

BOARD OF FINANCE REGULAR MEETING

Town of Essex
29 West Avenue, Essex, CT 06426

Thursday, November 20, 2014
Meeting Room A – 7:00 p.m.

In attendance: Keith Crehan, Chairman, Campbell Hudson, Vice Chairman, Don Mesite, Mary-Louise Polo and Jeff Woods. Also in attendance: Norman Needleman, First Selectman, Bruce Glowac, Selectman, James Francis, Treasurer, Kelly Sterner, Finance Director, Yvonne Roziak, Recording Secretary. Absent: Fred Vollono*

CALL TO ORDER

Board of Finance meeting called to order by Keith Crehan at 7:04 p.m.

APPROVAL OF AGENDA

Keith Crehan, Chairman, requested two appropriations be inserted under Selectmen's Report:

- 5 a. – An appropriation for Town Hall window replacement
- 5 b. – An appropriation for Predesign/Schematic Design/Construction documents for Town Hall & School Roof.

Motion made by Mary-Louise Polo to approve the agenda as amended, seconded by Don Mesite. Passed unanimously. Motion carried.

APPROVAL OF MINUTES

Keith Crehan, Chairman, requested the following changes to the minutes of October 16, 2014:

- Page 1 under "Call to Order" – should read – "Board of Finance meeting called to order (delete "at") by Campbell Hudson at 7:05 p.m.
- Page 1 under "Financial Report" – should read – "Kelly Sterner, Finance Director provided the following financial report for the fiscal year through the month ended (not "ing") September 30, 2014.
- Page 2 under "Selectmen's Report" – 3rd & 4th sentences should read – "There are grants available for the (add: Walnut Street) bridge work at approximately 80% reimbursement. The Ivory Street bridge work (delete "being done") will be done by the Town for less cost, (add – "with no reimbursement".
- 3rd Paragraph last sentence should read – "The urgency for this Town Meeting is due to the bridge work needing to be started and the "school's"(vs. school) needs.
- 4th Paragraph last line should read – "is included as part of the "Capital Project Plan".

Motion made by Jeffrey Woods to approve the minutes as amended, seconded by Don Mesite. Passed unanimously. Motion carried.

FINANCIAL REPORT

Kelly Sterner, Finance Director provided the following financial report for the fiscal year through the month ended October 31, 2014:

REVENUES

The October YTD property tax collection rate of 54.5%, up just slightly from 53.9% the prior month, shows the seasonal slow time that will occur for the next month or 2 before the semi-annual spike in late-December/January when most residents make their second real estate tax payment. This compares with a rate of 54.0% at the October 2013 month-end. Collections of prior year taxes and interest & lien fees remain strong. State & Federal revenue are tracking as expected. Local revenues totaling \$239,575 as of month-end had a strong month with the expected spike in Sanitary Permits. This reflects the sale of over \$40,000 in Transfer Station permits. This will now level off for the remainder of the year. Building permits appear to lag as of month end but next month will reflect a substantial improvement. Total revenues collected totaled 53.3% of budget versus 53.1% the prior year.

EXPENDITURES

Expenditures for the month of October totaled \$8,380,841 or 36.3% of budget. Major expenditures for the month included the annual contribution to the pension funds in the amount of \$333,281 as well as the Highway Department expenditure of \$24,763 for sidewalk replacement. This compares to October 2013 expenditures of \$8,716,138 or 38.4%.

Region 4 Supervision District has notified us of unanticipated/unbudgeted special education costs resulting from out of district placement(s). They are doing what they can to offset these required expenditures but anticipate they will need to come back to the Towns for additional funding. The exact amount needed is yet to be determined.

Motion made by Jeffrey Woods to accept the financial report as written, seconded by Campbell Hudson. Passed unanimously. Motion carried.

Norman Needleman, First Selectman called the Board of Selectmen Special Meeting to order at 7:15 p.m.

SELECTMEN'S REPORT

Norman Needleman, First Selectman, presented and reviewed the two appropriations that were approved by the Board of Selectmen and recommended to the Board of Finance (added agenda items 5a and 5b).

