

Friday Packet
Friday, June 15, 2007 12:00 AM Eastern

Friday Packet
172 Main Street
Killingly, CT 06239

1. June Board Calendar
2. June 20, 2007 Agenda
3. Community Relations June 21, 2007 Agenda
4. School Construction Legislation
5. Allegra Plantier Employee of the Month Letter
6. Donna Jones Employee of the Month Letter
7. High School Class Night Program
8. Article on KCS Raising Flag
9. Attachments from Friday Memo

Town of Killingly, Connecticut



Presentation to Rating Agencies

\$5,415,000 General Obligation Bonds

\$6,225,000 General Obligation Refunding Bonds
(estimated as of 6/5/07)

June 5, 2007

Credit Presentation – Participants & Credentials

- ◆ Bruce Benway, Town Manager
- ◆ Jim Day, Director of Finance
- ◆ Dave Weber, Financial Advisor

Analysis of Bond Issue (Negotiated)

- ❑ **\$5,415,000 General Obligation Bonds – Lot A**
 - ❑ \$3,000,000 road and bridge improvement projects (new money)
 - ❑ \$2,415,00 design costs for high school/vo-ag project (new money)
 - ❑ Dated June 28, 2007 and due 6/15/08 – 7/15/27
 - ❑ Callable Maturities
- ❑ **\$6,225,000 General Obligation Refunding Bonds (estimated) – Lot B**
 - ❑ Currently refunds and restructures seven outstanding FHA Loans initially issued to finance general improvement, schools and sewers; also refunds three maturities of 1995 Bonds
 - ❑ A payment on 1995 Bonds maturing on August 1, 2007 is excluded from the current refunding
 - ❑ Approval of Town Council pending (6/12/07)

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Analysis of Bond Issue

Use of Proceeds

Lot A (New Money)

M a c i n t o s h P I C T
i m a g e f o r m a t
i s n o t s u p p o r t e d

Lot B (Refunding \$6,184,575* + accrued interest)

- See Preliminary Official Statement, pages 8 and 9.

* Preliminary, subject to change.

NOTES: _____

Analysis of Bond Issue

Killingly High School Project

- History and description of project
- Anticipated construction schedule
- State reimbursement via “Progress Payments”
- Debt Financing Plan

M a c i n t o s h P I C T
i s i m a g e f o r m a t
n o t s u p p o r t e d

¹ The reimbursement rate is blended from the rates for each project.

NOTES: _____

Town of Killingly at a Glance

- Windham County, CT – 50 miles from Hartford and 25 miles from Providence, RI
- Direct access to Interstate Highway (I-395)
- Population: 17,386 (2005) (up 9.4% since 1990)
- Size: 50 square miles (density of 348/mile²)
- Developed land: 56.5% (Open Space Committee)
- Self-sufficient Fire Districts & NECCOG
- Police and Regional Health Services

NOTES:

Town of Killingly at a Glance

◆ Town Council/Town Manager Form

| NAME (DISTRICT) | TERM EXPIRES |
|---------------------------------|---------------------|
| Joyce Ricci (Dist. 1) | Nov-07 |
| Bradford C. Gauthier (Dist. 1) | Nov-07 |
| David A. Bettencourt (Dist. 2) | Nov-07 |
| Mark Johnston (Dist. 2) | Nov-07 |
| Peter Kissa (Dist. 3) | Nov-07 |
| John W. LaGarde (Dist. 3) | Nov-07 |
| Robert Loiselle (Dist 4) | Nov-07 |
| Janice Thurlow, Chair (Dist. 4) | Nov-07 |
| Harold Reeves (Dist 5) | Nov-07 |

NOTES: _____

Town of Killingly at a Glance

Principal Municipal Officials

M a c i n t o s h P I C T
i m a g e f o r m a t
i s n o t s u p p o r t e d

NOTES: _____

Town of Killingly at a Glance

Socioeconomic Statistics

M a c i n t o s h P I C T
i m a g e f o r m a t
i s n o t s u p p o r t e d

* *Census Bureau (2000).*

** *CT Department of Labor, April 2007 (not seasonally adjusted).*

*** *CT Office of Policy & Management.*

NOTES:

