it.

Mr. Gomez said the BOF would like more detail, more reflective of the reality, showing how many accounts the Town has at each bank, i.e. an account analysis. Mr. Gomez indicated that he thought an RFP is a "wholesome procedure to follow". Ms. Kiernan said the RFP was a very complicated thing to go through.

Mr. Ulmer asked if the Town had multiple accounts at Wachovia. Ms. Kiernan responded affirmatively.

Mr. Wahlberg responded that the Town had a number of smaller, fiduciary accounts at Wachovia.

Mr. Gomez reminded that, in the prior-year's audit, the auditors found money in non-interest bearing accounts, and Ms. Kiernan responded that that has all been taken care of saying: "it was addressed the moment we heard about it".

Mr. Heiser encouraged the BOF members not to hesitate to pick up the telephone and make direct inquiries of Ms. Kiernan. He asked Mr. Gomez if he would mind developing a template for the monthly Treasurer's Report that would give the BOF the level of detail it wanted. Mr. Walsh volunteered to work with Mr. Gomez on the project.

First Selectman, Rudy Marconi, joined the BOF at the head table for the discussion about the amortization schedule chosen for the most-recent bond issue.

Mr. Walsh asked what the rationale was for choosing the schedule they did and Mr. Marconi said, speaking for himself, that their bond advisor (Janette Marcoux) presented them with three different amortization scenarios and, in light of this year's budget, there was only one choice. The other two choices required substantial payments this year and there was no money in the budget for it. Mr. Wahlberg added that they would have had to ask for a special appropriation. Mr. Walsh then asked if there was a reason that the BOF is not a part of the decision-making process. Mr. Wahlberg said he thought the BOF was left out of the discussion because of the timing saying: "it came up on us fast". Mr. Marconi said he thought that the first indication he had that the BOF was not in the loop was during the joint meeting they had with the BOE and Andy (Bodner) had looked at it and said "What is this, why did the debt service go down?" Mr. Marconi said he asked Andy why they should complain if the debt service went down, and it continued from there.

Mr. Cascella noted that the bond structure called for pushing out principal through December, 2009. "If we didn't pay any interest in this fiscal year because we didn't budget for it that is understandable, but when we go out into the next budget year we are not paying any principal either."

Mr. Wahlberg said he ran three scenarios out over twenty years and that's where the spikes appeared (in the coming year and two years thereafter). A lot of this had to do with our refunding which shifted our whole payout, our amortization.

Mr. Ulmer asked if the refunding was a straight amortization, and Mr. Wahlberg responded that when it was done it was straight, but when they finished the refunding the maturities changed because of the way they sized the issues, there are various interest rates for various years. Mr. Wahlberg indicated that the changes would be apparent if they looked at the bond structure prior to the refunding. Mr. Ulmer noted that Janette Marcoux (bond advisor) never prepared an interest-only one year with a straight principal, and Mr. Wahlberg said that she had done so because he wanted her to share that scenario with the board.

Mr. Walsh asked with which board and Mr. Wahlberg responded: "This board, the Board of Finance."

Mr. Walsh then asked: After the fact?

Mr. Wahlberg answered affirmatively.

Mr. Gomez noted that extra-budget things happen all the time and the BOF finds ways to deal with them. Mr. Gomez asked Ms. Kiernan what her role is with the bond issues in general.

Ms. Kiernan responded that she was not a determining factor. She is informed after the fact, after the decision is made. She said that she attends the meetings with Standard & Poors and signs her life away, further that she opens all the bids and signs all the documents.

Mr. Gomez said he would like a protocol established going forward. That is was a question of oversight and due diligence. He recited the time line in which the BOF first learned of the bond structure on November 19<sup>th</sup>, the day before its November meeting. Mr. Gomez indicated the chosen amortization schedule would cost the Town >\$500,000.00 over the life of the issue, the BOS has not looked at it, and the Town Treasurer says she is not responsible for it.

Ms. Kiernan said she has never heard about it (the structure of bond issues, the last of which was three years ago) until after the fact, even when the BOF made the decision.

Mr. Marconi said there was still time after the BOF's November meeting to change the amortization of the bond issue, but the BOF "did not reach out". To which Mr. Gomez responded that the BOF did in fact meet with the First Selectman several days after Thanksgiving to discuss the bond issue and the BOF's concern that, as currently structured, the bond issue would cost the Town \$500,000.00 more in interest over the life of the bond.

Mr. Cascella asked if the BOF knew that the bond anticipation notes would have to be terminated and Mr. Mr. Wahlberg said yes, the BOF knew that the notes were reaching the \$10MM threshold and would have to be converted into long-term debt.

Mr. Heiser asked if, in the last twenty years the Town had ever done an interest-only payment schedule on a bond and Mr. Wahlberg responded that he could not recall any.

Mr. Ulmer noted that the Town had actually done worse than that and paid a premium on a bond issue.