5a. Appropriation for Town Hall window replacement. The Town replaced approximately one-third of the exterior windows with an energy efficiency grant. The requested funds would cover the cost of replacing the remaining windows. The Town intends to reimburse this appropriation with the proceeds of bonds, notes, or other obligations to be authorized to finance the full project cost.

Motion made by Jeffrey Woods to approve and recommend to Town Meeting an appropriation from the unassigned fund balance of an amount not to exceed \$126,500 for the replacement of exterior windows at the Essex Town Hall. The Town of Essex, CT, (the "Issuer") hereby expresses its official intent pursuant to §1.150-2 of the Federal Income Tax Regulations, Title 26 (the "Regulations"), to reimburse expenditures paid sixty days prior to the date of passage of the Resolution, and thereafter, in the maximum amount and for the capital project defined above with the proceeds of bonds, notes, or other obligations ("Bonds") authorized to be issued not later than 18 months after the later of the date of the expenditure or the substantial completion of the project, or such later date the Regulations may authorize. The Issuer hereby certifies that the intention to reimburse as expressed herein is based upon reasonable expectations as of this date. The Treasurer or his designee is authorized to pay project expenses in accordance herewith pending the issuance of reimbursement bonds, and to amend the resolution, seconded by Campbell Hudson. Passed unanimously. Motion carried.

5b. Predesign/Schematic Design/Construction documents for Town Hall & School Roof.

The requested funds are for the initial steps of the roof replacement of the Essex Elementary School and the Town Hall. Appropriation of the funds would allow the Town to issue an RFP for these services. The Town intends to reimburse this appropriation with the proceeds of bonds, notes or other obligations to be authorized to finance the full project cost.

Motion made by Mary-Louise Polo to approve and recommend to Town Meeting an appropriation from the unassigned fund balance of an amount not to exceed \$80,000 for preparation of predesign, schematic design and construction documents for the Essex Elementary School roof and the Essex Town Hall roof. The Town of Essex, CT, (the "Issuer") hereby expresses its official intent pursuant to §1.150-2 of the Federal Income Tax Regulations, Title 26 (the "Regulations"), to reimburse expenditures paid sixty days prior to the date of passage of the Resolution, and thereafter, in the maximum amount and for the capital project defined above with the proceeds of bonds, notes, or other obligations ("Bonds") authorized to be issued not later than 18 months after the later of the date of the expenditure or the substantial completion of the project, or such later date the Regulations may authorize. The Issuer hereby certifies that the intention to reimburse as expressed herein is based upon reasonable expectations as of this date. The Treasurer or his designee is authorized to pay project expenses in accordance herewith pending the issuance of reimbursement bonds, and to amend the resolution, seconded by Campbell Hudson. Passed unanimously. Motion carried.

Motion made by Norman Needleman to adjourn the BOS meeting at 7:40 p.m., seconded by Bruce Glowac. Motion carried.

OLD BUSINESS

- a. Capital Plan/Bonding Resolution

Keith Crehan read the following to consider an act upon a resolution entitled:

RESOLUTION APPROPRIATING \$8,085,000 FOR THE TOWN OF ESSEX
2014 CAPITAL PROGRAM INITIATIVE AND AUTHORIZING THE ISSUE OF
UP TO \$8,085,000 BONDS OF THE TOWN TO MEET SAID
APPROPRIATION (OR SUCH LESSER AMOUNT IF LESS THAN ALL
COMPONENTS ARE APPROVED) AND PENDING THE ISSUANCE THEREOF
THE MAKING OF TEMPORARY BORROWINGS THEREFOR, AND
PROVIDING FOR REFERENDUM VOTE AT ADJOURNED TOWN MEETING.

Motion made by Jeffrey Woods to waive the reading of the entire resolution and incorporate its full text into the minutes of the meeting, seconded by Don Mesite. Passed unanimously. Motion carried.

Motion made by Campbell Hudson to adopt the resolution, seconded by Jeffrey Woods. By a roll call of votes, the Ayes and Nays were as follows:

Ayes

*Keith Crehan
Campbell Hudson
Jeffrey Woods
Don Mesite
Mary-Louise Polo*

Nays

Motion carried.