Town of Killingly at a Glance

- ◆ Net Taxable Grand List: \$851,461,433 (10/1/06)
 - Increase of 3.5% since 10/1/05 (explanation)
 - ENGL = \$1,583,128,180 (CT OPM as of 10/1/06)
 - Next Revaluation effective 10/1/07
- ◆ Stable Tax Rates
- ◆ Strong Financials and Collection Rates
- ◆ Strong Pensions and Funds/Reserves
- ◆ Diverse Grand List Components and development
- ◆ Stable growth of government/student population

NOTES:

Administrative, Budget & Financial Management Highlights

Employee Bargaining Units

M a c i n t o s h P I C T
i m a g e f o r m a t
i s n o t s u p p o r t e d

- *Plan to control of Health Insurance costs and implementation of IRS §457 Plans*

NOTES:

Administrative, Budget & Financial Management Highlights

- ✓ **Financial Policies**
 - ✓ Budget Assumptions
 - ✓ Fund Balance Policy
 - ✓ Capital Improvement Plan (5-year plan)
 - ✓ Investment Policy
- ✓ **Monthly and Quarterly Review of Financial Information**
 - ✓ Monthly written reports
- ✓ **Contingency Account**
- ✓ **Well-Funded Pension System**
 - ✓ Funded Ratio of 128.5% for Killingly Employees Retirement Income Plan (as of 7/1/05)
 - ✓ No ARC for Fiscal Years 2001 – 2006
 - ✓ Small contribution in 2007

NOTES:

Administrative, Budget & Financial Management Highlights

◆ **Privatization of Services**

- United Water
- Transfer Station

◆ **PILOT Payment**

- Lake Road Generating

◆ **Special Funds**

- Medical Insurance Fund
- Capital Non-Recurring and Capital Reserve Funds

◆ **Well-Maintained Infrastructure**

- Road and sewer maintenance program

NOTES: _____

Administrative, Budget & Financial Management Highlights

Financial Results

- **Prior-Year Results (FYE '06)**
 - Surplus of \$1,838,913
 - Fund Balance to \$6,053,377 (14.2% of Revenues)
 - Undesignated Fund Balance to \$5,263,935 (12.3% of Revenues)

- **Projected Surplus (FYE '07)**
 - Current surplus estimate of \$286,081
 - Current estimated Fund Balance to \$6,339,458 (14.7% of Revenues)
 - *Projected Undesignated Fund Balance to \$5,550,016
(12.8% of 2007 Revenues)*

NOTES:

Administrative, Budget & Financial Management Highlights

Capital Improvement Program (Charter)

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Administrative, Budget & Financial Management Highlights

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IV. Economic Development Highlights

- **Killingly is major regional distribution hub**

- **Killingly's eastern section is experiencing significant residential housing growth**

- **Killingly has a strong manufacturing base**

- **Killingly has a forward-looking policy for the transformation of former mills ("MUD")**

NOTES:

Ongoing Economic Development

- ◆ *Killingly Commons Project*
- ◆ *Brookes Landing Project*
- ◆ *Sale of Lake Road Generating*
- ◆ *United Natural Foods – expansion*
- ◆ *Midland Sales – new construction*
- ◆ *Frito-Lay Cogeneration Project*
- ◆ *Miscellaneous smaller projects*

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Economic Development Highlights

Killingly Commons

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Economic Development Highlights

Brookes Landing



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V. Tax Base

Comparative Assessed Valuations

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Tax Base

2002*

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2006*

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* Grand List of October 1.

Next full revaluation effective October 1, 2007.

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Tax Base

Percentage Growth YOY

24.67%*

2.47%

2.58%

4.50%

3.54%

11.0% growth since revaluation

5th Consecutive Year of Grand List Growth

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* Revaluation.

NOTES:

Tax Base

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Tax Base

Percent of Annual Levy Collected at End of Fiscal Year

95.96%

97.46%

97.68%

97.76%

96.50%*

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* Estimated.

NOTES:

Tax Base

Stable Mill Rates (FY)

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Tax Base

Building Permits

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VI. General Fund

Revenues vs. Expenditures (FY)

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NOTES: _____

General Fund

Operating Results

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General Fund

Total Fund Balance as a % of General Fund Revenues

9.35%

10.82%

14.20%

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General Fund

Undesignated Fund Balance as a % of General Fund Revenues

8.96%

9.40%

12.35%

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VII. Debt Service

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Debt Service

Debt Service as of 6/28/07 - General Fund

Capacity for High School Bonds

69% Rate of Retirement in 10 Years

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NOTE: Excludes Capital Lease.

