

**New Hartford Board of Finance
Special Meeting – Senior Center
Wednesday, November 9, 2016 @ 7:00 pm**

Present Chairman Jim Fitzgerald, Members: Steve Tuxbury, Reggie Smith, Jr., and Ben Witte, Alternates: Bob Nilsson, Maria Moore, First Selectman Dan Jerram, Selectwoman Laura Garaymembers of the public.

Absent Bart Baxter, Dan Charest (in at 7:16 pm)

Seating of Alternates None

Review, discuss and take any action on any communications received, and communication by and between the current recording Secretary and Board of Finance Chairman regarding the Recorded Minutes of the October 11, 2016 Regular Board of Finance Meeting

Email titled: Filing of Board Minutes from Town Clerk Donna LaPlante is filed with these minutes.

Discuss and take any action on the Minutes of the Regular Board of Finance Meeting of October 11, 2016

MOTION by Tuxbury, to approve the Board of Finance Regular Minutes dated October 11, 2016, second by Witte.

At the October meeting, Chairman Fitzgerald had asked First Selectman Jerram for a copy of the opinion from the Town Attorney relating to the September 13, 2016 meeting vote. Mr. Jerram had said it was on his Administrative Assistant's computer and would get a copy of the letter for the Board of Finance.

MOTION by Tuxbury to amend the minutes to include the following in the BOF Discussion with Auditor, Chris King: King, King, CPAs.

Move that the board discussed with Mr. King an option on how to handle the 27th pay period and the addition of the line item for a future 27th pay period in the year it will take place and it is to appear in the next budget.

Board of Finance Member Dan Charest in at 7:16 pm.

Mr. Smith asked Mr. King about electronic purchase order systems with time and attendance capabilities. Mr. King stated he recommended the electronic purchase order system and time & attendance tied to the budget for the best fiscal controls.

Mr. Tuxbury asked the auditor about his position on the line item transfers if they were not approved by the Board of Finance. He first stated that they needed to be approved by the Board of Finance and the ensuing discussion about the line items vs departments. Subsequently he clarified the line item control was the line items between departments. Mr. Fitzgerald presented meeting minutes from October 9, 2009 with the attorney's positions that stated the Board of Finance has sole authority to transfer balances from unexpended line items.

Second by Smith

Discussion followed. Member Witte said on your second item about Mr. King's recommendation for electronic purchase order systems with time & attendance tied to the budget. I thought he said we had a time & attendance system that is capable of electronically gathering the time & attendance. He was certain that we don't tie the purchase order system to the budget. The purchase order system is tied to the chart of accounts for the current fiscal year.

Member Smith said this is where he brought up the subject of setting up a sub-committee to explore the current system. What we have, what we can use and how we can increase efficiency.

Member Witte said Mr. King clearly said that line item transfers between departments need to be approved. He feels that something needs to be added to the amendment to clarify it. He wouldn't support it without further clarifying that the Board of Finance approvals is for line items transfers between departments. That's what the discussion was and we need to capture that part.

Chairman Fitzgerald said on that item Mr. King was citing state statutes for CT Boards of Finance and part of the discussion was the letter of October 7, 2009 from Chip Rohrback regarding 7.347 and 7.348 on line item transfers. Mr. King also cited additional chapters for town's Board of Finance in 7.347 and 7.348. Mr. King cited letters from September 22, 2009 and October 9, 2009.

Selectman Jerram asked for clarification on the first amendment. In 11 years when we have a 27th pay period does the amendment mean that for every person that is an employee of the town there will be a separate line item for the 27th pay period associated with that employee or will there be just one line item associated for all employees. Member Smith said that for now the amount will be zero (0) for the next 10 years. It will be our reminder to budget for this 27th pay period in the next year.

Unanimous

Chairman Fitzgerald would like to amend on Page 2, under Line item Transfers – where it says *it was based on higher figures*” but before the paragraph that starts with “*Mr. Jerram said, for the minutes,*” - this was an area of discussion and concern regarding the \$18,219 that showed up in the budget, line 520, that wasn't approved or authorized and the Board of Finance wasn't aware of it. It wasn't picked up until the next meeting because the board didn't have time to review the line item transfers requests that came to us so the motion was passed. The \$18,219 was used for the Bond cost.