NEW BUSINESS

2015 BOF Meeting Calendar was reviewed.

Motion made by Don Mesite to approve the 2015 Board of Finance Meeting Calendar as presented, seconded by Mary-Louise Polo. Passed unanimously. Motion carried.

*Board of Finance Member Fred Vollono arrived at 7:45 p.m.

COMMUNICATIONS AND CORRESPONDENCE - None

PUBLIC COMMENT - None

ADJOURNMENT

Motion made by Fred Vollono to adjourn the meeting at 7:55 p.m., seconded by Campbell Hudson. Passed unanimously. Motion carried.

Respectfully submitted,

*Yvonne Roziak
Recording Secretary*

RECEIVED FOR RECORD
11/28 20 *14* at *1:00* P.M.
Yvonne M. Roziak
ESSEX, CT TOWN CLERK *assist*

RESOLUTION APPROPRIATING \$8,085,000 FOR THE TOWN OF ESSEX 2014 CAPITAL PROGRAM INITIATIVE AND AUTHORIZING THE ISSUE OF UP TO \$8,085,000 BONDS OF THE TOWN TO MEET SAID APPROPRIATION (OR SUCH LESSER AMOUNT IF LESS THAN ALL COMPONENTS ARE APPROVED) AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS THEREFOR, AND PROVIDING FOR REFERENDUM VOTE AT ADJOURNED TOWN MEETING

Section 1. The sum of \$8,085,000 is appropriated for the Town of Essex 2014 Capital Program Initiative as follows:

Bridge Replacement and Repair

\$ 2,100,000	Walnut Street Bridge
\$ 450,000	Ivory Bridge
\$ <u>295,000</u>	Contingency and Debt Admin.
\$ 2,845,000	Total

Essex Elementary School

\$1,400,000	Roof
\$ 600,000	Air Quality
\$ 225,000	Paving
\$ 185,000	Media Center
\$ 110,000	Fuel Conversion
\$ <u>295,000</u>	Contingency and Debt Admin.
\$ 2,815,000	Total

Town Hall

\$ 200,000	Roof
\$ 115,000	Window Replacement
\$ 30,000	Fire Suppression
\$ 500,000	Land Use Office
\$ 200,000	Air Quality
\$ 120,000	Toilet Room
\$ <u>135,000</u>	Contingency and Debt Admin.
\$ 1,300,000	

Public Works

\$ 109,000	Town Garage Roof
\$ 97,000	Heating System
\$ 264,000	2 Bay Garage/Covered area
\$ <u>55,000</u>	Contingency and Debt Admin.
\$ 525,000	

Fire Vehicle \$ 600,000

hereafter the "Project", and as used herein Project includes each of the five individual components set forth above. The Project shall include all expenses necessary and appropriate to accomplish the Project including planning, acquisition and construction, remediation, demolition expenses, repair or reconstruction, appurtenances or utility, road, sidewalk and abutting property repair, horizontal and vertical realignment, drainage installation, reclamation, paving, curbing, milling, capping, utility relocation, warranties, engineering or other design or implementation professionals, consultants, appraisers, equipment, legal, advertising, printing, financing and administration costs, or so much thereof as may be accomplished within said appropriation, or such additional improvements as may be accomplished within said appropriation. The Board of Selectmen may prioritize projects and allocate resources within each project line item as necessary to accomplish as many projects as possible. Said appropriation shall include grant funding, and, unless otherwise determined by the Selectmen, all prior appropriations for the Project.