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Debt Service

Debt Service as a % of Total General Fund Expenditures

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Debt Service

Pro-Forma Debt Ratios (as of 6/28/07)

M a c i n t o s h P I C T
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i s n o t s u p p o r t e d

Pro-Forma Authorized but Unissued Debt (as of 6/28/07)

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i s n o t s u p p o r t e d

NOTES:

VIII. Conclusion

A skilled and experienced management team working in concert with elected and appointed officials to maintain the Town's strong and stable financial condition, as evidenced by the following:

- ❑ *careful short-term and long-term planning with multiple funding sources*
- ❑ *conservative budgeting practices*
- ❑ *aggressive management of grants considering town's size*
- ❑ *well-managed pension plan (over-funding)*
- ❑ *consistently strong tax collection rates supported by a diversified tax base*
- ❑ *responsible debt issuance supported by well-established planning*
- ❑ *sound balance sheet and funds management, including and fund balance designations and reserves*

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CCJEF Update

Volume 1, Issue 1

CONNECTICUT COALITION FOR *JUSTICE* IN EDUCATION FUNDING

May 15, 2007

INSIDE THIS ISSUE:

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Note to Readers:

- This is the premier issue of a newsletter aimed at keeping the growing membership of CCJEF abreast of coalition developments.
- This issue focuses primarily on litigation-related matters. Future newsletters will examine a range of topics of common interest to CCJEF members, allied organizations, and other friends.
- Questions, comments, suggestions for future issues, and other feedback is welcome.

LAWSUIT MOVES FORWARD

At the April 23 hearing before Hartford Superior Court Judge Joe Shortall, CCJEF was granted leave to amend its complaint and to thereby be reinstated as a plaintiff in the education adequacy and equity lawsuit now moving through the courts.

As you may recall, CCJEF brought the suit in November 2005 on behalf of 15 students and their families from eight communities to enforce their fundamental rights to the suitable and substantially equal educational opportunities guaranteed them under the Connecticut constitution. An amended complaint filed in January 2006 added another student from a ninth town.

The complaint, in part, alleges that the state has failed to adequately and equitably fund its public schools and that plaintiff schoolchildrens' municipalities do not have the ability to compensate for the monetary shortfalls resulting from the state's arbitrary and inadequate school finance system.

In August 2006, on a technicality, Judge Shortall affirmed the state's challenge to CCJEF's standing as a plaintiff but also ruled that the correct state officials had been named as defendants in this action.

Executive Director Steve Cassano explains why it was important for the coalition to regain its plaintiff status:

"Our members are highly diverse and have wide-ranging education-related needs that are not currently being adequately or equitably met by the state. All expect their needs and perspectives to be fairly, effectively, and efficiently reflected in this important legal action. That's

only possible if there's one entity leading the effort on behalf of the whole. And that's CCJEF, aided by the tremendous legal representation of the Yale Law School Education Adequacy Clinic."



Also argued on April 23 was the state's motion to strike three counts of the complaint. The court now has 120 days to rule on this pre-trial motion.

Appearing on behalf of CCJEF and the named schoolchildren were three Yale Law School second-year students — Addisu Demissie, Kumar Garg, and Ronald Newman. They were assisted by Prof. Robert Solomon.

Anticipating a favorable ruling for CCJEF on the state's motion to strike, the Yale Clinic is beginning to collect information from coalition districts and municipalities. Some will receive on-site visits yet this spring or summer, with more intensive fact gathering to commence in the fall alongside other trial preparations.

Thus, good progress on the legal front, with more formidable challenges coming soon. Many thanks to the Yale Clinic students and faculty for three years of excellent representation!

LAWSUIT IS CATALYST FOR REFORM

CCJEF has succeeded in bringing the urgency of school finance reform to the fore. The Governor's education budget proposal and the counter-proposals now on the legislative table all represent progress that would not have happened but for the CCJEF suit.

The Administration and legislature didn't just suddenly arrive at an epiphany that now is the time to address school finance issues and the related need for property tax relief.

The valiant efforts of municipalities and others who have long advocated for increased state aid for the schools have mostly been ignored over the years, but the palpable threat of court involvement appears to be working.

