

George Ferguson, Chair
Anthony Filiato, Vice Chair
Dan Amaral
Mary Ann Jacob
Ryan Knapp
Paul Lundquist



TOWN OF NEWTOWN

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Legislative Council Finance and Administration Committee

The Legislative Council Finance and Administration Committee held a special meeting at the Newtown Municipal Center, 3 Primrose Street, Newtown, CT, on August 30, 2017 at 7 p.m. in Meeting Room 3.

Minutes

Call to Order The meeting was called to order at 7:04 p.m.

Roll Call All members were in attendance, Mary Ann Jacob arrived at approximately 7:40 p.m. and this was anticipated.

Voter Comment There was no voter comment.

Minutes Minutes of the previous meeting were not approved and this will occur at a future meeting.

Communications There were no communications to report.

Discussion and Possible Action:

New Business

There was no new business.

Old Business

Discussion and Possible Action:

A Discussion of the Town of Newtown Debt Policy was continued based on the following charge from the Legislative Council:

“MR. KNAPP MOTIONED TO HAVE THE FINANCE COMMITTEE OF THE COUNCIL LOOK INTO AN APPROPRIATE METRIC FOR DEBT PER CAPITA THAT WE CAN MEASURE AND BENCHMARK AGAINST OTHER COMMUNITIES IN OUR AREA. SECOND BY MR. LUNDQUIST. MR. FERGUSON MOTIONED A FRIENDLY AMENDMENT TO ALLOW THE FINANCE AND ADMINISTRATION COMMITTEE TO REVIEW THE ENTIRE POLICY AND TO BRING ANY RECOMMENDATIONS IT WARRANTS BACK TO THIS BODY FOR CONSIDERATION. SECOND BY MR. CARROLL. AMENDMENT APPROVED. MAIN MOTION APPROVED”

George Ferguson opened by meeting by indicating that we would were picking up where we left off last November as we had been waiting for the Board of Finance to review and comment on our memoranda sent to them at that time. The Board of Finances recent minutes reported that they did not intend to take up the matter at this time.

We reviewed the Motions and Discussion that took place at the last meeting as follows:

Motions and Discussion on Debt Policy for Consideration of Board of Finance:

Motion: Anthony Filiato moved that we ask the Board of Finance to advise on the concept of taking a break from bonding and debt every 5th year and advise if they think this should be mandatory, done under specific circumstances, or used as a tool to be used as needed to adjust debt burden levels. If considering the latter two options, please offer guidance about parameters and or triggers. Seconded by Ryan Knapp. All in Favor.

Discussion: The LC Finance and Administration is considering the advisability of recommending that the Town of Newtown take a break from the bonding every 5th year. A conversation about what guidance and triggers means ensued with a general understanding that these would be used if the break was not mandatory. It would guide leaders about the circumstances around when a hiatus should be implemented.

Motion: Anthony Filiato moved that we ask the Board of Finance to please review the idea of developing a schedule for reducing the Debt Cap incrementally by having it go from 9% to 8.5% to 8% to 7.5% to 7%, such as the Cap for a Moody's AAA community like Simsbury, and the consensus level of communities of similar population size. (Universal Chart of Accounts – OPM). Seconded by Ryan Knapp. Motion passes 4 to 1 with Paul Lundquist voting nay.

Discussion: The LC Finance and Finance Committee has already acted to recommend to the Board of Finance that the Debt Cap be reduced to 9%. Such a change however will have no immediate impact on the Town's Finances, Debt Plans, or CIP. The Committee is interested in possibly moving the Town of Newtown's Debt Cap to a lower level. Paul Lundquist said he was more in favor of having Debt managed through the CIP process although he is not averse to their taking this up for discussion, he would really like to see if it can be managed through the CIP process. Mary Ann Jacob made the point that "The Debt Cap" does drive the CIP. Paul reiterated again that if we can we should manage the Debt via the CIP. Ryan Knapp said that he would like to see this explored by the Board of Finance. We want to have formal policies that give definitive guidance regarding our borrowing. He said he is concerned that many people view the ability to borrow as money in the bank. He also said he would like to see policies drive those decisions and to have best practices memorialized.

Motion: Anthony Filiato moved that the Board of Finance be asked to review and advise on the benchmarks for debt per capita and determine if the national number be incorporated into the discussion and if the selected and other benchmark communities should be considered. Seconded by Mary Ann Jacob. Motion passed unanimously.

Discussion: LC Finance and Administration's work began with a motion that asked the Town of Newtown's per capita debt level be compared to Moody's National Average Debt Per Capita ratio for Municipalities. In our work the Committee felt that this number was not appropriate (too low) but felt that a comparison against other Connecticut Communities would be more appropriate, including a group of neighboring communities similar to Newtown, the other Aa1 rated communities, and the DRG B communities used by the State Department of Education. The debt policy references debt per capita and the Moody's benchmark number for Municipalities was an initial driver in this conversation.

Motion: George Ferguson moved to ask the Board of Finance to follow through on the previous Board's work and the assertion that Newtown's Debt Levels should be "controlled through the CIP process. We ask the current Board of Finance to elaborate on the statement "control through the C.I.P. process. Seconded by Anthony Filiato. Motion passed unanimously.

- **Discussion:** Our Committee's charge was the Debt Policy, not the CIP process. The current debt policy calls for "controlling Debt through the CIP process."

Motion: That the Board of Finance please advise on the merits of a more formalized process and attendant timetable that would annually review specific metrics and benchmarks and offer advice and suggestions about how to best do this under our Charter and across out Boards. Motion passed unanimously.

Discussion: The LC Finance and Administration Committee suggests that we develop a more formal process so that we "annually" have a public discussion around Newtown's debt per capita in relation to its net grand list and the trends in debt and asset values. (Procedures, who, what, when, form of report, metrics, timeline)

As part of the Debt Policy discussion Bob Tait took the Committee through one of the four debt analysis scenarios that he had previously prepared and forwarded to the Committee.

Calendar Discussion: It was agreed through mutual assent to schedule two meetings one for September 13, 2017 to continue the Debt Policy discussion and another on September 27, 2017 for Debt Policy, and the CIP, should this Committee be Charged with a review of the CIP.

Assignments: Ryan Knapp and Anthony Filiato, in consultation with Paul Lundquist, were charged with taking the Debt Policy and drafting a revised version that incorporates the changes above and distributing it to the committee in advance of the next meeting. One exception was the debt moratorium as there was little support for formally establishing a scheduled year off from bonding.

Voter Comment None

Announcements None

Motion: Ryan Knapp moved to adjourn the meeting at 8:27 p.m. Second by Anthony Filiato.

George Ferguson
Chair