

MINUTES  
**BOARD OF FINANCE  
SPECIAL MEETING  
JULY 10, 2012 – 7:00 P.M.**

Meeting was called to order by Chairman Lila Ferrillo at 7:00 P.M. and the Pledge of Allegiance was recited.

The following members were present: Chairman Lila Ferrillo, Tom Kelly, Jack Kiley, Bob DeBisschop, Nancy Schmitt and Richard Burke. Also present: James Hliva, Finance Director, Joseph Fasi, Esq., First Selectman George Temple, Selectman Jeffrey Haney, Selectman Dave McKane.

The special meeting is being held for the Board of Finance to consider, act upon, recommend to the Town, approve a Fiscal Impact Statement, and take all action necessary to authorize the Oxford High School Athletic Complex Project and bond financing as set forth in a resolution entitled: RESOLUTION WITH RESPECT TO THE \$3.1 MILLION OXFORD HIGH SCHOOL ATHLETIC COMPLEX APPROPRIATION AND BOND AUTHORIZATION.

Whereas, the Board of Selectman received a written request for \$3.1 Million appropriation and bond authorization for construction of the Oxford High School Athletic Complex. The request including the appropriation bond authorization that the

**Whereas**, the Board of Selectmen received a written request for a \$3.1 million appropriation and bond authorization for the construction of the Oxford High School Athletic Complex (the request, including the appropriation, bond authorization implementation of the Oxford High School Athletic Complex, hereafter the "Project");

**Whereas**, not more than 30 days after receipt of the written request the Boards of Selectmen and Finance held a joint meeting (the "Joint Meeting") at which the request was reviewed and considered in accordance with Section 6-10(A) of the Town Charter;

**Whereas**, the Director of Finance has prepared a Fiscal Impact Statement in accordance with section 6-11 of the Town Charter;

**Whereas**, the Boards of Selectmen has recommended the project, approve the Bond Resolution therefore and forwarded their recommendations to the Board of Finance for action;

**Whereas**, this resolution is before the Board of Finance for consideration and action within 30 days of receipt of the Board of Selectmen's recommendation;

**Now therefore**, be it resolved:

1. The Board of Finance approve the project,
2. The Board of Finance approve the Fiscal Impact Statement (attached hereto as Exhibit A) which includes estimates for: 1) the total amount to be borrowed or bonded, 2) the interest rate for the Bonds based upon average prevailing interest rates for

municipal bonds, 3) the term of the Bonds, 4) the anticipated date of issuance, 5) the annual tax burden represented in mills, based upon the current Grand List of the Town, and 6) a calculation indicating that the amount of Bonds to be issued is less than 10% of the current tax levy, and a certificate from the Tax Collector as to the current tax levy and the Assessor as to the taxable Grand List.

3. The Board of Finance finds the appropriation is within every applicable statutory limit and the Town has sufficient ability, current and future, to pay for such expenditure and continue to meet its operating expenses and all outstanding borrowing authorizations.

4. The Board of Finance has previously appropriated funds to pay expenses that may be incurred prior to the approval of the Town Meeting and in the event of its disapproval.

5. The Board of Finance approves the Bond Resolution attached as Exhibit B, with such changes as the First Selectman shall determine, to authorize and implement the project and its financing, and recommends it approval by the Town.

6. That a the Board of Selectman be provided written notification to the Board of Selectmen within 48 hours of this resolution by the Board of Finance.

7. That a copy of this resolution, including Exhibits, be filed with the Town Clerk.

#### **MOTION:**

Tom Kelly moved the matter for consideration. Second by Jack Kiley. Discussion: Jack Kiley questioned the language in item 6 of the Resolution. Attorney Fasi noted that the word "a" should be removed and it should read "That the Board of Finance be provided written notification to the Board of Selectman within 48 hours of this resolution by the Board of Finance."

Tom Kelly noted his concern with the comment made at last night's meeting regarding contingency funds. He would like to see the Board receive information that the Town Engineer provided regarding expenses expected to be incurred for this project and contingency funds necessary for those expenses. Jim Hliva then provided this information to Board members. The Board of Finance is concerned with the idea that if there be funds left over in the project the board managing the project would be voting in order to provide other things to occur rather than what was stated in the project and presented in the project. Tom noted he would like to see the funding for the project go specifically to the items listed in the presentation and only to those items. No other allocation should be made other than what was anticipated for expenses on the items included in the project. Contingencies that are set aside for certain items are used for specifically those items. Four items have contingencies.

Nancy questioned if there is an overage and there is a need for a change order and all contingency fees have been used, would the committee need to come to the Board of Finance for approval to expend additional funds. Tom commented that they would have to meet with the Board of Finance in such a case to get permission to move monies to cover the item.