Mr. Heiser summed up by saying: "what's done is done, going forward if we (BOF) could be part of the discussion".

Mr. Gomez said he would like a firmer commitment and suggested that a protocol be drawn up. Mr. Marconi said he did not have a problem with that at all, that there should be a protocol in place.

#### **LEGAL FEES – AIRSPACE ROUTES – RUDY MARCONI**

Mr. Marconi said the cost of participating with area towns in the multi-pronged fight against the FAA's proposed flight paths over areas of Fairfield County was \$75k but it is now down to \$69k. He said that currently there are no flight paths over Fairfield County to and from the New York airports, but the proposed changes would put between 150 and 200 flights over the area. He said there are a lot of issues that have not been addressed by the FAA, e.g. the impact on State Parks; the purchase of Stewart Air Base in New York, the use of smaller, lighter planes to and from metro airports.

Mr. Heiser asked if the Town is just throwing its money away on a lost cause and Mr. Marconi asked if the Town should just sit back and allow it to happen. He opined that it's a group effort and Ridgefield should have a place at the table.

Mr. Heiser asked if the \$69k was the first installment and Mr. Marconi responded that there is a memo of understanding that once the first commitment is made and the fight continues, every community has the ability to withdraw prior to any other appropriations.

Mr. Ulmer said he understood that the \$69k paid for more than a lawsuit, and Mr. Marconi responded that it would be a three-pronged attack: 1) litigation (McDermott, Will & Emery in Chicago); 2) lobbying (Timmons & Company in Washington, D.C.); and 3) grass roots, on-point advocacy.

Mr. Walsh asked Mr. Marconi to explain the State's action. Mr. Marconi said that the State has a narrow focus. The Connecticut State Attorney General has asked to use experts from the communities' group.

Mr. Cascella and Mr. Ulmer expressed their negative opinions about the value of spending money to fight the FAA's proposed changes. Mr. Cascella noted that the Selectman's budget had an allocation for legal expenses which appeared inadequate for the occasion and, saying he was confused about the process here, asked where the BOS would find the money to finance the Town's participation and how could they (BOS) over spend a line item in the budget.

Mr. Heiser responded that the BOS would have to come to the BOF.

Mr. Ulmer said it happens all the time, e.g. we have a snow storm, we go over our budget.

Mr. Heiser said it's a process that the BOF goes through by using the Contingency Fund and trying to save the Fund Balance for tax remediation.

Mr. Gomez suggested that the BOF write a statement regarding the procedure that the BOF expects people to follow regarding extra-budget requests and issue it to the Board of Selectmen.

Mr. Wahlberg said an internal transfer can remedy the problem of a line item that has gone over budget.

### **Discussion on Onalfo Athletic Field Turf**

Mr. Messing and Mr. Ford joined the BOF at the head table. Mr. Heiser asked about the financing of the field, assuming that it will go to referendum. The response was that there are 1,200 signatures on a petition authorizing up to \$1.6MM. Mr. Messing said the current assumption is that the field will be financed through a bond issue. They hope to maintain the field with user fees and pointed out that their user base keeps growing.

Mr. Gomez expressed his concern that SCOR had not given sufficient attention to the report submitted by Ridgefield residents concerned about the health risks of artificial turf.

Phil Bauman of Keeler Drive expressed his opinion that an artificial turf facility such as that being proposed was a luxury for the Town which would probably cost \$2MM in the long run. He recommended that the BOF evaluate and prioritize and come up with a recommendation as to what should be done.

Mr. Heiser reminded everyone that the meeting on the Onalfo Field was scheduled for January 9, 2007.

## ELECTION OF OFFICERS

Ridgefield Charter Section 4-15 Board of Finance. The Board of Finance shall consist of five (5) members serving four (4) year terms each. Three (3) members and two (2) members shall be elected at alternating town elections. The members shall choose a chairman from its members annually at the first meeting in January.

## CONTROLLER'S REPORT

Mr. Ulmer asked if we are on budget regarding insurance, and Mr. Wahlberg responded that we should actually come in under budget. Mr. Ulmer asked about workmen's compensation, and Mr. Wahlberg had the same response.

## OLD BUSINESS

Mr. Gomez said he has spoken with Mr. Garzi (Tax Assessor) and that Mr. Garzi plans to attend the BOF's January meeting.

Mr. Ulmer said he understood that the re-evaluation information would be put on line, once it was completed.

Mr. Gomez said that nobody understands the revenue-neutral concept associated with the re-evaluation and everyone has visions of the mill rate remaining static while the value of their homes increases 25% or more, resulting in dramatic tax increases.

## ADJOURNMENT

A motion was made by Mr. Ulmer and seconded by Mr. Gomez to adjourn the meeting at 9:55 p.m. Vote 5-0. **Motion APPROVED.**

Respectfully submitted,  
Karen Rodgers, Recording Secretary