Notified in late September 2005 of the impending filing of our lawsuit, Governor Rell established the Commission on Education Finance (which CCJEF had urged her to do months previously), and CCJEF was the first to be invited to serve. Early on, data presentations to the Commission by OPM and Department of Education staff clearly showed that the current Education Cost Sharing formula is underfunded by some \$1.1 billion annually if the state were to meet its 50 percent funding commitment using today's outdated formula.

Despite a less than optimal deliberative process in which CCJEF's Executive Director and several of the coalition's education members participated, many of the Commission's recommendations were included in the Governor's February 2007 education budget proposal.

The Governor is to be commended for her boldness in putting education funding high on her list of budget priorities. Yet the Rell proposal after 5 more years would only reach the funding level that should already be in place under the existing outdated formula.

It also fails to realistically adjust the foundation and student weights to account for the resources that all schools need to adequately serve their students, particularly those who are poor, non-English speaking, or in need of special education services.

Similarly, the Governor's revised formula falls short of satisfactorily fixing the inequities of funding distribution. Raising the state guaranteed wealth level is a good beginning, but it is unfair to the lowest-wealth/highest-need urban districts unless the entire formula is amply funded consistent with the true cost of educating stu-

dents — about twice the funding level being proposed. The Rell property cap proposal, in the absence of adequate state education aid for all, is ominous.

The Rell proposal and the various legislative ones now being weighed all significantly fail to satisfy the adequacy and equity claims of the CCJEF lawsuit. None provides the scope of systemic school funding reform and tax restructuring that are urgently needed. At best, the proposals offer bigger band-aids than in past years, but all would worsen current resource inequities. None of the proposed investments is sufficient to yield substantial improvements in student achievement within the lowest-performing districts or to meaningfully lessen property tax burdens.

Without the lawsuit as a catalyst, it is unlikely that any proposals for historic increases in school funding would now be on the table. Now more than ever, we need to maintain and grow CCJEF's membership to intensify the pressure on state policymakers over the coming months. And we must resist any plans to flat fund education for 2008-09 or to increase ECS aid by decreasing allocations for other vital grants and services.

Without the lawsuit as a catalyst, it is unlikely that any proposals for historic increases in school funding would now be on the table.

Now more than ever, we need to maintain and grow CCJEF's membership to intensify the pressure on state policymakers over the coming months.



Lady Justice with her double-edged sword depicting the power of Reason and Justice.

FRAMEWORK FOR SCHOOL FINANCE REFORM CCJEF WORKGROUP PRODUCTS RELEASED

Under time constraints imposed by interested legislators eager to see the results from the CCJEF workgroups, a preliminary report was issued on February 19 at a news conference held at the Legislative Office Building.

The document represents the effort of dozens of individuals from member communities and organizations, aided by school finance and tax experts, working on ECS formula redesign, revenue/tax rebalancing, and results-based accountability. Input and queries from other diverse education stakeholder groups from across the state are also reflected in the report.

A Framework for Adequately and Equitably Funding Connecticut's Public Schools is a policy study rather than a proposal for a specific formula, funding level, set of accountability provisions, or revenue enhancement solution.

The school finance redesign section, in essence, updates APA's

2005 adequacy cost study, extending that work by showing how an adequacy formula might function and what it would cost, as compared with the current ECS formula and the Governor's proposed revisions.



The formula re-design section details important research in support of our lawsuit. Workgroup discussions also provided essential early insights concerning the potential parameters for any future negotiations relating to the formula.

The accountability section suggests school finance-related policies that could help maximize current and future spending, reassure taxpayers and legislators of the efficacy of school operations, and contribute to cost-containment

— i.e., the kinds of suggestions that legislators and the business community repeatedly told us would be necessary if our framework were to be treated as “credible.”

The revenue/tax restructuring section presents various costed-out options for raising the necessary state revenues to ensure adequate funding for every school district and to shift 50 percent of the overall cost of operating schools to the state. These are mix-and-match, scaleable options that the Democrats now seem, in part, to have borrowed from, albeit without proposing the correspondingly adequate increases in school funding or other formula changes needed to improve equity.

The report is now undergoing minor revision and will be repackaged as two separate policy reports — one detailing ECS redesign, the other including revenue rebalancing options for funding the state's share of adequacy.