Lila Ferrillo questioned how accounting will be affected if there is reimbursement by the State for portions of the project. She asked when the State needs to be notified. Jim noted that once

this is approved at referendum, he will meet with Rosemary Hanson to discuss and follow the procedures for submitting the necessary paperwork as required by the State.

Jack Kiley asked that the Finance Director set up an account for each bid item for the project (i.e., site work) and list all expenses for each bid item. This will track all costs for the project. Jim Hliva noted that he will meet with the Clerk of the Works to plan the procedure for approval of bills and paying of bills. Jack commented that there will be a tally done before contingency fees will be used. Jack reminded the Board that they were told the bids are firm.

Tom questioned if controlling the spending of the contingency fees is standard operating procedures. Jim noted that he spoke to Attorney Fasi about the matter and he found that this is standard procedure. Legislative history gives precedent that contingency funds cannot be cross utilized. Attorney Fasi noted that the Board of Finance and Board of Selectmen need to agree on the controls to be put in place regarding contingency funds for this project. Selectmen Haney agreed with the procedure for handling funds for the project.

Selectman Haney spoke about his confidence that the bid for the site work is accurate. There were 24 test holes done on the property which gave extensive information about the land. The people who bid on the site work had this information and bid accordingly. One item that is questionable as to the extent of the work is for lighting. A 6' x 6' concrete wall/slab is needed for the 80' light pole. The ground has to be 200 psi to hold this and work may need to be done to get the land to this density. He noted that the bleachers also need to have a concrete slab to hold them and work may need to be done to prepare the land. Those are the only items that may need contingency funds to complete.

Lila noted that the Board would be looking for a monthly report of each bid spec on the project to be reviewed at their regular monthly meeting. Jim reviewed his procedure of handling bills and how he will show each item from a bill and what bid category it belongs in. Tom agreed that will show good cost control, what has been done, what has been spent and where the project stands.

Bob DeBisschop noted that the paperwork that they received shows \$3,095,000 and the resolution is for \$3.1 Million. There is \$4,400 that can be considered an unidentified contingency. The issue is where to show the \$4,400 in accounting. Jack noted that the bond is drawn down as expended. Lila reminded the Board that the Building Committee would have to come to the Board of Finance if any money over \$3,095,000 were to be spent. Bob reiterated that the money is unallocated. Jim suggested it be put into the bonding and financing costs so that the total project comes to \$3.1 Million.

Discussion ensued about turf lettering and the credit of \$20,800 which adjusts the total cost.

Reimbursement is 25% of everything except turf. Also, the track may be reimbursable (undetermined at this time).

Dick Burke asked what grass would have cost instead of artificial turf. Selectman Haney noted that maintenance cost is \$5,000 for artificial turf and much higher to maintain grass. First Selectman Temple noted that grass was not considered for the project.

Bob noted that it is agreed that we need to seek reimbursement for as much as possible. He commented that he is concerned with Section 2 of the Resolution which states that "No portion of the project is expected to be paid from sources other than from the proceeds of bond

authorized herein.” He feels that the language needs to be changed to indicate we are expecting funding from other sources. Lila noted that the funding from other sources comes after the fact. Attorney Fasi noted that the language is a statement of expectation and does not have an effect on the appropriation of the bond authorization. At this time there is not an expectation of receiving grants. Jim noted that the State said that we can apply for reimbursement under Phase IV of the high school after the project is started. It would be misleading to the public to say that the project will cost \$2.4 Million.

Bob noted that in past school projects, language was included in the Bond Resolution that indicated the Town would make application for State reimbursement. He feels that with the proposed project at the high school, the townspeople should be advised that application will be made for reimbursement by the State. Nancy Schmitt commented that it is expected that all due diligence be done to pursue reimbursement from the State.

Nancy commented to Jim that he stated at the Joint Meeting on 6/12/12 his knowledge of the anticipated reimbursement by the State was at the rate of no more than 12%. He commented that he was not including the track in the reimbursable items at that time. She noted that she was upset at that meeting when there didn’t appear to be any initiative to seek reimbursement from the State. She noted that she brought up the point to be sure that all necessary action will be taken to seek reimbursement on this project. Discussion continued on this topic.

Jack noted that he feels there is no issue with item 2 of the Resolution due to the fact that the word “expected” is included. There could be other funding with the way this is written.

Bob noted that he does not agree.

**Motion** made by Bob DeBisschop that this Board of Finance go on record as recommending that the Building Committee and the Selectmen pursue Grant funding from the State of Connecticut, Department of Education and other grants that may become available for this project. Second by Tom Kelly. Motion passes unanimously.

**Motion** made by Tom Kelly to approve the Bond Resolution as previously read that is before the Board of Finance. Second by Jack Kiley. Motion passes unanimously.


This matter will be forwarded to the Board of Selectmen. The Selectmen will be advised of the accounting procedure for this project as discussed earlier in this meeting. Jim Hliva will write up a policy of handling the funds for the project which will be forwarded to the Selectmen for their approval.

