

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

MINUTES – Gisborne Room, 1st Floor, Town Hall
Tuesdays, August 29, 2017

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

Others: Peter Mynarski, Comptroller; Roland Gieger, Budget Director; Ben Branyan,
Town Administrator; Dan, Ozizmir, RTM District 5

The meeting was called to order at 1:00 P.M.

1. Review and Approval of the Debt and Fund Balance Policy Working Group Minutes of August 23, 2017

On a motion by Mr. Ramer, seconded by Ms. Moriarty, the August 23, 2017 minutes were approved, with minor edits, on a vote of 4 to 0.

2. Discussion and possible vote on Debt Policy Recommendation

The Working Group began by discussing the timing of issuing their recommendations to the full Board of Estimate and Taxation (BET). Ms. Weissler informed the group that she would prefer September 2017. However, she also stated that she had had a discussion with the BET Chairman, Michael Mason, and having a full report and vote in October 2017 would be acceptable.

Messrs. Gieger and Drake reported that they had spent time, off line, adjusting the fifteen-year Capital Budget model and all Working Group members were in agreement with the updated model as presented.

The Working Group turned its attention to the Affordability Target metric of "Maintain the ratio of Annual General Fund Debt Service to the Annual General Fund Operating Costs" of no more than the current figure of 7.5%. All agreed that the ratio was too low. Ms. Weissler turned attention to the "Debt Service Metric" handout (which assumed a 2%/year increase in operating costs) showing that it is projected that the ratio would be 8.94% in fiscal 2018 and the following for the next three fiscal years: 9.52%, 9.99% and 10.01%. Mr., Ramer initially proposed increasing the ratio to 11%. Ms. Moriarty countered with a ratio of 12%. After a short debate, Mr. Ramer made a motion to increase the ratio to 11%, seconded by Mr. Drake. The motion passed 4 to 0 in favor.

The Working Group next discussed the "Annual General Fund Debt Service expenditures to no more than 70% of the Annual Capital Tax Levy" metric. All agreed this metric should be removed, but Ms. Weissler offered that it should be replaced with a Cash CAPEX Constraint metric that she had prepared for the Working Group. It was decided to take the Cash CAPEX Constraint topic up later in the meeting. As a result, Mr. Ramer made a motion to remove the aforementioned metric, seconded by Mr. Drake. The motion passed 4 to 0 in favor of removal.

The Working Group now began a discussion over the extended use of Bond Anticipation Notes (BANS) in high interest rate environments referenced in the "D) Debt Structure Section" of the Debt Policy. It was collectively agreed that Mr. Bill Lindsay's (Independent Bond and Investment Consultant Advisor) response to questions previously asked, relative to this section were not adequate. Mr. Mynarski agreed to craft a new set of questions and pose them to Mr. Lindsay.

The Working Group turned its attention to work prepared by Ms. Moriarty regarding proposed changes to the Debt Policy. It was collectively decided to split up Ms. Moriarty's proposals into three separate amendments as follows:

1. Ms. Moriarty made a motion to consider amortizing debt over a twenty-year period for large remediation projects, seconded by Mr. Ramer. After debate, the motion failed with a 2 to 2 vote (Ramer and Moriarty for, and Weissler and Drake opposed).
2. Ms. Moriarty made a motion to consider variances from the targeted financing maturities based on opportunities in the yield curve; e.g. BANS in year one and then permanent financing, variations from a five (5) year maturity to slightly shorter or slightly longer, seconded by Mr. Ramer. After debate, the motion failed on a vote of 2 to 2 (Moriarty and Ramer for, and Weissler and Drake opposed).
3. Ms. Moriarty made a motion change the language pertaining to the use of BANS from "the Town will finance capital projects through the use of BANS" to the "the Town targets financing capital projects through the use of BANS", seconded by Mr. Ramer. After debate, the motion passed on a vote of 4-0.

At this point, Mr. Drake made a motion to amend language pertaining to the General Fund debt structure in the second paragraph of that section from "the preferred financing model historically has been" to "the preferred financing policy is", seconded by Ms. Weissler. After debate, the motion failed 2 to 2 (Weissler and Drake for, Ramer and Moriarty opposed).

The Working Group, led by Ms. Weissler, returned to a previously discussed item of adding a Cash CAPEX Constraint to the Debt Policy. Ms. Weissler made a motion to impose a minimum of 15% of CAPEX paid for by cash raised by the Capital Tax Levy, seconded by Mr. Drake. Ms. Moriarty did not support the item. Ms. Weissler offered a minimum of 10% as an alternative. After further debate, the motion failed 2 to 2 (Weissler and Drake for, Moriarty and Ramer opposed).

In conclusion, the Working Group returned to "Key Assumptions" underlying the 15-year Capital Budget model prepared by Mr. Gieger and previously discussed at the beginning of the meeting. Mr. Drake led the other Working Group members through the assumptions and was receptive to minor edits.

3. Future Agenda Items

There were no future agenda items offered.

4. Adjournment

On a motion by Ms. Weissler, seconded by Mr. Ramer, the meeting adjourned at 3:12 P.M.



Peter Mynarski, Recording Secretary



Nancy Weissler, Chairwoman of The Working Group