Section 2. To meet said appropriation \$8,085,000 bonds of the Town or so much thereof as may be necessary for such purpose, shall be issued, maturing not later than the twentieth year after their date, or such later date as may be allowed by law. Said bonds may be issued in one or more series as determined by the First Selectman and the Town Treasurer, (the "Town Officials") and the amount of bonds of each series to be issued shall be fixed by the Town Officials. Said bonds shall be issued in the amount necessary to meet the Town's share of the cost of the Project, determined after considering the estimated amount of the State and Federal grants-in-aid thereof, or the actual amount thereof if this be ascertainable, and the anticipated times of the receipt of the proceeds thereof, provided that the total amount of bonds to be issued shall not be less than an amount which will provide funds sufficient with other funds available for such purpose to pay the principal of and the interest on all temporary borrowings in anticipation of the receipt of the proceeds of said bonds outstanding at the time of the issuance thereof, and to pay for the administrative, printing and legal costs of issuing the bonds. Capital project revenues, including bid premiums and investment income derived from investment of bond proceeds (and net investment income derived from note proceeds) are authorized to be credited by the Director of Finance to the project account and expended to pay project expenses customarily paid there from, provided that such expenditure shall be applied against the appropriation and bond authorization which shall be reduced by the amount of capital project revenues so applied and credited. The bonds shall be in the denomination of \$1,000 or a whole multiple thereof, or, be combined with other bonds of the Town and such combined issue shall be in the denomination per aggregate maturity of \$1,000 or a whole multiple thereof, be issued in bearer form or in fully registered form, be executed in the name and on behalf of the Town by the manual or facsimile signatures of the First Selectman and the Town Treasurer, bear the Town seal or a facsimile thereof, be certified by a bank or trust company designated by the First Selectman, which bank or trust company may be designated the registrar and transfer agent, be payable at a bank or trust company designated by the First Selectman, and be approved as to their legality by Joseph Fasi LLC, Bond Counsel, of Hartford. They shall bear such rate or rates of interest as shall be determined by the Town Officials. The bonds shall be general obligations of the Town and each of the bonds shall recite that every requirement of law relating to its issue has been duly complied with, that such bond is within every debt and other limit prescribed by law, that the full faith and credit of the Town are pledged to the payment of the principal thereof and the interest thereon and shall be paid from property taxation to the extent not paid from other funds available for the payment thereof. The aggregate principal amount of the bonds to be issued, the annual installments of principal,

redemption provisions, if any, the date, time of issue and sale and other terms, details and particulars of such bonds, shall be determined by the Town Officials in accordance with the General Statutes of the State of Connecticut, as amended. In connection with the issuance of any bonds or notes authorized herein, the Town may exercise any power delegated to municipalities pursuant to Section 7-370b, including the authority to enter into agreements moderating interest rate fluctuation, provided any such agreement or exercise of authority shall be approved by the Board of Selectmen. In order to meet the capital cash flow expenditure needs of the Town, the First Selectman is authorized to allocate and reallocate expenditures incurred for the Project to any bonds or notes of the Town outstanding as of the date of such allocation, and the bonds or notes to which such expenditures have been allocated shall be deemed to have been issued for such purpose, including the bonds and notes and Project herein authorized.

Section 3. Said bonds shall be sold by the Town Officials in a competitive offering or by negotiation, in their discretion. If sold at competitive offering, the bonds shall be sold upon sealed proposals, auction, or other competitive process at not less than par and accrued interest on the basis of the lowest net or true interest cost to the Town. A notice of sale or a summary thereof describing the bonds and setting forth the terms and conditions of the sale shall be published at least five days in advance of the sale in a recognized publication carrying municipal bond notices and devoted primarily to financial news and the subject of state and municipal bonds. If the bonds are sold by negotiation, the provisions of the purchase agreement shall be subject to approval of the Board of Selectmen. With respect to the receipt of original issuance premium or bid premium upon the sale of the bonds or notes herein authorized, the First Selectman is authorized, but not required, to apply original issuance premium and bid premium, if applicable, to fund any purpose for which bonds of the Town are authorized to be issued, and such application shall reduce the amount of authorized and unissued bonds of the purpose to which the premium was applied, in the amount so applied.

Section 4. The Town Officials are authorized to make temporary borrowings in anticipation of the receipt of the proceeds of said bonds. Notes evidencing such borrowings shall be signed by the Town Officials, have the seal of the Town affixed, be payable at a bank or trust company designated by the First Selectman, be approved as to their legality by Joseph Fasi LLC, Bond Counsel, of Hartford, and be certified by a bank or trust company designated by the First Selectman pursuant to Section 7-373 of the General Statutes of Connecticut, as amended. They shall be issued with maturity dates which comply with the provisions of the General Statutes governing the issuance of such notes, as the same may be amended from time to time. The notes shall be general obligations of the Town and each of the notes shall recite that every requirement of law relating to its issue has been duly complied with, that such note is within every debt and other limit prescribed by law, that the full faith and credit of the Town are pledged to the payment of the principal thereof and the interest thereon and shall be paid from property taxation to the extent not paid from other funds available for the payment thereof. The net interest cost on such notes, including renewals thereof, and the expense of preparing, issuing and marketing them, to the extent paid from the proceeds of such renewals or said bonds, shall be included as a cost of the project. Upon the sale of said bonds, the proceeds thereof, to the extent required, shall be applied forthwith to the payment of the principal of and the interest on any such notes then outstanding or shall be deposited with a bank or trust company in trust for such purpose.

