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Tonya Hogan, TC



MIDDLEFIELD BOARD OF FINANCE
405 Main Street
Middlefield, Connecticut 06455

Minutes of the Thursday, October 12, 2023 Regular BOF Meeting

Attendance:

Members

Others

Members		Others	
X	Skelps, Michael	X	Beth Moncata, Finance Director
X	Kowal, Melissa	X	Susan MacNamara
X	Lowry, David	X	Jim Irish, Selectman
A	Boyle, Kevin		
X	Lee Matterazzo		
X	Mary Wolak		

A=Absent
X=Present

This meeting is held via in person. Michael Skelps called the meeting to order at 7:06 pm.

The Pledge of Allegiance was recited.

Approval of Agenda: Mike added one item to the agenda, discussion of any Board of Finance ideas on budget input for the upcoming fiscal year (Item 7a). Lee made the motion to approve the agenda as amended, Melissa seconded. Motion carried unanimously.

Minutes from last BOF meeting (September) were reviewed. Melissa made the motion to approve the minutes as submitted. David seconded. Motion carried unanimously with the exception of Mary abstaining as she was not present at the September meeting.

Mike presented a draft policy document describing the principles and guidelines for investing and disbursing the cell tower lease proceeds (see addendum). The board discussed the

proposal, including participation in an investment committee, along with the First Selectman and/or Board of Selectman, and this committee was envisioned to meet quarterly. Jim suggested that considering the favorable environment for risk-free investment income, the scope of investment would be wider than just the cell tower lease, and should include other town funds where immediate liquidity is not required, such as the capital non-recurring fund. Jim also mentioned how the First Selectman was seeking professional investment advice. Mike suggested that two Board of Finance members would be a part of the Investment Committee. Mary and Melissa suggested being more flexible regarding the number of Board of Finance members.

Variance Report

Beth led the discussion of the variance report. YTD tax collections are on track. State of Connecticut advised that Municipal Revenue Sharing numbers were delayed, but should be available next month. Interest income is already at \$160,000. Expenses were discussed. Certain line items such as insurance, dues, software subscriptions and professional services were above the YTD pro-rated amount due to being pre-paid. Road maintenance was ahead of YTD rate, due to seasonality. Fire department training and conferences was ahead of planned budget. Overall, expenditures are on pace for the year, with no significant overages foreseen.

Registrar of Voters budget was discussed, and the unknowns in the remainder of FY23-24 were acknowledged, particularly early voting (4 days in April 2024 for the presidential preference primary for this fiscal year). In FY24-25, there are 7 days of early voting for the primary in August, followed by 14 days of early voting in November, with a split senate district.

Beth discussed her transition and settling into the job. She said things are going well and it has been a great learning experience. She is beginning to work with the Seward and Monde on the annual audit.

Chairman's report. None.

Potential budget items for next year.

Mike discussed security, access and video surveillance of the community center, including adequate outdoor lighting and repairing the parking lot. The board agreed that cameras and access control should be a priority. There is more than \$400,000 in Capital Non-recurring Fund for the Community Center, so these projects should be able to be pursued. Jim mentioned that some of these funds are already spoken for in terms of the new boiler and tank for the building as well as the roof. Mary asked if there was professional oversight and management of building facilities. Jim said the town was seeking a professional property manager who would take on the responsibility of cataloging and prioritizing maintenance and repair items for town properties.

New Business. None.

Melissa made a motion to adjourn. Lee seconded the motion. Meeting was adjourned at 7:58pm.

Addendum:

Proposed Policy Document for Board of Finance Policy on Cell Phone Tower Lease and Amortization

1. Objective and Purpose

The objective of this policy is to establish a clear framework for the annual transfer of funds from cell phone tower lease revenue to the general fund. The goal is to ensure a steady and sustainable source of income for the next 50 years. This policy aims to maintain the purchasing power of these funds by adjusting for inflation and making prudent investment decisions.

2. Annual Transfer and Inflation Adjustment

a. The Board of Finance aims to transfer an annual amount to the general fund, ensuring to the extent possible that the equivalent purchasing power in "2023 dollars" is available each year for the next 50 years.

b. The annual transfer amount will be determined by the First Selectman and the Board of Finance, taking into account the annual inflation figures, such as the Consumer Price Index, and the actual rate of return on the investment from the previous year. The transfer will be approved as part of the overall Town Budget at the annual Town Meeting in May.

c. Mathematical models will be developed and maintained to assist in the decision-making process. These models show that in order for the transfer amount to keep pace with inflation, the withdrawal rate should be 1-2 percentage points lower than the rate of return. During the initial 10-20 years, the principal amount will grow. In subsequent years, as the transfer amounts exceed the fund's growth, the balance will be gradually spent down. Annual reviews of the fund will determine the appropriate transfer amount.

3. Investment Oversight

a. The Board of Finance intends to actively participate in investment decisions. Two members of the Board will serve on the Investment Committee and report back to the Board of Finance.

b. Initially, two members will be appointed to the Investment Committee, with one member being replaced each year. Committee members will serve two-year terms and are expected to attend approximately four meetings per year.

4. Determination of the Transfer Amount

While there is a forecasting component involved in determining the transfer amount, the primary factors to be considered will be the inflation rate and the return on investment from the previous year. These historical figures will provide a solid basis for making prudent financial decisions.

