

These minutes have not yet been approved

BOARD OF FINANCE

**Town of Essex
29 West Avenue
Essex, CT 06426**

Via Remote Attendance Only – 7:30 p.m.

Zoom Meeting: <https://us02web.zoom.us/j/88639059939>

Monday, May 11, 2020

MINUTES

In attendance: Keith Crehan, Chairman, W. Campbell Hudson, Vice Chair, Edward Tedeschi, Mary-Louise Polo, Ethan Goller and Vin Pacileo III

Others in attendance: Norman Needleman, First Selectman
James Frances, Treasurer
Kelly Sterner, Finance Director
Brian White, Superintendent R4
Lon Seidman, Chair, EES Board of Education
Joseph Fasi, Attorney

Meeting called to order at 7:30 p.m. by Keith Crehan.

APPROVAL OF THE AGENDA:

Vin Pacileo moved to approve the agenda, seconded by Ethan Goller. Passed unanimously. Motion carried.

APPROVAL OF THE MINUTES:

Campbell Hudson moved to approve the minutes of April 16, 2020, seconded by Ethan Goller. Passed unanimously. Motion carried.

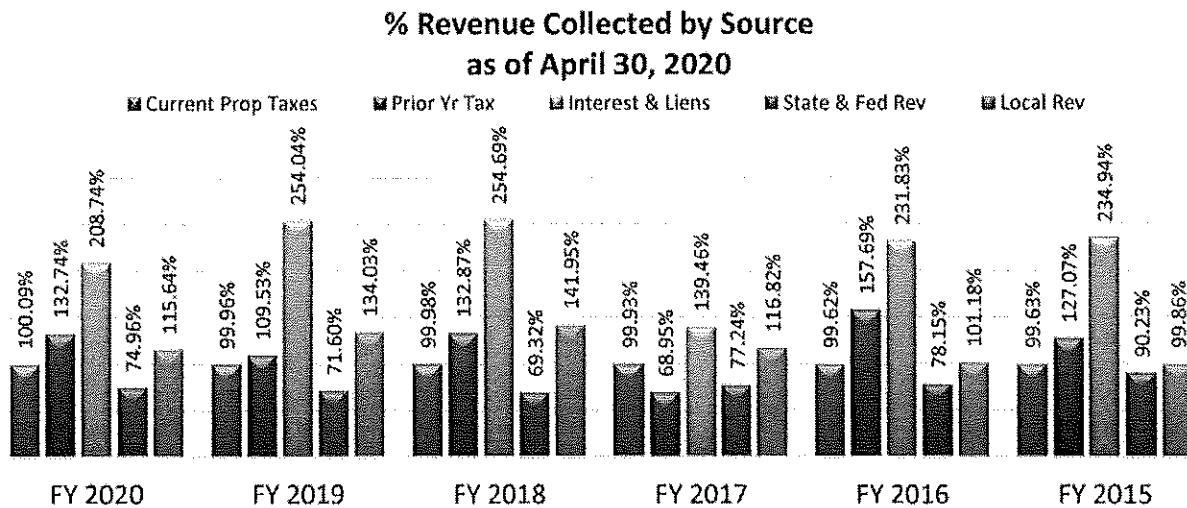
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FINANCIAL REPORT:

Kelly Sterner, Finance Director, provided the following financial report for the fiscal year through the month ended April 2020:

REVENUES

Total tax collections for the month of \$34.k is significantly below our typical collections for April. This may be a reflection of our economic downturn or it may merely be a result of the very strong collections rate through the end of March leaving little to be collected for the remainder of the fiscal year. The current property tax collection rate has reached 100.09% at the end of April which is slightly ahead of the prior 5 fiscal years. Prior’s years’ collections and interest & liens also compare well to prior fiscal years. The Town has elected the Low Interest Rate taxpayer relief program. This will have minimal impact for the April – June period but could put a dent in our Interest & Liens revenue line next fiscal year.



As of April month-end, the YTD total tax collections were \$23,119,514 or 100.54% of the fiscal year totaled compared to 100.36% as of April 2019 and 100.53% as of April 2018. State & Federal Revenue are finally back in line with historical rates. During the month of April we received the full year Town Aid Road grant \$214.8k as well as the last half of ECS in the amount of \$51.6k. Local revenues for the month totaled \$63.2k and once again consisted primarily of Conveyance Tax, Building Permits and Town Clerk Fees. Total revenues collected as of the end of April 2020 finish at 99.96% of budget versus 100.14% for April 2019 and 100.91% for April 2018 month end. Our revenue forecast has been increased slightly to \$238.4k at fiscal year-end based on strong local revenue numbers.

