

**UNAPPROVED MINUTES OF THE BOARD OF FINANCE REGULAR MEETING
TUESDAY, JANUARY 20, 2009**

A regular meeting of the Board of Finance was held on Tuesday, January 20, 2009 in the conference room in Town Hall at 7:30 p.m.

Members Present: Marty Heiser, Chairman; Peter Gomez; and Robert Cascella

Members Absent: Kevin Walsh, Vice Chairman; David Ulmer;

Town Officials: Kevin Redmond, Controller; John Mannuzza, Asst. Controller

A G E N D A

1. Approval of Prior Meeting Minutes
 2. Tax Collector's Report
 3. Treasurer's Report
 4. Controllers Report:
 - a. Financial Review
 5. Discussion of User Fees
 6. Discussion of Bond Issuances
 7. Old Business
 - a. New Business
 - b. Communications & Correspondence
 8. Adjournment
-

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

Mr. Gomez asked about the anticipated level of State re-imbursement for special education costs. Nobody knew what the level will be, everybody anticipates it will be lower than last year.

APPROVAL OF PRIOR MEETINGS' MINUTES

A motion was made by Mr. Cascella and seconded by Mr. Gomez to approve the Minutes of the Board of Finance's December 16, 2008 meeting.

VOTE: 3-0. Motion **APPROVED**.

TAX COLLECTOR'S REPORT

TAX COLLECTOR'S REPORT (\$ in millions)

								Prior YTD
							%	as %
	BUDGET	Q1	Oct.	Nov.	Dec.	Y-T-D	Clctd	of Actual
Current Taxes	\$ 105.6	\$31.6	\$21.3	\$ 2.4	\$ 3.7	\$ 59.0	55.88%	56.46%
Supplemental MV	\$ 0.8	\$ -	\$ -	\$ -	\$ 0.3	\$ 0.3	44.01%	0.00%
Prior Year Clctns	\$ 0.5	\$ 0.3	\$ -	\$ -	\$ 0.1	\$ 0.4	86.39%	68.19%
Int. & Lien Fees	\$ 0.3	\$ 0.1	\$ -	\$ -	\$ -	\$ 0.2	46.70%	46.06%
As of 12/31/08	\$ 107.1	\$32.0	\$21.3	\$ 2.4	\$ 4.2	\$ 59.9	55.91%	56.49%

Collector's Report

Fiscal Yr Ending
6/30/08

	Budget	Q1	Oct.	Nov.	Dec	Y-T-D	% Cltd	Prior YTD as % of Actual
Current Taxes	\$ 102.1	\$ 32.1	\$ 20.4	\$ 1.9	\$ 3.8	\$ 58.2	57.00%	56.71%
Supplemental MV	\$ 0.8	-	-		\$ 0.1	\$ 0.1	6.95	0.27%
Prior Year	\$ 0.5	\$ 0.2	\$ -	\$ 0.1	\$ -	\$ 0.3	69.84%	67.18%
Interest & Lien	\$0.3	\$ 0.1	\$ -	\$ -	\$ -	\$ 0.1	44.87%	55.86%
As of 12/ 31/07	\$103.7	\$ 32.4	\$ 20.5	\$ 2.0	\$ 3.9	\$ 58.7	56.64%	56.34%

TREASURER'S REPORT

Investments as of 12/31/07

Investments as of 12/31/08

	Amnt Invested	%		<u>Amnt Invested</u>	%
MBIA	\$300,815.94	4.21	MBIA	\$ 307,220.95	1.56
Ridgefield Bank	\$3,770,543.09	4.32	Ridgefield Bank	\$ 3,019,520.51	1.67
STIF	\$884,210.30	4.44	STIF	\$ 791,760.22	1.47
Union Savings	\$5,001,965.87	4.48	Union Savings	\$ 5,527,283.89	1.72
Wachovia	\$5,214,149.96	3.49	Wachovia	\$ 2,992,855.85	0.78
	\$15,171,685.16			\$ 12,638,641.42	
YTD Interest Earned:			YTD Interest Earned:		
Bank of America	\$1,203.48		MBIA	\$ 2,404.18	
MBIA	\$7,346.73		Ridgefield Bank	\$ 128,972.39	
Ridgefield Bank	\$327,673.39		STIF	\$ 6,481.60	
STIF	\$25,435.48		Union Savings	\$ 48,272.63	
Union Savings	\$127,941.64		Wachovia	\$ 13,513.97	
Wachovia	\$131,783.72			\$ 199,644.77	
	\$621,384.44				

