

Approved

**SALEM BOARD OF FINANCE
REGULAR MEETING MINUTES
January 13, 2011**

PRESENT

Janet Griggs
Greg Preston
T.J. Butcher
George Householder
Bill Weinschenker

ABSENT

Carole Eckart
R. Traylor (Alt)
2 Vacancies (Alt)

B. Weinschenker called the meeting to order at 7:34 PM

Recognition of Visitors-N/A

Seat Alternates: N/A

Communications: N/A

Additions to Agenda:

Chairman Weinschenker added “Discussion of the Tax Impact for financing the School Building Project”. This will be item #5 on tonight’s Agenda.

**1. Approve minutes from December 9, 2010 Regular Meeting
M/S/C: (TJ Butcher/Preston) to approve the BOF regular meeting
minutes of December 9, 2010 as amended:**

Page 3: Add the letter “s” to the word Butt. Attorney John Butts.

Vote: Approval (Butcher, Preston, Weinschenker)

Abstain (Griggs, Householder)

Motion Carried

2. Treasurers Report (See file November and December reports on file with the minutes)

- M. Ferren, Treasurer, asked the BOF if they would like the November Treasurer’s report first, since she was not at the meeting

last month to present it. B. Weinschenker stated that if there is nothing significant to report in November, M. Ferren could just give the December report.

- Revenues are up. The Tax Collector has been collecting taxes from previous years.
- D. Weston and the Treasurer have been working together to coordinate the Education Fee reporting.
- G. Preston asked the Treasure to report on other department lines and explain the percentage increase or decreases from previous years, not just the tax revenue department.
- M.A. Ferren stated that the Sweep Account is now earning a slightly higher return than the Chelsea Bank Account. She will be keeping more money in this account to take advantage of this higher rate.
- The People's Bank Roger's Cemetery account is finally closed. There was \$.26 left in the account. M. Ferren made an executive decision to put the \$.26 into the General Fund since you cannot add to CD accounts.

3. Public Comments N/A

4. Selectman's Report

- First Selectman Lyden informed the BOF that the Salem School students donated \$479.95 to the Town's Needy Fund. This fund is used to aid needy families in the community with food, fuel and any basic necessities. He also informed the Board that the citizens of Salem were very generous to needy the families in Salem during the Holiday Season.
- Citizen Bank was offering a plan that insures all money in an account. This plan has expired. There is another plan. This is the Dodge Franklin Finance plan that went into effect for December 31, 2010 – December 31, 2012. This new plan insures all money in non- interest bearing accounts. The interest rate that Chelsea is offering right now is half of a percent. The BOF will have to make a discussion on which type of account they will use for the town's money.

5. Tax Impact of financing the School Building Project (Handouts included with minutes)

- The Board of Finance will have to determine what type and the term of funding for the School's Building project.
- K. Lyden presented the Board information on financing for this project.
- Chairman Weinschenker stated the BOF needs to talk about terms first. The amount of the proposal is known. This information is needed to present to the citizens at the Town Meeting.
- The project is usually funded during the construction with interim financing. It would be hard to explain to the town that we are paying for a project before it would start. No one can predict the interest rates for the coming year. Chances are that it will be higher than the 3.5% offered at this time. In order to present the cost of the School Project, assumptions need to be made. N. Wood informed K. Lyden that the Grand List will go up this year about 1%.
- First Selectman Lyden is working with Chelsea Bank to finance the School Project, instead of using bonds. We have to let them know by March 31.
- Preston asked about bonding now, but deferring payments. That way the rate could be locked in. What if interest goes up 4-5%? The cost of the project would increase. B. Weinschenker informed the BOF that bonding does not allow deferred payments.
- K. Lyden will edit the information on the report that he handed out to Board members. The report will contain the current assessment rate and the additional tax amount of this project per year during the 15 years of financing. The project funded over 15 years at an interest rate of 3.5%, represents a .88 mil increase over the term. The cost of the project is \$6.2 million. The Town will borrow \$5.1 million and the State will grant \$1.1 million. It is projected that the total cost of this project is estimated at \$6.6 million, which includes finance costs.

6. Town Report.

- All Boards and Commissions should submit their Annual Reports to Sue Spang as soon as possible.

Adjournment

M/S/C (Preston/Butcher) to adjourn at 8:35 pm.

Vote: Approved Unanimously

Virginia Casey

Recording Secretary