

November 19, 2007

Chairman Michael Jackson called the meeting to order at 5:20 p.m. following the inauguration ceremony of the Town's newly-elected officials.

Present: Regular Members: Jack Boyer, Barbara Brown, Jack Field, Michael Jackson, Rex Swain

Alternates Members: Liddy Adams, John Allen

Guests: Valerie Andersen, Region #12 Board of Education

Town Pension: Rex Swain reported the Pension Committee had discussed the current investment policy. The Town Agreement names the First National Bank of Litchfield as Agent on behalf of the Town, which gives the Bank fiduciary capacity. Since funds have always been invested very conservatively, the Bank has not charged for their services. The Pension Committee is considering investing in index funds, which would require a money manager to oversee the funds at an approximate cost of 1%. To oversee this type of investing, FNBL has indicated a fee would be charged. The Committee would like to issue a Request for Proposal to FNBL, as well as other banking institutions. A written investment policy will be completed. It was suggested the Committee inquire as to the form of assets that would be needed to make pension payments. Index funds would allow that. The Pension Committee will investigate further and report on their findings.

Guests:

Education: Valerie Andersen, Treasurer, Board of Education: Valerie reported on the proposed bond referendum and its impact on the Region 12 budget. The Capital Regional Education Council (CREC) had prepared an audit of the middle-high school buildings and equipment in an attempt to provide more financial strategy for future planning. The referendum will be scheduled for December 18th to consider a 7-year bond for \$1,550,000 for equipment replacement, with \$750,000 of these funds to be used toward a new track. She noted the Board of Ed recognizes the necessity of maintaining the Region-owned buildings as well as the increasing liability because of their current condition. She felt this will be a positive effort and a replacement cycle would be started. She hoped the Boards of Finance would consider this as proper use of the Region's financial strategic plan. Michael questioned the length of the bond and felt a 7-year replacement cycle could be identified using a longer-term bond. Rather than having the operating budget drive the repayment of notes, it was suggested the life of the assets drive the repayment. He requested the Board confer with the three Finance Boards earlier when future plans are considered.

Question was raised if replacement of the septic system at the site would be required by the D.E.P. Valerie reported that option would be used if a consolidated elementary school were situated on that campus. Jack Field reported the work of the Primary Schools Construction Committees continues. The Roxbury Inland Wetlands Commission is critical of the consolidated site and the Building Committees are in a somewhat difficult dilemma. Normally, land use issues take time and money, which would be addressed after an approved referendum. It is felt because of this issue it may be a good idea to get these done ahead of time. The Building Committees and the Board of Ed are leaning toward a choice of the "best" case for a single school and the "best" case for three schools. They are officially still heading for a referendum before June.

The WPS project designed by Peter Bowman, which Jack felt is a good design, is currently anticipated at \$13.1 million. Two cost issues have not been included: the first floor takeover and putting on the second

floor at \$564,000, as well as the issue of the building situated in a floodplain. A new septic system may be required. Total estimate could be \$14,000,000.

A single school site development is estimated at \$6,000,000. Reimbursement for the entire project at approximately \$20,000,000 would be approximately 16% or less than 130 sq. ft. per student, plus the cost of the land.

New Business:

Investments: Michael reported on his inquiry into the investments in the State's Short-Term Investment Funds and the Town's exposure. It was reported the funds are not guaranteed by the State but they have a cash reserve of \$52,000,000. He was informed of some concern over two known exposures. While these exposures may not be large, Michael was concerned that approximately \$7,000,000 of Town funds are in the STIF account. Initially, when the Town began using STIF, the interest rate was much higher than the current rate. He noted checking accounts for banks only have coverage for \$100,000. Michael will talk with them further. It was agreed Michael would request the Treasurer move the funds from this account. U.S. Trust Money Management funds secured by Treasuries or U.S. Bond account will be investigated. No decision made. John Allen suggested the Town needs to employ a financial person to oversee matters such as this and that it should not be the responsibility of the Board or the employees. The Board agreed.

Alternate Position: Jim Brinton's resignation as an alternate member of the Board of Finance has been received, as he has is the newly-elected member of the Board of Selectmen. The Republican Party will be asked to suggest names of persons who may be interested in this position. This position continues until November of 2013; however, the person appointed by the Board would fill the position and must come up for election at the next Town election.

Election of Officers: Jack Boyer moved that the current slate of officers, Michael Jackson as Chairman and Jack Field as Vice-Chairman, be re-elected to those positions until the next election. Barbara Brown seconded the motion. Motion unanimously passed.

The meeting was adjourned at 6:25 p.m.

Respectfully submitted,

Kathy Gollow, Secretary