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EXPENDITURES

Expenditures for the month of April totaled \$1,154,304 which brings spending YTD to \$19,463,110 or 80.44% of budget. Selectmen's budget expenditures for the month made up \$542,856 of the total spending. As of April month-end, the Selectman's budget spending YTD is \$6,717,205 or 80.00% of budget compared to 77.12% as of April 2019 and 79.05% at April 2018 month-end. The month of April had 3-bi-weekly payrolls which resulted in payroll and fringe benefits expenditures of \$310.3k or 57.2% of the Selectman's budget spending. Other significant expenditures include the purchase of a backhoe/loader for \$106.5k, various State of CT fees totaling \$10.6k, as well as public works projects (road line stripping and storm water maintenance) totaling \$6.7k. The surplus shown is primarily a result of the savings in the Selectman's Office and the, thus far untouched contingency. The projected expenditure surplus has been reduced due to the addition of the overruns for police services and the increase in the projected overrun for legal services. There is the potential for an Essex BOE budget surplus but it is too early to be certain.

Vin Pacileo inquired about any surplus that might be available from the local or Regional School Board. Kelly responded it's hard to say as it's too early to tell at this point. They may be looking at a deficit in the Capital Fund. That being the case any surplus would be put against that. Vin inquired about Public Works and the possibility of going over budget. Kelly indicated the warm winter saved us money, however, a lot of chip sealing has taken place and it was extensive.

Vin Pacileo made a motion to accept the Financial Report, seconded by Ed Tedeschi. Passed unanimously. Motion carried.

SELECTMEN'S REPORT:

Norman mentioned we are spending more money with police with the uptick in car thefts in the state, thus adding to shifts, etc. A town reopen committee has been pulled together with Mary Ellen Barnes and Bruce Glowac leading this team and making sure we make the right decisions when starting to reopen businesses. Get the economy in town up and running. Norman indicated that there are currently 17 cases to date and 1 fatality of Covid-19. He is also very proud of the way the employees in the Town of Essex have stepped up and performed during this pandemic. Norman discussed that applications for Kelly's position have come in and the salary requirements are a bit higher than what the job currently pays, and Norman may need to discuss further with the BOF. Experienced municipal employees are not really transferring to new jobs right now. A low interest adoption vs. tax deferral option will be available for the upcoming tax bill season. Norman discussed the Tax Anticipation Bond Authorization request which is a short-term authorization to borrow money in the event a tax revenue runs short to pay bills. We are not borrowing money now. This loan cannot be used for capital spending however, available for normal operating expenses.

OLD BUSINESS: None

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NEW BUSINESS:

- a. Consider Proposed FY 2020-2021 Budget for Adoption – Norman believes all three budgets look good. He strongly suggests approving the budget this evening, however, hold off on setting the mill rate. This meeting is now set for June 11, 2020.

Keith Crehan made a motion to adopt the proposed 2020-2021 expenditures in the amount of \$24,653,577 for the support of schools, highways and the general government and other necessary objects, seconded by Mary-Louise Polo. Passed unanimously. Motion carried.

- b. Set Mill Rate (tabled until the June 11, 2020 meeting) – Kelly reviewed the chart indicating the Mill Rate Impact and Analysis and how she determined them. She included 10 scenarios for review.

- c. Appointment of Auditor –

Keith Crehan made a motion to appoint Mahoney Sabol & Company, LLP as audit firm for the Town of Essex for the audit of the fiscal year from July 1st 2019 to June 30th 2020, seconded by Campbell Hudson. Passed unanimously. Motion carried.

- e. Suspense List – (no item 7d. listed on agenda)

Keith Crehan made a motion to approve the tax suspense list as presented by the Tax Collector in the amount of \$36,646.13 (\$13,709.37 Motor Vehicle, \$1,630.60 Motor Vehicle Supplement and \$21,306.16 Personal Property), seconded by Ed Tedeschi. Passed unanimously. Motion carried.

- f. Borrowing Resolution

- To consider an act upon a resolution entitled:

RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS, NOTES AND OTHER OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$5,000,000 TO MEET THE CASH FLOW NEEDS OF THE TOWN OF ESSEX FOR FISCAL YEAR JULY 1, 2020 – JUNE 30, 2021.

Ed Tedeschi had a question with regards to the bond, notes and “other obligations”. Joe Fasi was able to clarify what that means. This is standard language under state statutes with regards to borrowing. It can take many different forms - for example the federal reserve has a plan to state who in turn can distribute those funds to a municipality e.g. through a loan like the Clean Water Fund. This would be the interpretation of “other obligations”.

Campbell asked what expenditures will we incur if we go to the next level. Joe Fasi indicated that if he added up the bills to date right now they are approximately \$2K, if we were to borrow these funds the fee would be between \$5k - \$10k. He is speaking solely on his fee. If talking about going to the bond market, getting a credit rating and

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statement as well as other items for bond offering, he believes the fees would be more substantial. An underwriter may come in substantially less. Rates could vary, based on Town ratings.