Watch for the revised and repackaged Framework reports soon after the conclusion of the 2007 legislative session

Updated
website
coming soon!
www.ccjef.org

NEWS ABOUT MEMBERS

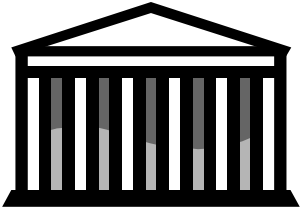
Hamden — After leading the district for nearly 13 years, **Supt. Alida D. Begina** passed away on April 19 following a lengthy illness. She was a founding member of CCJEF, and we'll miss her greatly. Sincere condolences to her family, friends, and the Hamden school community.

Waterford — Very exciting news! **Supt. Randy Collins** has been elected President of the American Association of School Administrators (AASA), a professional organization of some 13,000 educational leaders across the nation. Dr. Collins is the 2002 CT Superintendent of the Year and a

past President of CAPSS. He is also very active in CCJEF matters, recently co-chairing the formula redesign workgroup.

Southington — **Supt. Harvey Polansky** has announced that he will assume leadership of the Milford Public Schools in July. We hope he can finally get the Milford BOE to join CCJEF!

*A salute to three extraordinary educators —
Alida,
Randy,
and Harvey*



Many municipalities receive less ECS per pupil funding today than in the 1970s, and the wealth and mill rate disparities are today far greater than at the time of the Horton decision.

HORTON V. MESKILL TURNS 30

April 19 was the 30th anniversary of *Horton v. Meskill*, the Connecticut Supreme Court decision that altered the way public schools are funded and guaranteed every child's right to an equal education.

CCJEF marked the historic milestone by hosting a lunch and panel discussion at the Old Judiciary Room of the State Capitol. Co-sponsors were the Yale, Quinnipiac, and University of Connecticut Law Schools; the Connecticut Bar Association Education Law Committee; Connecticut Appleseed; ACLU-CT; and the UConn Department of Public Policy.

Honored panelists were Attys. Wesley Horton and Maurice FitzMaurice, the two who initiated and successfully argued the *Horton v. Meskill* case. Together with Atty. Alex Knopp and Hartford City Council Member Elizabeth Horton-Sheff, they discussed the history and significance of the case in an interactive format moderated by Don Noel. (Both the *Sheff v. O'Neill* and CCJEF cases build on *Horton* legal precedents.)

Atty. Knopp, a founding member of CCJEF and former State Representative and Mayor of Norwalk, is Visiting Lecturer at Yale Law School. Ms. Horton-Sheff, along with Atty. Horton and others, continues to work toward implementing the *Sheff* remedies. Don Noel, ACLU-CT Board Chair, is a former *Hartford Courant* columnist and was Capitol reporter during the *Horton* years.

The landmark 1977 ruling established that all Connecticut schoolchildren have a constitutional right to a "substantially equal educational opportunity." The court also ruled that a reliance on the local property base to fund education, without regard to wealth disparities, violated the constitution.

All panelists emphasized that even 30 years later, much work remains to be accomplished if the promises of educational equity and tax fairness are to be fully realized.

Indeed, CCJEF Project Director Dianne deVries noted that many municipalities receive less ECS per pupil funding today than in the 1970s, and the wealth and mill rate disparities are today far greater than at the time of the *Horton* decision.

Atty. William T.S. (Sherman) Butler paid tribute to the 30-year-old decision by presenting production copies of his new publication, *The Connecticut Law Times*, which he intends to publish as a daily newspaper of law, government finance, and administration. His prototype issue printed the full *Horton I* and *III* decisions. It also carried an article by Hartford Corporate Counsel John Rose describing the CCJEF lawsuit, and letters from Bloomfield Mayor Sydney Schulman, David Noah of the Yale Adequacy Clinic, and Dianne deVries.

CT-N and WNPR both taped the event. Welcome interest from Connecticut's Fourth Estate!

CONNECTICUT COALITION FOR *JUSTICE* IN EDUCATION FUNDING

CCJEF's over-arching goal is to modernize the fiscal infrastructure necessary for equal educational opportunity and quality public schools in every neighborhood.

CCJEF seeks to move Connecticut from an outmoded, inequitable, inadequate school funding system based on grand lists and property taxes to a modern, equitable, adequately funded system based on the learning needs of students and the real costs of ensuring equal educational opportunity.

CCJEF is a 501(c)3 nonprofit incorporated in November 2004. Its broad-based membership includes municipalities of all size and wealth circumstances, local and regional boards of education, statewide professional education associations, unions, advocacy organizations, parents of Connecticut schoolchildren, and others. The Yale Law School Education Adequacy Clinic provides pro bono representation.

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