

1. Working Group Agenda - August 23

Documents:

[WORKING GROUP AGENDA - BET DEBT AND FUND BALANCE WORKING GROUP - 08 23 17.PDF](#)

2. Minutes Subject To Approval - August 23

Documents:

[BET_SUB_TO_APP_DEBT_AND_FUND_BALANCE_WORKING_GROUP_MINUTES_08-23-17.PDF](#)

3. Approved Minutes - August 23

Documents:

[APPROVED_BET_DEBT_AND_FIND_BALANCE_WG_MINUTES_08-23-17.PDF](#)



**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
DEBT AND FUND BALANCE POLICY
WORKING GROUP**

**Wednesday, August 23, 2017
Gisborne Room
1st Floor, Town Hall Floor**

2:00 P.M.

AGENDA

1. Review and approval of the Debt and Fund Balance Policy Working Group Minutes of July 20, 2017
2. Discussion and review of the long-range debt and capital plan
3. Discussion and possible vote on Debt Policy recommendation
4. Future agenda items
5. Adjournment

Next Working Group meeting, August 29, 2017, 1:00 P.M. in the Gisborne Room

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
DEBT AND FUND BALANCE WORKING GROUP

MINUTES – Gisborne Room, 1st Floor, Town Hall
Wednesday, August 23, 2017

Working Group Committee: William Drake, Leslie Moriarty, Jeff Ramer, Nancy Weissler

Others: Peter Mynarski, Comptroller; Roland Gieger, Budget Director; David Weisbrod,
BET Candidate

The meeting was called to order at 2:00 P.M.

1. Review and Approval of the Debt and Fund Balance Policy Working Group Minutes of July 20, 2017

On a motion by Mr. Ramer, seconded by Ms. Moriarty, the July 20, 2017 minutes were approved on a vote of 4 to 0.

2. Discussion and review of the long-range debt and capital plan

The Working Group spent an extended period of time discussing the Capital Budget Financing Model prepared by Mr. Gieger for the meeting. Mr. Gieger had met with Mr. Drake and Ms. Moriarty prior to the meeting to review the model.

The model is a very complex forecasting document based on numerous assumptions and factors and the Working Group had many questions on how the model worked.

Subsequent to the previously noted discussions, Ms. Weissler moved to a review of the current Debt Policy model, approved in September 2015. Mr. Ramer and Ms. Weissler offered minor grammatical edits, which were agreed upon.

The Working Group turned to the Affordability Targets section of the Debt Policy. It was mutually agreed that Mr. Gieger's Capital Budget Financing Model shows that the net debt limit of no more than \$245 million would not be exceeded. Therefore, the Working Group decided not to offer a motion to change this metric.

There was a discussion of the Debt Service to Annual General Fund Operating Costs metric. Specifically, Ms. Weissler noted that the model indicates that the 7.5% cap will be exceeded. The Working Group decided to defer making a recommendation to change this metric pending the finalization of the model and to solicit some advice from the Town's financial advisor on revising this metric.

All agreed that the ratio of Annual General Fund Debt Service to no more than 70% of the Annual Capital Tax Levy should be discontinued since it was inconsistent with the model; however, the Working Group did not vote on this item.

Ms. Weissler had prepared a document entitled “Draft Financing Constraint” which was an attempt to model the concept of paying cash for a certain percentage of capital projects. The Town of Farmington has a similar financing constraint. Basically, Ms. Weissler wanted to set a minimum requirement of financing a certain percentage of capital projects through the mill rate and not borrowing. She presented a model that indicated that setting this percentage at 15% would be consistent with the Town’s model. She noted that the logic for this recommended change was to ensure that the Town could not finance 100% of its capital projects through debt. She referenced the input the Working Group had received from the Town’s financial advisor about possibly adding such a constraint. The advisor indicated that while he was unaware of such a constraint in other towns’ policies, he believed the rating agencies would consider it a credit positive. Mr. Ramer and Ms. Moriarty suggested that the Working Group revisit this topic at its next meeting and they asked for data to assess how this metric would have worked if it had been in place in prior years.

Ms. Weissler asked if there were further comments at this time on the Debt Policy. Ms. Moriarty had three comments to offer. First, Ms. Moriarty suggested changing the language to indicate that it was a target rather than a requirement to issue BANS in years one and two and then permanent financing in year three. She suggested adding some additional language that the Town allow for variances from targeted debt maturities based on opportunities presented by the yield curve. Secondly, Ms. Moriarty proposed that the Town should have the option to finance large remediation projects over a 20-year period since these projects were required to address legacy problems. Thirdly, she suggested changing the language in the section that allows the Town to rollover BANS for up to 10 years in a high interest rate environment but for no more than for seven years for General Fund debt to delete the reference to the seven-year limit. However, in the discussion that followed, Mr. Mynarski indicated that after three years of BANS issuance, the Town would have to start amortizing the principal so it is unlikely the Town would resort to this option. The Working Group asked Mr. Mynarski to follow up with the Town’s financial advisor to determine if it was necessary to include this provision in the policy. The Working Group agreed to revisit these issues at its next meeting.

Mr. Ramer suggested that the Debt Policy be revised to eliminate any reference to term limits.

3. Discussion and possible vote on Debt Policy Recommendation

There were no votes taken at this meeting on the Debt Policy.

4. Future Agenda Items

There were no future agenda items offered.

5. Adjournment

On a motion by Mr. Ramer, seconded by Mr. Drake, the meeting adjourned at 4:27 P.M.

Peter Mynarski, Recording Secretary

Nancy Weissler, Chairwoman of The Working Group

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4. Future Agenda Items

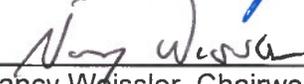
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Peter Mynarski, Recording Secretary



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