Roxanne Maher

From:	Matthew Bonin
Sent:	Monday, April 14, 2025 4:44 PM
To:	April Brunelle; Carmen Garcia Irizarry; Gary St. Vil; Jessica Buhle; Kevin J. Dombrowski; Naomi Rodriguez; Roxanne Maher; Timothy Ryan; Tony Saccone; William Barnes
Cc:	Fred Allyn, III; jpgush54@gmail.com
Subject:	JWL HVAC Project - Request for Additional Appropriation - response
Attachments:	School Superintendentn-Juliet W Long HVAC Additonal Appropriation-email-2025-04-09.pdf

Members of the Town Council,

I would like to take this opportunity to respond to Superintendent Hartling's email that was sent to the Town Council on Wednesday April 9th entitled **JWL HVAC Project - Request for Additional Appropriation.** I have attached a copy here as it is included in the agenda for this Wednesday's Finance Committee meeting.

First and foremost, there is NO confusion on this matter as Superintendent Hartling implies with the following: "*There seems to be confusion on why the town would need to go back to referendum when the town will be spending far less than the approved $8.5 million. Various town officials have given multiple explanations as we all try to understand this discrepancy and the need for a referendum. We have been told it was advised by Bond Council, a State requirement, cash flow issue and most recently that it was due to the Town Charter*."

I, for one, have not had a singular moment of confusion relative to the need for a referendum to **APPROPRIATE** additional funding.

Superintendent Hartling is speaking to funding *sources* (which are irrelevant to the need for another referendum) as opposed to project *appropriations* and *borrowing authorization* which is what the referendum is really about.

The ENTIRE cost of the project, regardless of the funding source, needs to be formally appropriated. Town funds cannot be expended without an appropriation. The combined cost estimate of all projects (roofs, photovoltaic, HVAC) is now projected to be roughly $9,800,000 million. The town voters have approved spending $8,550,000. The town cannot spend any additional funds beyond that without an additional appropriation.

I call your attention to the wording of the resolution. The key words in the resolution are **APPROPRIATION** and **BORROWING AUTHORIZATION.**

"RESOLUTION AMENDING THE RESOLUTION ENTITLED "RESOLUTION APPROPRIATING $8,550,000 FOR VARIOUS SCHOOL IMPROVEMENT PROJECTS; AND AUTHORIZING THE ISSUE OF BONDS AND NOTES IN THE SAME AMOUNT TO FINANCE SAID APPROPRIATION" TO INCREASE THE APPROPRIATION AND BORROWING AUTHORIZATION TO $9,800,000"

It is also important to point out that the referendum, should it pass, would authorize additional borrowings to finance the cost of the projects. Large projects are typically funded with temporary financing prior to the receipt of grant proceeds. To date, $705,000 has been permanently bonded and $5,500,000 has been temporarily financed in the form of bond anticipations notes. Those notes mature in August of 2025. Additional funding will need to be secured at that time to pay off the notes, likely in the form of additional temporary financing until the projects are completed and permanently financed thru long-term bonding.

State funding for this project is only through reimbursement. The town needs to spend the funds up front. At this time, the Board of Education has not yet filed a request for reimbursement relative to the school projects and funds that have already been expended. $4,279,772 has been expended across all projects to date. The filing request is handled through the superintendent's office, not the town finance department. We do not have access to the system. Depending on the timing of the receipt of project reimbursement, the town may need to temporarily borrow up to $9,800,000 to finance the project. The amount that the town will need to bond (permanently finance) for the project will be solely determined by the amount of grant reimbursement from the State Department of Education.

Please feel free to reach out to me with any questions you may have regarding the need to increase the appropriation and borrowing authorization for these school projects.

Thank you,

Matthew Bonin, CPA
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