MOTION by Smith that Mr. Fitzgerald had a discussion about the \$18,219.95 in the budget that showed up in the year-end expenditure report for 2016 and that the Board of Finance didn't have any knowledge of it. Mr. Jerram explained about this. The \$18,219.95 was for the bond cost. This was done without prior knowledge of the Board of Finance at the direction of the auditors.

Second by Tuxbury.

This amendment will be above Mr. Jerram's paragraph.

Aye: Tuxbury, Smith, Fitzgerald, Charest, Opposed: Witte, Abstentions: None
Motion passes.

MOTION by Tuxbury to approve the Board of Finance Regular Minutes dated October 11, 2016 as amended, second by Smith.

Discussion followed. Member Moore has a few changes. On page 1 – on Approval of Minutes the motion by Smith to table the meeting minutes dated September 13, 2016, seconded by Tuxbury – she would like to add “*pending legal input on the tallying of the votes on the Board of Finance*”.

Discuss and take any action on the Minutes of the Regular Board of Finance Meeting of September 13, 2016 that were tabled during the October 11, 2016 Regular Board of Finance Meeting

MOTION by Smith to amend the minutes - on page 1 – on tabling the approval of minutes for the September 13, 2016 meeting to add “*pending legal input on the tallying of the votes.*”.

Unanimous

Member Moore would also like to add the following motion at the end of “Opportunity for Public Comment” after John Burdick’s comments about the Beekley Library.

MOTION by Smith to add at the end of “Public Comment” - Ms. Moore added that without clear indication that state funding was to be cut it was premature to withhold money from town organizations. This was never done before and it took away the opportunity for the Board of Finance to evaluate the shortfall and consider other options for making up that state shortfall. This negatively impacts the operations of town organizations such as the library, ambulance associations, etc.

Under First Selectman’s report, 3rd sentence, add the letter “w” to the word rapped. The sentence will now read: *The summer wrapped up well with the purchase of beach stickers going up.*”

Second by Tuxbury.

Aye: Tuxbury, Smith, Fitzgerald, Charest, Opposed: Witte, Abstentions: None

MOTION by Tuxbury to approve the amended minutes of the Board of Finance Regular Meeting dated October 11, 2016, second by Smith.

Unanimous

MOTION by Smith to approve the minutes of the Board of Finance Regular Meeting dated September 13, 2016, second by Witte.

Mr. Fitzgerald commented that these minutes had been tabled because there was a request for information from the attorney which has now been received from the First Selectman. (Filed with minutes)

MOTION by Tuxbury to add: Mr. Tuxbury requested that because the line item transfers had just been handed to the Board of Finance and they were substantial, that they should be set aside to the next meeting, second by Smith.

Unanimous

Chairman Fitzgerald asked if the board wanted to take action to delete the last paragraph of the minutes. Mr. Smith felt it could be of historical value and should be left in. This was the first time a Chairman has done this and it is harmless. Member Charest said it wasn't part of the minutes and subsequent to the meeting minutes.

MOTION by Witte that we strike the last paragraph on Page Two which begins with the word **NOTE**, second by Charest.

Aye: Tuxbury, Fitzgerald, Witte, Charest, Opposed: Smith, Abstentions: None
Motion passes

Mr. Charest noted that the library letter hadn't been part of the September minutes. Mr. Fitzgerald said it was given to the Town Clerk following the October meeting and made part of the September minutes

The vote to approve the September 13, 2016 minutes as amended was unanimous.

