

Financial Oversight Committee of the
Region 9 Board of Education
May 30, 2006

Filed subject to approval

Attendance: Poltrack, Lewis, Mayer, DeSalvo, Karvelis, Herrmann

Also in attendance: Fossbender, Sullivan

Mr. Poltrack called the meeting to order at 6:06 pm.

Minutes of the May 23rd meeting were discussed. Mr. Karvelis moved to accept the minutes. Mr. Mayer seconded this motion. Mr. Herrmann asked the spelling of his name be corrected. Passed. Unanimous.

Mr. Poltrack outlined the facts behind a possible 2nd referendum for additional building project funds. He explained that \$3-4,000 in interest charges are incurred each month we don't pay the outstanding 500k in invoices and we have the threat of costs associated with any new lawsuits filed by the vendors who are owed money. The previous request for authorization to spend up to 1.3 million was to cover 500k in invoices (approximately 100k which is owed to our attorneys), 200k for future professional fees, 300k for contingencies, and 300k to settle the remaining three lawsuits against us. The total of these claims for the three suits is 2.7 million dollars. He reminded everyone that the difference between now and December 2004 is that construction has been completed since July 2005 and we are now estimating only the cost of dealing with the outstanding litigation.

A general discussion ensued as to whether we should go back to referendum and, if so, for how much. The options discussed were increasing the amount requested to cover the interest charges, keep the amount the same, or reduce the amount to increase the chance of passage on a 2nd try. The leanings of the group was that the 1.3 million dollar request is a conservative well-thought out request (Mr. Karevelis) and that we should ask for what we think is needed – no more and no less (Mr. Mayer). Mr. Poltrack pointed out that over 20 years of cost of this request is up to \$17 per year per household.

Mr. DeSalvo indicated his dismay at the very low voter turnout and that we needed to work harder next time to get our supporters to vote.

Dr. Fossbender explained that the June 2nd Kennedy mediation is being funded from operating funds due to the critical nature of this session to the finances of the District and how close the project is to the ceiling on construction expenses approved by the voters. A discussion followed on the relationship of the upper ceiling on project expenditures and now the use of operating funds precludes claims for state reimbursement. He indicated that about 1 million dollars represent hard costs that we know will be required and should we possibly reduce the 1.3 million dollar figure to 1 million.

Mr. Herrmann expressed his view that cutting the request back to roughly half might persuade more voters to support the request next time.

Mrs. Kubick (Redding) indicated her view that the 1.3 million dollar number seems to be the most logical under the circumstances and the earlier reduction from 2 million, when additional borrowing authority was discovered, caused the Board to lose credibility. She indicated that the overrun back in November 2004, was a possible violation of state statute. Dr. Fossbender pointed out that the Board is also required by statute to provide education services so these two statutes are possibly in conflict.

Mrs. Wendschuh expressed her view that we should ask for not less than what we think is needed.

Mrs. Gombos arrived at 6:50.

Mr. Karvelis moved that the FOC advise the Board to go back to the voters to request authorization to spend up to 1.3 million dollars toward closing out the Joel Barlow Building project. The primary rationale of the FOC for this advice was the possible dire consequences of a continued inability to pay our bills on the financial standing of the District that might be caused by any change in the opinions of the major credit rating agencies regarding the creditworthiness of the District and the towns of Redding and Easton. Mr. Mayer seconded the motion.

Mrs. Gombos indicated that we should ask for 500k plus 100k to cover legal costs for a few months now. She explained that the Board would then hold District meetings to request funds to cover any additional legal costs and to fund any settlements reached. She expressed the hope that no one would force us to go to referendum each time.

Dr. Fossbender suggested a 1 million dollar figure.

Mr. Mayer reiterated his strong view that each time we go back to the voters it gets more difficult and that we should gamble, in Mr. Herrmann's phrase, on a bigger turnout by our supporters to put this matter, hopefully, behind us.

The motion was approved 5 (Mr. Poltrack, Mr. Lewis, Mr. Karvelis, Mr. Mayer, and Mr. DeSalvo) to 1 (Mrs. Gombos) with one abstention (Mr. Herrmann).

Mr. Herrmann departed at 7:10 p.m.

Mrs. Kubick indicated she felt machine votes are a better way to go and that the request is for up to 1.3 million.

Mr. Ford indicated we need to get the message out that our costs go up every day this request is not approved.

There was no need for an Executive Session.

Mr. Mayer moved to adjourn at 7:16pm Mr. Karvelis seconded this motion. Passed. Unanimous.

Respectfully submitted,

Mark Lewis for Roberta Cable, Secretary