

March 6, 2015

The Stonington Board of Selectmen held a special meeting on this date at the Stonington Town Hall at 1:00 p.m. Present were First Selectman George Crouse, Selectman Rob Simmons and Selectman Michael Spellman. Also present were members of the public and press.

(1) Call to Order

Mr. Crouse called the meeting to order at 1:00 p.m.

(2) Comments from the Public

None

(3) New Business

K-12 School Building Committee Proposal

- Mr. Crouse presented a letter from Rob Marseglia, Chairman of the K-12 Building Committee requesting that the Board of Selectmen forward its request for a \$51,995,000 bond authorization be forwarded to the Board of Finance for their consideration and action.
- Mr. Bill Sternberg stated that Mr. Crouse is pretty familiar with how we got the recommendation but if Mr. Simmons or Mr. Spellman would like him to walk them through it he could do that fairly quickly.
- Mr. Simmons stated that he has attended some of the meetings. He stated that he has had personal meetings with Rob. Mr. Simmons stated that there is a process in place here and it is a good process. He stated that there are checks and balances in the system to include review by the Board of Finance. Mr. Simmons also stated that this is a major project for a town. He stated that as a person whose kids went to the public school system here in Stonington, we want to guarantee the best we can afford for the kids in the next generation. Mr. Simmons further stated that the folks have done a really good job with coming up with a proposal and he realizes there are more steps to go. He stated that he is ready to support the proposal and sending it on its way.
- Mr. Sternberg stated that you start eliminating all the options we looked at and you actually get down to this one choice. He stated that it does as much as we can at the most reasonable cost.
- Dr. Van Riley, Superintendent, stated that is very sound. He stated that the architect included them many times along the way. Dr. Riley stated that they have had representatives at all of the K-12 meetings and they think this is a sound plan. Dr. Riley stated that they had meetings with the architect all along. He stated that just before they got the stamp, the architects came out with the schools' site administration and district administration and looked room by room, closet by closet. Dr. Riley stated that the square footage needed for their program is actually more than ample because the committee also increased the size of the gymnasiums which will be a wonderful opportunity for the whole town.
- Mr. Crouse stated that the rec department is tied up with difficult numbers and have programs they can't run so we made these two gymnasiums, one in Pawcatuck and one in Mystic, the size of Mystic Middle School's so the rec program will have many more choices and many more programs they can run.

- Ms. Linda Savitsky, consultant for the finance office stated that there are two additional pieces to this. She stated that one is the town's financial advisor and the role of the financial advisor is to assist the town when it comes time to taking this project to the bond market and making sure that everything is in there that needs to be in there. Ms. Savitsky stated that Joe Selinger, the bond counsel, is the one who develops the resolution and all the legal language. She stated that he and his firm will write the question that will actually go onto the ballot. Ms. Savitsky also stated that Attorney Selinger shepherds the process from a legal perspective once the authorization has been approved and the amount of bonds have been approved. She stated that she doesn't expect significant jumps but there are those other costs that have not been included to date. She stated that one of the things that normally happens is that most of the time the language is such that it identifies pretty much what it is that you're trying to accomplish so that the voters are aware what it is exactly that they are approving.
- Mr. Simmons stated that his understanding from the presentation by Attorney Selinger to the Board of Selectmen some time ago and his conversation with the Chairman of the Board of Finance is that the Town of Stonington has a very solid bond rating. Mr. Simmons asked if Ms. Savitsky could speak to that.
- Ms. Savitsky stated that when you have a rating like we do you have to do everything you can to protect the rating.
- Mr. Simmons stated that he believes this will be the largest bond request that we've had in the history of the town. Mr. Simmons stated that this is a very ambitious project.
- Ms. Savitsky stated that the way it works with the State of Connecticut, is once all the approvals are given and the referendum passes and you make that list by June 30th up at the state then the process starts to begin you will get progress payments while the project is undergoing. She stated you put in a request every other month and you will get reimbursed. Ms. Savitsky further stated that you end up borrowing less than whatever the amount of the authorization to expend is.
- Mr. Simmons stated that given the fact that our Board of Finance working with the Board of Ed, working presumably with the Board of Selectmen have over the years maintained a high bond rating and maintained an appropriate surplus in our accounts we should get a better deal when we sell our bonds and a better rate than would otherwise be the case.
- Ms. Savitsky stated that you shouldn't chase the rate. She stated that you have to do what's best for you and your cash flow.
- Mr. Simmons stated that this is coming at a time when the grand list is flatter than we would want. He stated to know the town is positioned from the standpoint of its bond rating and the surplus that we carry he thinks that contributes to whatever confidence we need to move forward.

A motion was made by Mr. Simmons, seconded by Mr. Crouse and voted unanimously to move the K-12 Building Committee report with attachment to the Board of Finance for their consideration and action with the assumption that the Board of Education will also examine the package.

- Mrs. Julie Holland stated she appreciates everyone's thoughts and that we are all proud of our town and we want to do what's right for our children and our children's children. She stated that it's a big step for our town but it's the right decision.
- Mr. Spellman stated in part of moving the town and marketing the town is return on investment always an education. He stated you can always quantify it but you can't qualify it because people will want to move into your town with good schools and a great system. Mr. Spellman stated that he wants to be an advocate not a hurdle. He stated let's do what's best for the kids.