Discuss and take any action regarding the current Recording Secretary

Mr. Fitzgerald said he wants this discussion to be clean. He received input from people with issues and concerns regarding the minutes and we need to determine what we expect for content and the process to make sure we get what we want. He continued there has been concern with communications going back & forth on the last minutes and missing content from them. Mr. Jerram asked if the board had been having conversations going on via email. Mr. Fitzgerald said there hadn't. Mr. Jerram wondered if there was a quorum when those people were having these discussions. One member had contacted Mr. Fitzgerald by email to say they could recover the deleted meeting notes from the recording secretary's computer or laptop. Ms. Moore asked if this conversation would be better to have in Executive Session as it is regarding services of someone who receives a stipend from the board. Mr. Fitzgerald said his intention is to talk about what they expect in the minutes and what level of content the board wants. Mr. Tuxbury said the minutes are all one-sided and not a true representation of what he feels happens at the meeting. We spend an exorbitant amount of time making amendments. He feels there is content left out and it appears that the minutes are being sanitized. Mr. Smith said that it would be up to the Recording Secretary if she wanted this done in Executive Session. Mr. Jerram said that if you continue on with this conversation you are exposing the town to quite a bit of liability and that the line item is inappropriate. The Recording Secretary tried to read a brief statement and was not allowed to do so.

MOTION by Tuxbury to table Item #6 – *Discuss and take any action regarding the current recording Secretary*, second Smith.

Unanimous

Line item transfer requests from the First Selectman for consideration and approval by the Board of Finance for FY-2016-2017 YTD

Mr. Jerram said there are no requests from the Board of Selectman.

Discuss and take any action regarding any communications with Auditor, Chris King from King, King CPAs, the Auditor Appointed by the BOF for the FY ending June 30, 2016

Mr. Fitzgerald said the communication from Mr. King after the October meeting consists of several documents (filed with minutes) should solve the issue about the bond cost. The documents were concerned with the BAN issued in November 2015. Included in the packet was correspondence from Dennis Dix on the same subject. Mr. Tuxbury asked if the \$18,000 in the recent transfers was for the original BAN. Mr. Jerram said it was. Mr. Smith said if this is done in the future that the Board of Finance be notified about it before it is done. Mr. Jerram said this was done upon the recommendation of the board's auditor. Mr. Smith continued that by letting the board know ahead of time full approval will probably be given. Mr. Jerram said approval was given at the last minute to get the transfer done and that the townspeople had approved the issuance of the bond and the cost associated with the project. The object of the debate was the board's auditor had made a recommendation to the selectman's office and bookkeeper.

Member Smith left at 8:18 p.m.
Chairman Fitzgerald seated Member Moore for Mr. Smith.

Ms. Moore said a lot of friction happens when the board is presented with things after the fact and never given a heads-up and we hear that it needs to be approved right now. This is the problem with the line item transfers. She said she isn't clear at this minute about the request to approve the \$18,000 to cover a line item and now it is no longer needed. What happens to the \$18,000? Mr. Jerram said it is already booked. He continued that it is difficult to communicate with the board when there aren't any meetings during July & August. Ms. Moore remembers the Chairman sending out an email asking if there was any business to conduct during those months and we were all available during that time.

Mr. Witte said the lack of cooperation would make him decide what to tell the board or not in advance. This is a two-way street. You want information but there are people who feel this is a club. There are two sides to every story. It is unfortunate it has digressed to this. It wasn't like this 3 or 4 years ago or even 10-15 years ago. There were vast differences of opinions but not like it is now.

Mr. Tuxbury asked what is recommended. Mr. Fitzgerald replied in a phone discussion with Chris King he mentioned that he had advised the first selectman and the town business office to account for this last year and that was in the November / December 2015 timeframe and it wasn't done then. It showed up in September. The board is looking for communication. He doesn't want to deal with this every month. The last communication from Mr. King and the bond counsel was to leave it as is. The \$18,219.95 will be left in the budget in the expenditure report.

Mr. Charest read from Chris King's letter saying: "The bond issuance costs from the 2015 issue can remain separate, covered by a budget line item transfer, or moved back into project costs, funded by the bond proceeds." Mr. Tuxbury said with the transfer that was just approved in September are we no longer are paying the bond costs. Mr. Witte said it was done and we don't need to do anything. Mr. Tuxbury asked if we were spending more on the project. Mr. Jerram said we aren't exceeding the statutory spending cap on any projects. The short-term interest cost will come at the end of the year.

Reports

Bookkeeper's report – Annie Witte

Mr. Fitzgerald said there are no line items to be transferred at this time. The Expenditure & Revenue reports were emailed to the board members (filed with these minutes). Mr. Jerram read the Bookkeeper's Report (filed with these minutes).