**Adjournment:**

Motion to adjourn made by Jack Kiley at 7:45 p.m. Second by Tom Kelly. Motion passes unanimously.

Respectfully submitted, subject to approval

  
Marni Soss, Clerk

12 JUL 17 PM 12:02  
TOWN OF FORD, CT  
  
TOWN CLERK

## **BOARD OF FINANCE**

### **RESOLUTION WITH RESPECT TO THE \$3.1 MILLION OXFORD HIGH SCHOOL ATHLETIC COMPLEX APPROPRIATION AND BOND AUTHORIZATION**

Whereas, the Board of Selectmen received a written request for a \$3.1 million appropriation and bond authorization for the construction of Oxford High School Athletic Complex (the request, including the appropriation, bond authorization implementation of the Oxford High School Athletic Complex Improvements, hereafter the "Project");

Whereas not more than 30 days after receipt of the written request the Boards of Selectmen and Finance held a joint meeting (the "Joint Meeting") at which the request was reviewed and considered in accordance with Section 6-10(A) of the Town Charter;

Whereas the Director of Finance has prepared a Fiscal Impact Statement in accordance with section 6-11 of the Town Charter;

Whereas the Board of Selectmen has recommended the Project, approved a bond resolution therefore, and forwarded their recommendation to the Board of Finance for action;

Whereas this Resolution is before the Board of Finance for consideration and action within thirty days of receipt of the Board of Selectmen recommendation;

NOW THEREFORE, BE IT RESOLVED:

1. The Board of Finance approves the Project.
2. The Board of Finance approves the Fiscal Impact Statement attached hereto as Exhibit A, which includes estimates for: 1) the total amount to be borrowed or bonded, 2) the interest rate for the bonds based upon average prevailing interest rates for municipal bonds, 3) the term of the bonds, 4) the anticipated date of issuance, 5) the annual tax burden, represented in mills, based upon the current grand list of the town, and 6) a calculation indicating that the amount of bonds to be issued is less than ten percent of the current tax levy, and a certificate from the tax collector as to the current tax levy and the assessor as to the taxable grand list.
3. The Board of Finance finds that the appropriation is within every applicable statutory limit and the Town has sufficient ability, current and future, to pay for such expenditure and continue to meet its operating expenses and all outstanding borrowings authorizations.

4. The Board of Finance has previously appropriated funds to pay expenses that may be incurred prior to approval of the Town Meeting and in the event of its disapproval.
5. The Board of Finance approves the bond resolution, attached as Exhibit B, with such changes as the First Selectman shall determine, to authorize and implement the Project and its financing, and recommends its approval by the Town.
6. That a the Board of Selectmen be provided written notification to the Board of Selectmen within 48 hours of this resolution by the Board of Finance
7. That a copy of this resolution, including Exhibits, be filed with the Town Clerk.

EXHIBIT A

**TOWN OF OXFORD  
BOARD OF FINANCE  
FISCAL IMPACT STATEMENT  
OXFORD HIGH SCHOOL ATHLETIC COMPLEX  
July 9, 2012**

**Project:** Planning, acquisition and construction of the Oxford High school Athletic Complex

- |   |  |                     |
|---|--|---------------------|
| 1 | Total Amount to be borrowed or bonded ( net of anticipated state grants) maximum amount.   | \$ 3,100,000        |
| 2 | Estimated interest rate for such notes or bonds, based on the prevailing interest rate for municipal bonds or notes  | 2.0% to 2.50%       |
| 3 | Proposed term of bonds or notes  | Maximum of 20 years |
| 4 | Anticipated date on which the bonds or notes are expected to be issued (Notes through July 2013)   | July 30, 2014       |
| 5 | The following information has been provided by the Tax Collector and the Tax Assessor  |                     |
|   | Tax Assessor      Grand List   | \$ 1,402,964,034    |
|   | Tax Collector      Current Tax Levy  | \$ 32,570,506       |
|   | Tax Collector      Current Mill Rate   | 24.1                |
| 6 | Estimated annual tax burden represented in mills, based upon the current Grand List of the Town based on a 2.50% interest  | 0.1657              |
| 7 | The proposed bond issuance does not exceed 10% of the current tax levy calculated as follows   |                     |
|   | Current Tax Levy   | \$ 32,570,506       |
|   | 10% of Current Tax Levy  | \$ 3,257,051        |
| 8 | The proposed bond issuance and appropriation will not cause the statutory restrictions imposed by the State of Connecticut for debt limitations to be exceeded. In addition, based on current and projected expense and revenue needs of the Town, the Town has the sufficient ability, current and future to pay for the proposed bond issuance and appropriation and continue to meet its operating expenses and all outstanding borrowing authorizations. |                     |

This fiscal impact statement is based in part on information provided by the Town's financial advisor. The dates and amounts listed above are estimates or approximations. Interest rates are subject to change. The timing of a bond or note sale can be subject to many factors.

