



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

**DEBT AND FUND BALANCE POLICY WORKING GROUP
VIRTUAL WEBINAR
Wednesday, December 2, 2020; 2:00 – 4:00 pm**

Join Zoom Meeting

<https://greenwichct.zoom.us/j/88114708370?pwd=OHNTVFBRc3htRFhub205a0UzMzhUZz09>

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8778535257,,88114708370#,,,,,0#,,2936930# US Toll-free

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Meeting ID: 881 1470 8370

Passcode: 2936930

AGENDA

1. Approval of the BET Debt & Fund Balance Policy Working Group Minutes for the Meetings of November 5 and November 19, 2020
2. Further Discussion of Fund Balance Policy
3. Further Discussion of Debt Policy
4. Adjournment

Next Meeting: Wednesday, December 9, 9:00 am – 11:00 am

The Town complies with all applicable federal and state laws regarding non-discrimination, equal opportunity, affirmative action, and providing reasonable accommodations for persons with disabilities. If you require an accommodation to participate, please contact the Commissioner of Human Services at 203-622-3800 or demetria.nelson@greenwichct.org as soon as possible in advance of the event.



**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.

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

DEBT & FUND BALANCE POLICY WORKING GROUP MEETING MINUTES

Thursday, November 19, 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

BET: Miriam Kreuzer, Jeffrey S. Ramer, Leslie L. Tarkington

RTM: Michael Basham, (D-5) Chair, Finance, Member LCC

Public: Tony Turner

The meeting was called to order at 2:33 P.M.

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

Acceptance of the November 5, 2020 Minutes was deferred to the next BET Debt & Fund Balance Policy Working Group Meeting.

2. Further Discussion of Fund Balance Policy

The Chair commented that while there is agreement on the Fund Balance Policy, the addition of remedies that the BET could take should the ratio change to either above or below the target range of 8% to 15%, needed to be discussed. Upon consideration of proposed insertion of text into the previous meeting's Fund Balance Policy draft, the Working Group suggested that they preferred the previous draft without changes or additions.

Upon a motion by Ms. Moriarty, seconded by Mr. Weisbrod, to approve the Fund Balance Policy. The Working Group voted 4-0-0. Motion carried.

3. Further Discussion of Debt Policy

The Working Group reviewed the Debt model and discussed possible changes in text and estimated growth of Grand List revenue and increase in Operating expenses across the 15-year model. A member of the Working Group proposed that analysis of both the Town and BOE Capital financing requirements be broken out into subset line items labeled Basic Maintenance expenses and Extraordinary Capital project execution. Additionally, the amount Capital to be financed, \$55 million, does not include the BOE's capital request of \$16 million.

Recommendations for additional changes to the Debt model included adding the expense of interest rate on bonds; revising the straight-line 1% increase in Grand List growth to reflect the Assessor's estimate of 1.45% increase after a ReValuation every 5-years; reviewing a 5-year pattern of operating expense growth to estimate average expense across the 15-year model;

include an estimate State reimbursement revenue for bridges, roads and schools; and add an estimate of revenue from gifts, sponsorship and facility naming possibilities.

It was decided that the Debt Policy draft would be considered a first read and a revised draft will be circulated. No vote was taken.

A member of the Working Group suggested that an explanation of decisions and rationale be prepared to memorialize the process and add how conclusions were drawn: four ways to adjust the Debt & Fund Balance model -- reduce the number of Capital projects, increase the Mill Rate, extend the Maturities, of liberalize ratios.

The Chair remarked that he planned to follow-up with:

- the Assessor on Grand List assumptions
- the Budget Director on a breakout of Maintenance and on-time Extraordinary Projects under Town and BOE financing requirements on 15-year
- the Budget Director for a list of \$5 million or more future Capital Projects

A revised draft of the Debt Policy will be circulated with sensitivity tables prior to the next meeting.

4. **Adjournment**

Upon a motion by Mr. Drake, seconded by Ms. Moriarty, the Working Group voted 4-0-0 to adjourn the Meeting at 4:19 P.M. Motion carried.

Catherine Sidor, Recording Secretary

Andreas Duus, Working Group Chair

Schedule of 2020 Debt and Fund Balance Policy Working Group Committee Meetings

December 2, 2020 (Wednesday) 2:00 P.M. – 4:00 P.M. (N.B. New Time)

December 9, 2020 (Wednesday) 9:00 A.M. – 11:00 A.M.