The Board of Finance discussed the lagging interest revenue and wondered if there weren't some way to earn a better return on the Town's funds by employing a different investment strategy more attuned to cash flow requirements. They also expressed their continuing hope for a more detailed monthly report that would detail all the different accounts and how much of the money invested and interest earned belongs to the Town as opposed to special accounts. Mr. Heiser said he would meet with the Town Treasurer before she leaves for a three week vacation in February and Mr. Cascella said he would try to find out how other Connecticut Towns invest. The Board of Finance acknowledged that the revenue earned this fiscal year will be far short of the \$650k budgeted amount. Mr. Redmond said that the audited financial statements indicate 75% of the interest earned falls to the General Fund, which suggests a \$350k shortfall for the current fiscal year.

CONTROLLER'S REPORT

Discussing revenues, Mr. Redmond noted that Parks & Recreation revenues are down slightly, but Paul Roche anticipates making it up. Mr. Redmond said that in November the overall revenue shortfall appeared to be \pm \$500k. In January the deficit had grown to \pm \$1.1MM. First Selectman Rudy Marconi and Mr. Redmond met with department heads and asked them to identify more spending reductions within their respective budgets. Mr. Redmond said the BOE will have to cover 65% and the Town will have to cover the remainder. The hiring freeze remains in effect. He said they are being very diligent on expenses and looking at other things as well.

Building Permit revenues are down \$150k, but Boehringer may apply for permits for its next building phase and that difference could be made up.

On the expense side, Mr. Heiser asked about the Fire Department's overtime budget which continues to be high. Mr. Redmond said he has spoken to the fire chief about this again, and she continues to maintain that she will stay within budget. He did note that she was not as confident this time as she had the last time they had the same discussion.

Mr. Gomez noted the Highway Department overtime budget which is 77% spent. Mr. Redmond said: "that's a concern, I think that's a problem." However, Mr. Redmond added: "On the expense side, I think we will be running well under budget. Ultimately, we are going to have to cover the \$1.1MM.

Mr. Heiser stated that everyone has to understand that the BOF is going to take a very active role this time around. He suggested that the responsible parties find their own savings or the BOF will find them, and the BOF is not afraid to make the hard decisions. He opined that the department heads could make the cuts in a more humane way. Mr. Heiser said he does not think the taxpayers want to hear about increased taxes, and he thinks they are right. "I am more than happy to play the big, bad BOF and am just going to come in like a corporate controller." Mr. Heiser asked Mr. Redmond if he understood the tone the BOF was taking and if he could convey that tone to the departments. Mr. Redmond told the department heads that they need to come in with what their realistic requests are, regardless of what they have requested in prior years, and, if another layer of cuts come, if the department head has provided a solid, dependable number, then it is not an area that can be cut.

Mr. Gomez added that the BOF has no appetite for horse trading. Saying: "That's not going to fly", he noted that other Connecticut Towns have already laid off personnel and cut back services. He said that Ridgefield selectmen have always maintained that the Town has to keep the level of services that taxpayers have grown to expect, but this year everyone in every direction is making the tough decisions. He said: "Last year the BOS made their best effort when they came forward to us and presented a budget with a \$250k reduction. That was the best they could do. We came back and asked for \$700k. We were labeled "insane" by the First Selectman, and lo and behold not only did they not only make the \$700k that we asked for, but they came up with about \$950k in total savings which is what they presented two weeks after."

Mr. Heiser: "Plus they got the police cars."