Section 5. Resolution of Official Intent to Reimburse Expenditures with Borrowings. The Town (the "Issuer") hereby expresses its official intent pursuant to §1.150-2 of the Federal Income Tax Regulations, Title 26 (the "Regulations"), to reimburse expenditures paid sixty days prior to and after the date of passage of this ordinance in the maximum amount and for the capital project defined in Section 1 with the proceeds of bonds, notes, or other obligations ("Bonds") authorized to be issued by the Issuer. The Bonds shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or the substantial completion of the project, or such later date the Regulations may authorize. The Issuer hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date. The Director of Finance or her designee is authorized to pay project expenses in accordance herewith pending the issuance of reimbursement bonds, and to amend this declaration.

Section 6. The First Selectman or his designate is hereby authorized to exercise all powers conferred by section 3-20e of the general statutes with respect to secondary market disclosure and to provide annual information and notices of material events as enumerated in Securities and Exchange Commission Exchange Act Rule 15c2-12, as amended, as may be necessary, appropriate or desirable to effect the sale of the bonds and notes authorized by this ordinance.

Section 7. It is hereby found and determined that the issue of all, or a portion of, the Bonds authorized to be issued herein as qualified private activity bonds, or with interest that is includable in gross income of the holders thereof for purposes of federal income taxation, is in the public interest.

Section 8. This resolution shall not take effect unless and until approved at referendum by adjourned town meeting to be held on December 15, 2014. Pursuant to the provisions of Section 7-7 of the Connecticut General Statutes, as amended, a Special Town Meeting to consider and act upon this resolution (the "Resolution") shall be called and held on December 3, 2014, at 7:00 PM, at the Town Hall Auditorium, or such other date, place or time the First Selectman shall determine if a change is required, and the vote on such resolution as set forth herein shall be removed from the call of such meeting and adjourned to be submitted to electors and citizens qualified to vote in such meeting to a referendum vote between the hours of 6:00 A.M. and 8:00 P.M. The questions to be voted on shall be as follows:

Shall the \$2,845,000 appropriation and general obligation bond issuance authorization for the replacement of Walnut and Ivory Street bridges pursuant to the resolution adopted by the Boards of Selectmen and Finance, be approved? YES/NO

Shall the \$2,815,000 appropriation and general obligation bond issuance authorization for improvements to Essex Elementary School pursuant to the resolution adopted by the Boards of Selectmen and Finance, be approved? YES/NO

Shall the \$1,300,000 appropriation and general obligation bond issuance authorization for improvements to Town Hall pursuant to the resolution adopted by the Boards of Selectmen and Finance, be approved? YES/NO

Shall the \$525,000 appropriation and general obligation bond issuance authorization for improvements to the Town Garage pursuant to the resolution adopted by the Boards of Selectmen and Finance, be approved? YES/NO

Shall the \$600,000 appropriation and general obligation bond issuance authorization for the purchase of a fire fighting vehicle pursuant to the resolution adopted by the Boards of Selectmen and Finance, be approved? YES/NO

The approval of one or more questions shall constitute the approval of the project set forth in the approved question and this resolution, and approval of the appropriation and bond resolution in the amount of the sum of the appropriations and bond issuance authorizations of the voter approved questions. The contingency and debt administration line item for any project approved at referendum, upon a finding by the Selectmen that such amount is not required for such project, may be allocated to any other project approved at the referendum.

Section 9. The Town Clerk is hereby authorized and upon direction of the Selectmen shall prepare pursuant to section 9-369b of the Connecticut General Statutes to explanatory or other text for the foregoing questions.