Motion made by Ethan Goller to waive the reading of the entitled resolution and incorporate its full text into the minutes of the meeting, seconded by Mary-Louise Polo. Passed unanimously. Motion carried.

Resolved: That the resolution entitled: "RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS, NOTES AND OTHER OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$5,000,000 TO MEETING THE CASH FLOW NEEDS OF THE TOWN OF ESSEX FOR FISCAL YEAR JULY 1, 2020 – JUNE 30, 2021 is hereby approved and recommended for adoption by the Town.

Motion made by Ethan Goller that the resolution be adopted, seconded by Mary-Louise Polo. Passed unanimously. Motion carried.

COMMUNICATIONS AND CORRESPONDENCE: None

PUBLIC COMMENT: None

ADJOURNMENT:

Ethan Goller moved to adjourn the meeting at 8:55 p.m., seconded by Campbell Hudson. Passed unanimously. Motion carried.

Respectfully submitted,

Yvonne Roziak
Recording Secretary

Attachment/

RECEIVED FOR RECORD
05/18 2020 at 3:30
Yvonne M. Roziak
ESSEX, CT – ASSIST. TOWN CLERK P.M.

RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS,
NOTES AND OTHER OBLIGATIONS IN AN AMOUNT NOT
TO EXCEED \$5,000,000 TO MEET THE CASH FLOW NEEDS
OF THE TOWN OF ESSEX FOR FISCAL YEAR JULY 1, 2020-
JUNE 30, 2021

Section 1. The sum not to exceed \$5.0 Million is authorized to be borrowed as set forth in this resolution for the purpose of funding the Town of Essex' expenses and obligations during the fiscal year commencing July 1, 2020 and ending June 30, 2021. The expenses to be finance pursuant to this authorization include expenses incurred by the town during the course of its governmental operations, including but not limited to expenses and obligations authorized to be financed pursuant to section 7-405a of the Connecticut General Statutes.

Section 2. Bonds, notes or other obligations are authorized to be issued to finance its cash flow needs including but not limited to:

- a. Revenue Anticipation Notes authorized pursuant to section 7-405a of the General Statutes; or
- b. Loan, Letter or line of credit, or other form of financing issued by a bank, or other financial institution; or
- c. Chapter 117 deficit obligations; or
- d. Any state or federal government program now or hereafter enacted or implemented to assist municipalities with funding financial operation challenges as a result of the Covid-19 pandemic;
collectively the "obligations".

Section 3. To meet said appropriation \$5,000,000 principal amount of obligations or so much thereof as may be necessary for such purpose, shall be issued, maturing not later than the June 30, 2021 for tax anticipation notes, and the end of the fiscal year in which such federal or state grant anticipation note are payable, or such later date as may be allowed by law with respect to such obligation. The obligations 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 obligations of each series to be issued shall be fixed by the Town Officials. The obligations shall 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, and premium or discount pricing, as shall be determined by the Town Officials. The obligations shall be general obligations of the Town and each of the obligations shall recite that every requirement of law relating to its issue has been duly complied with, that such obligation 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 obligations to be issued, the annual installments of principal, redemption provisions, if any, the date, time of and manner of issue and sale and other terms,

details and particulars of such obligations, 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 obligations or notes authorized herein, the Town may exercise any power delegated to municipalities pursuant to Section 7-370b

Section 4. The Town Officials are authorized on behalf of the town to make representations with respect to existing or past conditions, future expectations, and covenants for future actions, including but not limited to: representations required of any government program currently or as may hereafter become available to the town with respect to cash flow or deficit financing, including Chapter 117 of the Connecticut General Statutes, and to comply with requirements imposed by bank or other financial institutional lenders including but not limited to the conveyance of security interests of funds or accounts, trust agreements or indentures, depository agreements, and provisions for maintenance of reserves or sinking funds.

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 resolution in the maximum amount and for the purpose set forth in Section 1 with the proceeds of obligations authorized to be issued by the Issuer. The obligations 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 purpose, or such earlier or 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 obligations, 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 obligations and notes authorized by this ordinance.

Section 7. It is hereby found and determined that it is in public interest to issue all, or a portion of, the obligations of the Town as qualified private activity bonds, or with interest that is includable in gross income of the holders thereof for purposes of federal income taxation. The Town Officials are hereby authorized to issue and utilize without further approval any financing alternative currently or hereafter available to municipal governments pursuant to law including but not limited to any "tax credit bonds" or "Build America Bonds" including Direct Payment and Tax Credit versions, federal reserve loans, State of Connecticut loans.

RECEIVED FOR RECORD
5/18/2020 at
ESSEX, CT TOWN CLERK

11:00 AM