Mr. Gomez: "So we went from \$250k being that's it, that's all we can afford to do because the sky is going to fall otherwise, to us asking for \$700k to them coming up with more than \$900k. It undermines the whole credibility of the exercise."

Mr. Heiser: "And the whole thing is an academic exercise because the whole budget gets put out to the people to vote. If you come in with something around 4%, it's going to get voted down, it just will. With last year's 3.5% increase we were patting ourselves on the back and that was voted down. The vote was not even close."

Mr. Heiser noted the Golf Course as a “bright spot” that generates \$719k of income and costs \$301k to run. Mr. Mannuzza informed the BOF that there was 15” more rain this past golf season over the previous golf season, but revenues were up and the golf course has done well despite the wet season. The new bridge is given at least partial credit for making that happen.

Mr. Cascella asked if the BOF will soon see a transfer to cover the costs incurred as a result of the recent snow storms, and Mr. Redmond responded affirmatively. Mr. Cascella asked: “Where do we think we are going to find that money?”

Mr. Redmond said there was \$20k left in the Contingency Fund.

Mr. Gomez said he would like to see proposed capital projects prioritized. He added that the BOF never sees an inventory or an assessment of what the Town’s infrastructure needs are. He said he would like to see the list of the Town’s assets together with a list of the work needed to maintain them.

Mr. Redmond responded that the Town Engineer has itemized the various needs for the buildings.

Mr. Gomez asked how issues like those that came up with the high school seem to materialize from nowhere and are not in the five-year plan. He noted that the five-year plan changed every week for about eight weeks last budget season. The list presented in March was completely different from February’s list. He opined that year one and year two of the five-year plan should be fairly accurate. He noted further that money was set aside for that roof ten years ago and was used for other projects.

DISCUSSION OF USER FEES

Mr. Redmond distributed fee schedules for revenue-generating departments, totaling \$7.2MM in eight categories.

Mr. Cascella suggested that the revenue items be increased in the coming budget. He said he would get benchmarking from other communities with similar demographics through CCM. “If we can raise another \$150k, that’s another amount of taxes we don’t have to pinch out.” He said that was his purpose in asking for the information, not to try and go through it all at this meeting.

Mr. Gomez asked if the Library were included, and Mr. Redmond said it was not. Mr. Gomez noted that the Library received 80% of its funding from Town revenues this fiscal year and should be included in the analysis.

DISCUSSION OF BOND ISSUANCES

Mr. Redmond distributed a spread sheet of bond schedules through 2030 showing principal due totaling \$114,555,000.00. Mr. Redmond met with the Town’s bond advisor, Janette Marceau, for some analysis of the various bond issues and came away believing there are savings to be had by refinancing the 2001 A & B issues. Ms. Marceau thought that \$1MM was a conservative estimate of the potential savings.

Mr. Redmond explained the process for refunding as follows: “our bonds are callable, but you can not pay them off until a certain date. The actual process would be to issue these refunding bonds, take the proceeds from that bond issuance, which goes into escrow, the escrow then earns money but also has the principal pay down the original bonds. You have to keep the original bonds outstanding until you can pay them down which is done through the escrow account.”

Mr. Gomez asked who would be responsible for managing the escrow monies, and Mr. Redmond said he was not sure and he would have to find that out.

Mr. Redmond said there would be an opportunity for savings with the 2001 A & B issuance. Any issues before that time have very little principal, anything issued after that, you start to lose the benefit because when you put the money into the trust account, this account can't earn more than the interest rate on the new debt issuance, as a matter of fact it will earn less. So there's an inherent loss, a gap, in earnings from the trust account versus what you are going to pay on the old bonds. Therefore, the longer you have this escrow account flowing, it magnifies that loss. Ridgefield is in a good place at a good time because it is AAA rated.

Mr. Cascella asked about the time line and if it could be done in the current fiscal year.

Mr. Redmond said "It can." He said the first thing he wanted to do is to get a more detailed analysis and have Ms. Marceau come to a BOF meeting. Saying, "we want numbers we can get behind" if the BOF gives the go-ahead, we will go to the BOS and will approve a resolution and do an RFP for the underwriters. Those things can run concurrently.

