



Town of Groton, Connecticut

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Meeting Minutes - **Draft**

Town Council Committee of the Whole

Mayor Harry A. Watson, Councilors Peter J. Bartinik, Jr., Heather Sherman Bond, Catherine Kolnaski, Frank O'Beirne, Jr., John F. Scott, Paulann H. Sheets, James L. Streeter, and Elissa T. Wright.

Tuesday, June 6, 2006

7:00 PM

Town Hall Annex - Community Room 1

SPECIAL MEETING

1. **CALL TO ORDER**

Meeting convened by Mayor at 7:03 p.m.

2. **ROLL CALL**

Members Present: Mayor Watson, Councilor Bond, Councilor Kolnaski, Councilor O'Beirne, Jr., Councilor Scott, Councilor Streeter and Councilor Wright
Members Absent: Councilor Bartinik, Jr. and Councilor Sheets

Also present were Town Manager Mark Oefinger, Assistant to the Town Manager Lee Vincent, Director of Finance Sal Pandolfo, and Town Treasurer Cindy Landry.

3. **Calendar and Communications**

None.

4. **NEW BUSINESS**

2006-0162 Establishment of Tax Rate for General Fund (FYE 07)

Discussed

Sal Pandolfo briefed the committee on his May 31 memorandum and briefly explained each of its seven attachments. He said that Attachment #6 shows the loss of revenue that amounts to .88 mills in itself.

Councilor Bond asked, What impact would there be on the Town's bond rating if we took money from the fund balance? Sal said that retaining 5% of the annual budget is the absolute minimum for responsible management. When we got our important upgrade in the past, our balance was way up to 11%. He said there is no magic number, but one month's budget (8.5%) is a benchmark among lenders and investors.

Mark stated that reducing the fund balance - especially when we are looking to bond \$50-60 million incrementally - is certainly not recommended. Mark further said what we try to do is like bettering your financial status before applying for a mortgage.

Councilor Wright asked, If our rating were to drop, what would it cost us in interest? Sal Pandolfo indicated that would be a vast and complex calculation, and we are not now prepared to answer that question. Sal said the underwriters look at two things mostly: our fund balance that we already have, plus they look for evidence that shows that the town is willing to tax itself. Mark added, The trend is important in addition to the immediate facts of those criteria. Councilor Wright raised another aspect of the fund balance, and Mark replied that the mill rate proposal before the committee at this time is based on using \$2,300,000 of additional fund balance that we have accumulated.

A motion was made by Councilor Kolnaski, seconded by Councilor Streeter, that this matter be Recommended for a Resolution.

The motion carried unanimously

5. ADJOURNMENT

The meeting adjourned at 7:26 p.m.