Capital Improvements Program Discussion

- Mr. Crouse stated he explored other ways to fund things that we need. He stated that he was going to look at the \$604,000. That is the town request. Linda has come up with an excellent idea that we should support.
- Ms. Savitsky stated that one of the options that are available to towns is to use the idea of a tax exempt lease. She stated that it's really a lease purchase. Ms. Savitsky stated that it gives you a fixed period of time with a fixed rate to pay for some of these bigger ticket items. She also stated that if you buy it all at once and you fund it all at once it can really take a big hit to the bottom line. Ms. Savitsky further stated that one of the advantages to the leasing is you basically issue the bidding for whatever it is you're buying. She stated that when you decide you're going to use a lease you then enter into all the paperwork that's necessary to do the lease and when this equipment arrives, the leasing company pays up front the cost of what the vehicle or piece of equipment is. Ms. Savitsky stated that then as part of this lease agreement you have entered into an agreement that you're going to pay it back over a 3, 4, 5 year period at a fixed rate. What you can do then is take that 1/3 or 1/5 and that amount of money in your CIP because now you know it's a fixed amount of money that you're going to buy this on.
- Ms. June Strunk stated that it's called leasing but it's really a purchase because at the end of the 3 years or the 5 years there isn't a balance that's owed.
- Ms. Savitsky stated that this is something that doesn't necessarily have to go to referendum it can be approved by the legislative body. She stated that she would strongly recommend that you would consider a master lease because once you set up the master lease each year if you want to continue to use this as your method of dealing with this you just add it on to the previous lease and it cuts down tremendously on the costs associated because all of the gnashing going back and forth happens in the master lease document you don't use your bond attorney for this it's the town attorney. Ms. Savitsky stated that the cost of issuing one of these is also a lot less and a little more nimble and flexible.
- Ms. Strunk asked if this would be an item A on the CIP.
- Mr. Crouse stated it is an A. He stated that his thought on this is that we have \$340,000.00 for two trucks. Mr. Crouse stated that we had one and Mr. Simmons made a motion for the second one and we all agreed it's necessary. He stated that we have an aged fleet and we are running a truck that is 1997. Mr. Crouse also

stated that this might be the way to go because he can erase \$278,000.00 off the CIP budget by extending this.

- Mr. Simmons stated that as he recalled their conversation we had just come through a difficult winter and vehicles were broken down. He stated that we have many responsibilities in the town but first and foremost is public safety. Mr. Simmons stated that if the vehicles are not up to the standard we need to make sure they can clear the roads and allow access to the fire ambulance and other emergency services. He stated that on that basis it seemed wise to add a vehicle to those who requested. Mr. Simmons also stated that what George has brought to the table, as he understands it, is a better way of paying for them. He stated that not simply saying okay lets go back on what we decided but if there is a better way of paying for them through leasing as opposed to outright purchase then that's very smart and we should consider that.
- Ms. Strunk stated that as long as at the end of the lease there isn't this big capital payment.
- Mr. Simmons asked if it is appropriate to say that we are considering a capital lease for the acquisition of highway trucks.
- Mr. Sullivan stated that it's a capital item that you're going to put on your books as a fixed asset the day it rolls into the parking lot. He stated that it's like taking out a loan essentially. He stated that the finance company owns it until you pay your last dollar on it.
- Mr. Simmons stated that is probably appropriate to authorize the Public Works Department to use a master leasing or a capital approach to the acquisition of its vehicles and equipment. He stated that if in fact the approach has application to other departments like the Police Department for communications he thinks to be prudent, we might want to take that up separately but right now we are talking about this year and he has no problems with procedure. Mr. Simmons stated that he thinks it is a commonly used procedure in the private sector. He stated it saves money and it accomplishes a task. Mr. Simmons further stated that if it allows us to secure the vehicles we need for the purposes that we have then we should go forward.
- Mr. Spellman stated that he stands completely on the public safety issue. He asked if there a turnover plan in place with the public works.
- Mr. Pacileo stated that part of the future decision is what is the threshold is. He stated is it 50, 75, 80, 100. Mr. Pacileo also stated where is it that you enter the lease arrangement versus paying out of operating expenses.
- Mr. Simmons stated that if we authorize the public works department to use this technique then the variables are things that they can figure out on their own.
- Mr. Pacileo asked what is the size of the pot. He stated that you have these leases at various rates. Mr. Pacileo also stated that you don't want to exceed a certain figure he would assume. He stated that right now for this year it says \$604,000. Mr. Pacileo also stated that it is his guess is you don't want to come in near that number.

- Mr. Crouse stated that the CIP Committee, the Board of Selectmen and the Board of Finance should form a subcommittee to look into this or we have a meeting where everybody studies it and comes up with their recommendation.
- Mr. Simmons stated that his question is do we need to take an action today to authorize this given the fact that there are other moving parts that have to be figured out or do we want to wait until we have a more detailed picture.
- Mr. Crouse stated that this was an informational meeting.

(4) Comments from the Public

None

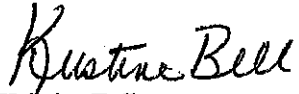
(5) Comments from the Selectmen

None

(6) Adjourn

There being no further business to come before this Board, the meeting was adjourned at 1:50 p.m.

Respectfully submitted,



Kristine Bell
Recording Secretary