Mr. Cascella said that bond counsel, Robinson & Cole, would have to be brought in at some point.

Mr. Redmond said that today's value (TD) of the savings over twelve years could be \$1MM, or it could be higher.

Mr. Gomez hypothesized that in the closeouts of these projects when the State reimburses \$2MM, residents may ask should some or all of that money be used to pay down long-term debt rather than be put toward next year's operating budget.

Mr. Redmond said he thinks there is some latitude in how you structure the savings. "Let's say it was a million dollars, you could see that full million dollar savings in 2010, you could back load it so you picked up all the savings in 2015... we could structure that as much as anyone."

Ms. Marceau informed Mr. Redmond and Mr. Mannuzza that fees (rating agency and attorney) would be about \$150k, which they did not think was "horrible". Noting the fluid market, Ms. Marceau suggested that the Town move quickly. No town meeting is required. First Selectman, Mr. Marconi, made it clear that he was not going to do anything without the BOF driving it. Mr. Redmond said he thinks there is a sense of urgency and once he gets the analysis, he will get it to the BOF immediately, perhaps at a special meeting.

OLD BUSINESS

Mr. Heiser asked Mr. Mannuzza the E.T.A. on the \$2MM reimbursement from Hartford. Mr. Mannuzza responded that he did not know. Mr. Cascella said it is not Mr. Mannuzza's job to know that.

Mr. Heiser said he talked to the BOE's business manager, Mr. Hendrickson.

Mr. Heiser asked Mr. Mannuzza where the negotiations with the State regarding the \$220k that the State claims Ridgefield owes it. Mr. Mannuzza said that the audit results say that Ridgefield owes the State \$226k, but that he is trying to blunt some of their objections. He opined that Ridgefield may be able to refute about 35%/45%, and may only be able to recover \$100k of the \$220k.

Mr. Heiser asked Mr. Mannuzza about his experience with State reimbursement for Scotts Ridge. Mr. Mannuzza said it was not good. It was almost five years from the time students were in the school until the

BOE accepted the project as complete. Mr. Mannuzza said he did not get wind of the audit results until December, 2008. He said it usually takes six months from the time the Town submits its request before the State reimbursement is received.

Mr. Heiser asked Mr. Redmond about the purchase order software needed before the Town can implement uniform purchase order procedures as recommended by Blum Shapiro. Mr. Redmond said the Town intends to implement it but first it needs funding of about \$33k/\$34k, after that it is a change of process. He said: "we are going to do it. We have to do it, it's obvious we are one of the few towns that don't. I don't think I can commit to doing that between now and when we raise the budgets."

Mr. Heiser reviewed the current purchasing process aloud which revealed that the controller's awareness of a departmental purchase was at the end, rather than the beginning, of the process. The way it is now, a department head could go over budget with a purchase and there would be nothing or no one to stop the purchase. Mr. Redmond noted that that has not happened, so the current process does work but the controls should be up front, not on the back end.

Mr. Redmond said he still had the internal auditor's bill for \$7,500.00. The BOF said it did not want to pay the bill until it had the auditor's report.

NEW BUSINESS

Mr. Gomez said it would be helpful to have an estimate of litigation costs. He said that last year the bills were late which created a problem from a matching standpoint. He said he is concerned about the Town's exposure.

Mr. Redmond said that Mr. Mannuzza suggested they look at litigation costs quarterly in meetings with the attorneys.

Mr. Gomez said he would like to see all costs of employment for each department including cost of all benefits in the upcoming budget.

Mr. Cascella reminded the BOF that election of officers was supposed to be done in January each year. The BOF decided to waive convention this year because of the absence of Mr. Walsh and Mr. Ulmer.

COMMUNICATIONS & CORRESPONDENCE

ADJOURNMENT

A motion was made by Mr. Heiser and seconded by Mr. Mr. Gomez to adjourn the meeting at 9:26 p.m.

Vote 3-0. Motion **APPROVED**.

Respectfully submitted,
Karen Rodgers, Recording Secretary