

**Town of Windsor
Finance Committee Minutes
Town Hall – Ludlow Room
January 12, 2010**

APPROVED MINUTES

PRESENT: Committee Chair Deputy Mayor Al Simon, Councilor Donald Jepsen, Councilor Randy McKenney

STAFF: Peter Souza, Town Manager; Emily Moon, Assistant Town Manager; Bob Metcalf, Interim Finance Director; Jim Bourke, Assistant Finance Director; Linda Collins, Accountant, Jim Burke, Economic Development Director

GUESTS: Frank Williams, Board of Education Business Manager; Randy Graff, Treasurer

1. CALL TO ORDER

The meeting was called to order at 6:30 p.m.

2. PUBLIC COMMENT

None

3. REVIEW OF FY 09 AUDIT

Mr. Scott Bassett of McGladrey & Pullen gave an overview of the audit findings, including the management letter comments. He stated that the overall management of the town is sound and that it is in good financial shape.

Deputy Mayor Simon said that this seems to be the fewest number of comments from an audit that he has seen. Mr. Bassett stated that there is a plan in place for all of the comments and that the Finance Department staff worked hard and effectively to pull together all the necessary information.

The committee discussed the GASB requirement to set aside funds for OPEB (Other Post Employment Benefits). The Town Manager said that the town is more seriously considering a trust fund financing method, but due to the current financial constraints the primary focus is on cost containment measures. As the revenue picture improves, further consideration of establishing and funding an OPEB trust mechanism will need to be undertaken.

4. DISCUSSION OF REQUESTED AMENDMENT TO HARTFORD LIFE'S FIXED ASSESSMENT AGREEMENT AND REDUCED BUILDING PERMIT FEE AGREEMENT

Town Manager Souza provided an overview of Hartford Life's request to modify their incentive agreements and introduced the representative from the Hartford, Mr. Mike Knipper, Senior Vice President of Enterprise Services.

Mr. Knipper reviewed the Hartford's decision that was made in 2006 to grow its life insurance business and its subsequent decision to build in Windsor. He discussed the construction schedule and plans, along with the fact that the company decided to build Phase 2 earlier than planned. The company fell about \$3 million short of its total value target. The town received about \$700,000 more than anticipated during this year (FY 10) due to the accelerated growth. The Hartford would like the agreement to be amended going forward. They would pay the building permit fee and additional tax. They proposed to pay property tax on the \$3.0 million shortfall amount, but would like to abate Phase 2 for future years per the agreement. The Hartford would pay the town \$238,056 of property tax based on 70% assessed value of the \$3.0 million over the next four years under this amended agreement. The Hartford would also pay the portion of the Phase 2 building permit that would have been reduced under the current agreement.

Deputy Mayor Simon asked what the total incentive package is for the whole project (all sources). Mr. Knipper responded that there was a credit for solar panels and sales tax credits for the building construction. They had a URA tax credit and an employment target that could give them additional state loans but are not taking advantage of these two items.

Deputy Mayor Simon asked if the company can provide a summary of the incentives. He also asked how the town determines that the investment will meet the incentive thresholds. Town Manager Souza stated the company and their development officials provide estimates and proformas.

Deputy Mayor Simon asked how the fourth wing relates to the current building. Mr. Knipper said that it would add another 500-600 people and another 25% of square footage. It would be another \$18 million investment, approximately.

Councilor McKenney asked if the company would be here if the error on construction costs (double counting) had not occurred. He added that he was struggling to be able to explain to residents why the amendment should be made. Mr. Knipper responded that this error was not the ultimate driver. It was an inter-department budgeting issue and the company would not ask the Town Council to help correct the company's budgeting error.

Deputy Mayor Simon asked how the town/company relationship might be harmed if the agreement is upheld. Mr. Knipper stated that the Hartford believes that the company rights within the agreement have not been exercised and he hopes that a legal remedy is not going to be pursued. That is not the path the company wants to go down.

Deputy Mayor Simon explained that he felt the avoidance of setting precedent on this issue was the most compelling reason not to change the agreement.

Councilor Jepsen said he did not see the issue as one of honoring precedent. He said he would be comfortable with the Town Manager and the company discussing a change to the agreement. He would like to see the company promise to stay beyond the agreement period. He would like to see the town and company honor the principles of the agreement, as a company making a major investment. In his opinion, the company simply took advantage of a good construction market. They met the policy goal. The goalposts for investment amounts were simply off slightly.

Deputy Mayor Simon asked that this item be included on the next Town Council agenda for further discussion.

5. REVIEW OF FY 2009 SECOND QUARTER FINANCIAL REPORT

Town Manager Souza explained that revenues are off in a number of categories. The overall shortfall is anticipated to be approximately \$500,000 for the year (FY 10), this includes loss of planned revenue related to the mis-billing of motor vehicles. The Town Manager and staff are working to close the estimated revenue shortfall by reducing non-Board of Education expenditures through a variety of costs saving measures including holding vacant positions open and not making capital purchases. The forecast assumes the Board of Education spends its entire budget.

The committee discussed reasons why revenues and expenses differed from estimates.

The Town Manager told the committee that several large taxpayers are using tax payment plans and are mostly up to date on those plans. The town is getting some additional interest as a result.

6. STAFF REPORTS

Town Manager Souza shared that the Tax Collector has been doing research on firms that could recover suspense list taxes that are outstanding for payment. There is a 15% surcharge (allowed by state law) on the tax due that the firm would keep.

Councilor Jepsen asked if this was the constables' job. Town Manager Souza explained that most of these taxpayers are now out of state companies that owe personal property tax.

Town Manager Souza told the committee that the audit contract is expiring and that the town could extend it or can put together an RFP process. Staff could work to complete the RFP within six weeks or so. Staff has not had any major issues with the current auditors except they have found the auditor's schedule to be challenging as the audit is often completed just in time for the annual December 31 deadline. It was the general consensus of the committee to have staff issue a RFP for audit services and the committee to review responses in late February or March.

The town manager also mentioned that he and Finance staff would be meeting with the town's financial advisor the following day to discuss possible refinancing and other bonding issues.

Councilor McKenney asked if staff had been told, prior to this meeting, by The Hartford that it had legal rights it could pursue. The town manager said The Hartford had not discussed that with town staff.

7. APPROVAL OF MINUTES

Moved by Councilor McKenney, seconded by Councilor Jepsen to approve the June 10, 2009 meeting minutes.


Motion Passed 3-0-0

8. ADJOURNMENT

Moved by Councilor McKenney, seconded by Councilor Jepsen to adjourn the meeting at 7:02 p.m.

Motion Passed 3-0-0

Respectfully submitted,



Emily Moon
Assistant Town Manager
Recording Secretary