1. All expenditure and revenue reports have been submitted to BOF.

2. All line items are within budget with the exception of one, WWTP Principal because of rounding on the invoice (the line item is over expended by just \$1.00).
3. All departments are within budget limits.
4. We have received the 1st ECS payment of \$788,923 on November 1, 2016
5. We have received the School Construction reimbursement for Antolini School of \$284,731 on October 28, 2016.
6. Building Permit revenue is surging.
7. Tax Collection rate as of October stands at 55.3%...on target.

First Selectman report – Dan Jerram

Mr. Jerram continued there has been a major transaction in the Prior Taxes and uncollected past due Tax Debt.

1. At 10 Litchfield Turnpike –100 acres on the Canton town line - we collected \$197,704.96 which doesn't show on the Revenue report but it is tax collection account. Looking at the Revenue Sheet it shows \$220,000 we took in about \$28,000. We had concerns about changing our method of disbursement on non-profits. The property was purchased by a local businessman, Lance Perry.
2. Work is being done to complete the audit.
3. Typically the Building Department forecasts \$75,000 in fees for the year. Through the first 4 months \$35,000 has been taken in. Not included is the \$8,000 for work-in-progress.
4. Just today we took in between \$7,000 - \$8,000 on a \$1.1 million dollar renovation on the west side of town. There has been a change in practice with transfers and the way insurance companies are reviewing the files. The Borghesi sub-division was valued at \$1.25 million. With the first two developments nearing completion we are seeing a 5X property increase along with more taxes.
5. Sold last week was 507 Main Street – Dunkin Donuts. The past due taxes have been paid – almost \$20,000.

Ms. Moore asked about the money expended for the soil testing on the property. Mr. Jerram said we will get back that money in the first year taxes.

6. Contract negotiations for all bargaining units will start in December.
7. We are done with the BAN and Bond sale. The closing is next week so you won't see a return of funds but a surge of money will hit the General Fund and the existing debt will be changed over. Both Mr. Jerram and Mr. Ross were interviewed by Moody's and Standard & Poor's in terms of getting the bond rating which was improved because of our good management practices. One of the recommendations from the interviews for the bond rating is the Selectman will be coming to you to codify a policy or motion about what the fund balance should be. They are looking for a policy that is recorded in the minutes.

8. The lights & sidewalk deal are nearly complete. Some of the curbing behind town hall was redone. The lights in the front are being changed to LED lighting. When the new Dunkin Donuts is built the hope is they will link their new sidewalk with the library sidewalk.

Ms. Moore asked if there was any grant money for the pavilion or sidewalk. Mr. Jerram said it was self-funded. Received was a \$45,000 grant for a senior van that we may receive next year. This month we received a grant for a Variable Message Sign (picture filed with minutes). It has solar & battery power back-up.

Discuss and take any action on the meeting calendar of Board of Finance Regular Meetings for 2017

The calendar was distributed and filed with these minutes.

MOTION by Witte to approve the Board of Finance meeting calendar for the coming calendar year, 2017, second Tuxbury.

Unanimous

Discuss and take any action on the Budget Cycle Calendar for the 2017-2018 budget timeline

The calendar was distributed for 2017/18 and last year's 2016/17. Both are filed with these minutes.

MOTION by Charest to approve the Draft of the New Hartford 2017/18 Budget Timeline, subject to modification, second Tuxbury.

Unanimous

Adjournment

MOTION by Charest to adjourn at 8:53 pm, second by Witte.

Unanimous

Respectfully submitted,

Penny Miller
Recording Secretary

Attachments:

Filing of Board Minutes, Town Clerk Donna LaPlante
Email correspondence re: October minutes
Legal Interpretation from Town Counsel Chip Roraback
Chris King, CPA – Follow-up on Bond Costs packet
Dennis Dix, DIXWorks re: \$2,000,000 General Obligation Bond Anticipation notes
Expenditure & Revenue Reports ending 10/31/16
Bookkeeper's Report – Annie Witte
Photo of Variable Message Board
2017 Meeting Dates for the Board of Finance
2016/17 New Hartford Board of Finance Budget Timeline – DRAFT & Subject to modification (Ref. only)
2017/18 New Hartford Board of Finance Budget Timeline – DRAFT & subject to modification