# Statutory Debt Limit

## Computation of Statutory Debt Limit

As of June 30, 2012 (Pro Forma)

Total Fiscal Year 2011 tax collections (including interest and lien fees)	\$ 30,942,369
State Reimbursement for Revenue Loss on:	
Local Property tax relief for elderly	36,825
Base for Establishing Debt Limit	<u>\$ 30,979,194</u>

## Debt Limit

	General Purpose	School	Sewer	Urban Renewal	Unfunded Pension Obligation	Total Debt
(2.25 times base)	\$ 69,703,187					
(4.50 times base)		\$ 139,406,373				
(3.75 times base)			\$ 116,171,978			
(3.25 times base)				\$ 100,682,381		
(3.00 times base)					\$ 92,937,582	
(7.00 times base) (1)						\$ 216,854,358

## Indebtedness (Including the Notes)

Bonds Payable	\$ 3,027,500	\$ 23,492,500	\$ -	\$ -	\$ -	\$ 26,520,000
The Notes (This Issue)	1,026,000	2,938,000	-	-	-	3,964,000
Authorized but Unissued Debt	242,000	9,192	-	-	-	251,192
Total Indebtedness	4,295,500	26,439,692	-	-	-	30,735,192
Grants/Assessments Receivable (2)	-	(1,962,763)	-	-	-	(1,962,763)
Total Net Indebtedness	4,295,500	24,476,929	-	-	-	28,772,429
Excess of Limit Over Outstanding and Authorized Debt	<u>\$65,407,687</u>	<u>\$114,929,444</u>	<u>\$116,171,978</u>	<u>\$100,682,381</u>	<u>\$92,937,582</u>	<u>\$188,081,929</u>



RESOLUTION APPROPRIATING \$3,100,000 FOR THE  
OXFORD HIGH SCHOOL ATHLETIC COMPLEX AND  
AUTHORIZING THE ISSUE OF \$3,100,000 BONDS OF THE  
TOWN TO MEET SAID APPROPRIATION AND PENDING  
THE ISSUANCE THEREOF THE MAKING OF TEMPORARY  
BORROWINGS FOR SUCH PURPOSE

Section 1. The sum of \$3,100,000 is appropriated for the planning, acquisition and construction of the Oxford High School Athletic Complex to be located at the high school on Farms Road (the "Project") and including the construction of a new artificial turf athletic field and synthetic running track, lighting, bleachers, rest rooms, concession/service area, storage, fencing, associated infrastructure improvements, appurtenances and improvements related thereto, or so much thereof or such additional improvements as may be accomplished within the appropriation, and for legal fees, administrative, printing, and financing costs related thereto (the "Project").

Section 2. The total estimated cost of the Project is \$3,100,000. No portion of the Project is expected to be paid from sources other than from the proceeds of bonds authorized herein.

Section 3. To meet said appropriation \$3,100,000 bonds of the Town or so much thereof as shall be necessary for such purpose, shall be issued, maturing not later than the twentieth year after their date. Said bonds may be issued in one or more series as shall be determined by the First Selectman and the Treasurer (hereafter the "Town Officials"), and the amount of bonds of each series to be issued shall be fixed by the Town Officials, 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 income derived from the investment of proceeds from bonds issued pursuant to this resolution (and net investment income derived from the investment of note proceeds) are authorized to be credited by the Director of Finance to the Project account and expended to pay Project expenses customary paid there from, provided that the appropriation and bond authorization shall be reduced by the amount of capital project revenues so credited. Earnings from the investment of note proceeds shall first be applied to pay note interest expense. 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 Town Officials, bear the Town seal or a facsimile thereof, be certified by a bank or trust company designated by the Town Officials, which bank or trust company may be designated the registrar and transfer agent, be payable at a bank or trust company designated by the Town Officials, 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, and that the full faith and credit of the Town are irrevocably 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 Town Officials are 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 herein authorized.

Section 4. 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 similar 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 Town Officials are 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 5. 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 Town Officials, 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 Town Officials, 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, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and the interest thereon. 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 6. 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 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 authorized designee is authorized to pay Project expenses in accordance herewith pending the issuance of reimbursement bonds, and to amend this declaration.

Section 7. The Town Officials, are hereby authorized, on behalf of the Town, to enter into agreements or otherwise covenant for the benefit of bondholders to provide information on an annual or other periodic basis to nationally recognized municipal securities information repositories or state based information repositories (the "Repositories") and to provide notices to the Repositories 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 resolution.

Section 8. It is hereby found and determined that it is in public interest to issue all, or a portion of, the Bonds, Notes or other 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 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.