

Town of East Haddam
Board of Finance
March 8, 2007
Special Meeting

1. CALL TO ORDER

The Special Meeting of the East Haddam Board of Finance was called to order on Thursday, March 8, 2007 at 6:37p.m., at the Town Office Annex, by Chairman Matthew Budzik.

In attendance were Matthew Budzik, Mark Fortier, Tony Shetensky, George Giesey and David Meade-arrived 7:15pm.

Absent was Bob Bennett.

Also in attendance were First Selectman Brad Parker, Selectman Pete Govert, Selectman Randy Dill, Attorney John Bennett and Stephanie Tatro – Finance Director.

The Pledge of Allegiance was recited.

2. Board of Selectman presentation of General Government Budget

First Selectman Brad Parker reviewed the following document in detail:

- Board of Selectman Budget Proposal Fiscal Year 2007-2008, Presentation to the Board of Finance, Thursday March 8, 2007. This document is filed at the Board of Finance Office. All salaries in this document represent a 3¼ % raise.

Mr. Fortier questioned if the grand list had increased from what the BOF had been informed of in January to which First Selectman Parker replied affirmatively.

One large area of increase in the budget is 23.25% in the Proposed Reserve Budget; due to an increase in the capital projects reserve fund as well as the capital non-recurring fund.

The Proposed General Government Operating category indicates a 9.15% increase because the revenue that had been generated by the town clerk's office in the past had been shown on the revenue side of the budget, but never shown on the expense side. The revenue goes to the state; future revenue needs to be shown on both sides of the budget. This will be a one-time correction (represents 25% of the increase).

Mr. Budzik questioned if the figures were in real dollars or adjusted for inflation. First Selectman Parker replied they were not adjusted for inflation.

Mr. Fortier commented it would be helpful to include the Board of Education budget to determine its percentage in relationship to the whole budget.

There was a significant increase in the Aging and Elderly category under Health and Social Services to offset the loss of grants.

The resident State Trooper contract has not been settled. The budget represents a 6% increase, although 3 – 4% is anticipated.

Mr. Bennett questioned if a full time certified EMT would be hired by the town. First Selectman Parker replied no and that they were currently recruiting new volunteers.

Mr. Gieseey questioned the decrease in the Land Use Office budget. First Selectman Parker replied because construction was slowing down.

First Selectman Parker informed the board that any departments not on the budget schedule could be put on the schedule at their request.

Mr. Budzik questioned the \$17,000 in the capitol improvements schedule for data duplicating. First Selectman Parker replied it was for a map copier that had been discussed last year.

Mr. Budzik questioned the \$43,172 Fire Department amount in the budget. First Selectman Parker replied it was to finish the 2nd floor and standard expenditures.

Mr. Fortier stated that the budget took into account the ECS Education Grant with the proposed Governor's increases and suggested that historical figures with a slight increase be used in the budget.

Mr. Fortier requested that the following columns be added to the working budget:

- Ending total for last year (actual to prior year).
- Approved.
- Department request.
- Selectman's recommendation.
- Difference.

Mr. Fortier requested totals for revenue for education and an electronic copy of the budget.

3. Middle School Financing Discussion

Mr. Budzik questioned Mr. Bennett if the BOF should go forward with the project and the likelihood of losing the suit. Mr. Bennett replied the eminent domain process was to take two parcels of land from two individual property owners. Mr. Bennett further explained that there was a resolution. There was a 14-month time frame between the time of the vote on the resolution to take the property, approve the school, financing and the actual taking of the property. The resolution contained language in the title form, which stated that the land was being taken for the purpose of a school with the amount of land for the school, open space and general purposes. Both land owners attempted to block the take by suing; claiming that too much time had elapsed to conduct the actual take and that the language suggested that the land was being taken for other purposes than the school. Mr. Bennett explained that there is a specific statutory procedure for taking land for a school and that there is no time limit between the time

the vote is made for the take and the time when the take is actually made. Mr. Bennett stated the property owner's argument is that the property should have been taken within 6 months and that it is clear that the land is being taken for purposes beyond a school, i.e. open space and general purposes. Mr. Bennett stated that this had been opposed in court by the town and won at the superior court level. The court ruled that the land was being taken for the purpose of a school and that the other language was descriptive. Mr. Gould/Lieberman (trustee) has appealed the ruling.

Motion by Mr. Budzik to go into executive session at 7:30 for the purpose of property negotiations, inviting First Selectman Parker, Selectman Dill, Selectman Govert, Attorney Bennett, Stephanie Tatro and Ruth Ziobron. Second by Mr. Meade and unanimously passed.

Motion by Mr. Budzik at 7:55 to come out of executive session. Second by Mr. Meade and unanimously passed.

No action was taken or decisions made.

Mrs. Tatro distributed and discussed the following document with the Board:

- Cash flow chart for the 4-8 school illustrating monthly payments due, bonding fees and self-funding. The chart indicates the issuance of bond anticipation notes in May 2007. One bond offering will be issued May 2008. Having one bond offering will reduce the original bond cost projections. The construction of the school until May 2007 will need to be self funded by the town's current town positions. Gross numbers were used verses net because reimbursement from the state is not anticipated until the month of June. The figures are estimates of what will be billed from Newfield Construction. Construction could progress more quickly if weather permits, putting the project ahead of schedule and changing the billing schedule to more than is predicted on the anticipated billings. The retainage fee of 5% was reviewed. It is not due until after the work has been complete.

Mrs. Tatro stressed the importance of not coming up short for cash if construction progressed more quickly than was predicted on the anticipated billings. The project will be eligible to bond for the amount that was banded/spent.

Mr. Fortier stated that the idea behind the money that the BOF had been putting aside was to ease the mill rate.

Motion by Mr. Budzik, second by Mr. Shetensky to transfer \$1,495,000.00 from Reserve for Capital Projects, Line # 783 and \$2,000,000.00 from Undesignated Fund Balance to the 4 – 8 School Building Committee, such funds to be replaced by financing proceeds when such proceeds are received and to request that the Board of Selectmen schedule a Town Meeting for approval of same. Motion unanimously passed.

Motion by Mr. Shetensky, second by Mr. Budzik to recommend that the Finance Director and Treasurer issue Bond Anticipation Notes on behalf of the Town of East Haddam on or about May 16, 2007 for a period of 12 months and up to an amount totaling \$18,403,00 for the purpose of partially financing the cost of construction for the New Middle School Project, such funds to be replaced with bond proceeds when such proceeds are received. Motion unanimously passed.

4. Adjournment

Motion by Mr. Fortier at 8:10p.m. to adjourn. Second by Mr. Meade and unanimously passed.

Respectfully submitted,

David Meade
Secretary