



**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION**

DEBT & FUND BALANCE POLICY WORKING GROUP MEETING MINUTES

Thursday, November 5, 2020

Virtual Webinar

Present

Committee: Andreas Duus, Chair; William Drake, Leslie Moriarty, David Weisbrod

Staff: Roland Gieger, Director, Budget & Systems Management, Finance Department;
Peter Mynarski, Comptroller; Nataliya Yemets, Treasurer

BET: Laura Erickson, Miriam Kreuzer, Elizabeth K. Krumeich, Jeffrey S. Ramer, Leslie L. Tarkington

RTM: Michael Basham, (D-5) Chair, Finance, Member LCC; Brooks Harris, (D-5) Finance; Brian Raney, (D-9) Town Services

Guest: William Lindsay, Municipal Bond and Investment Consultants, LLC

The meeting was called to order at 11:00 A.M.

1. Acceptance of the BET Debt & Fund Balance Policy Working Group Meeting Minutes

Upon a motion by Mr. Drake, seconded by Ms. Moriarty, to accept the Minutes of the BET Debt & Fund Balance Policy Working Group Meeting of October 22, 2020. The Group voted 4-0-0 as amended for a scrivener's error. Motion carried.

2. Discussion of Fund Balance Policy Upper and Lower Percentage Ratio Target

The Working Group discussed possible changes in the current fund balance policy upper and lower percentage bounds of 5% - 10%. Group members all believed that the policy's lower bound was far more important than the policy's upper bound. Given (a) that the recommended change in the policy's formula, agreed-to in the Group's prior meeting, would generally reduce the formula's percentage calculation by 200 bp, and (b) Mr. Lindsay thought that the current lower bound is possibly too low given evolving thoughts on risk at the debt ratings agencies, discussion was had about adopting 8% as the proposed lower bound, a level with which Mr. Mynarsky was comfortable.

Regarding the upper bound, discussion was had (a) whether an upper bound was needed (it was noted that some towns do not have an upper bound specified in their fund balance policies), (b) what might be the percentage threshold above which concerns about possible

excess taxation could arise, and (c) should the policy's upper bound percentage be higher than the actual measure calculated by the fund balance formula when initially approved by the BET. Further discussion ensued.

Upon a motion by Mr. Weisbrod, seconded by Ms. Moriarty, to change the Fund Balance Policy target ratio range to 8% as the lower to 13% as the higher boundary range.

Mr. Drake amended the original motion, seconded by Ms. Moriarty, to approve the proposed Fund Balance Policy target ratio range of 8% to 15% as amended. The Working Group voted 4-0-0. Motion carried.

Also discussed was whether the policy should specify remedial actions for the BET to consider in the event a policy bounds would be exceeded. Others disagreed that speculating on remedies was not appropriate to a Policy document. Discussion concluded without a vote. A revised draft would be circulated before the next meeting.

3. Discussion of Debt Policy

The Working Group revisited the 15-year funding model prepared by Mr. Gieger. A member of the Working Group asked how the model should be used, how it would be presented in the Budget Book, and that more detail on the assumptions was needed. Another member expressed concern about the potential need to fund future debt service with the proceeds of new borrowings.

Prior to the next meeting of the Working Group, Mr. Duus will (a) speak further with Town's bond counsel David Panico and with Mr. Lindsay regarding the implications of funding debt service with proceeds of borrowings, and (b) adapt the model to allow easier examination of differing assumptions.

4. Adjournment

Upon a motion by Mr. Weisbrod, seconded by Mr. Drake, the Committee voted 4-0-0 to adjourn the Meeting at 12:51 P.M. Motion carried.

Catherine Sidor, Recording Secretary

Andreas Duus, Working Group Chair

Schedule of 2020 Debt and Fund Balance Policy Working Group Meetings

November 19, 2020 (Thursday) 2:30 P.M. – 4:00 P.M. (N.B., start time changed)
December 2, 2020 (Wednesday) 11:00 A.M. – 1:00 P.M.