

BLOOMFIELD TOWN COUNCIL

FINANCE SUBCOMMITTEE

There was a regular meeting of the above referenced subcommittee held on Monday, October 17, 2013 at 5:30 p.m. in Conference Room #5, Bloomfield Town Hall, 800 Bloomfield Avenue, Bloomfield, CT.

Committee members present were: Deputy Mayor Hypolite, Councilors DeLorenzo, Rivers and Merritt

Also present were: William Hogan, Director of Finance, Philip K. Schenck, Jr., Town Manager and India Rodgers, Clerk of Council.

The meeting was called to order at 5:35 p.m.

Discussion of BAN sale

The short term note sale will occur in the amount \$5,000,000. The Town issued \$60,000,000 thus far for bonds and notes of approximately 70% for the school renovation project. The State of Connecticut reimbursement for the school renovation project is approximately \$25,000,000. The bond sale will take place on Wednesday, October 23, 2013. The school building committees will be disbanded once the final bills have been paid and all required paperwork has been submitted to the State for closeout.

Discussion regarding the factors of comparable towns

Mr. Barry Bernabe, Financial Advisor with Webster Bank gave a brief credit overview of the Town of Bloomfield. (See Attached) He mentioned new factors for Standards & Poors as well as Kroll, a new credit rating agency. Mr. Bernabe briefly described the following key factors and there relativity to the town:

- Interest rates
- Bond rating very important now than ever, due to the wideness in credit spreads
- Rating categories
- Factors for Assessment
- Rating Methodology – more quantitative
- Institutional Framework
- Debt per Capita – relatively high in a short period of time
- Grand List
- Existing Debt Service
- Long term liabilities – town obtains 20% “smoothing out” process, actuarial assumptions and restructured asset allocations

The town’s pension plan is 60% funded, in the neutral category is a little below average. The Police pension is funded at 55% on the low end. The town consistently makes 100% of the

Annual Required Contribution (ARC), which is a huge positive since both pension plans are closed.

On the Investment/Management side, asset allocation has been restructured to 35/65/35 split. To manage the entire fund is less than 50 points, lowest in the market.

If a trust fund is considered for OPEB, the town is able to invest data at a higher rate. Actuaries won't consider any employee contributions.

Overall, the Town of Bloomfield financial analysis represents:

- Bond rating agencies like to see formal policies, fund balance and debt management policies institutionalized and transcend administrations.
- Demographic base – the town is at state average AA2 which is the current rating.
- The tax base is comprised of the top 10 taxpayers is 17% of the Grand List
- Debt ratio is relatively high on per capita and percent of the Grand List. This amortization is good if the town does not borrow again until some current debt is paid off.
- Natural growth in grand list is good. The tax collection is strong. Financial discipline is excellent and could be a huge positive to get a rating upgrade.
- The Pension & OPEB funds is mixed, making ARC payments and closed defined plans benefit are funding ratio lows.

Status of FY 13/14 Budget

- As of September 30, 2013, revenue sources from FEMA and CREC lease payments up to \$520,000.
- There were several state grants received such as: Town Road Aid - \$170,000 and Education Cost Sharing (ECS) - \$5,400,000. An additional \$300,000 - Alliance Grant was received directly by the Board of Education.
- Tax collections through September, taxes are in line with projections of approximately 60% collected is consistent with trending.
- The tax sale will occur on November 6, 2013 with 12 properties left on the list of initially 22 properties.
- The General Fund has no major variances on the expenditure side and status quo.

Discussion regarding the FY 14/15 Budget process/schedule/issues/opportunities (Potential impact of State mandates for Uniform Code of Accounts)

Mr. Philip K. Schenck, Jr., Town Manager has given department heads budget guidance for capital improvement projects and operating budget. There will be a formal review of department budgets in February, March and April 2014.

A new grant has been awarded to the Town of Bloomfield for capital projects. The town received \$1,600,000 for two year to repave Granby Street and Woodland Avenue. The town will pay for design costs, which is the town's local share.

The town also requested a waiver from the Office of Policy & Management (OPM) for Filley Park project considerations and for the repair of a bridge on Mountain Avenue as additional uses to match grant funds.

In 2011, the State of Connecticut funded \$6,000,000 for a mandate to design and develop a bench marking system in a Uniform Chartered Accounts for all 169 towns effective July 1, 2015. The purpose is to have the State compare all municipal government budgets. To achieve this goal all account coding must be uniform. To implement this practice will require significant cost to convert financial systems.

Councilor DeLorenzo inquired about the timeframe for the CREC school sale funds to be received by the town. The sale is tentatively scheduled to be officially closed by July 2014.

Deputy Mayor Hypolite inquired about the re-evaluation presentation in December 2013. Tyler Technologies will be the vendor selected to conduct re-evaluation. A statistical analysis is completed every 5 years. This is data collected for the FY 2015/2016 budget – October 2014 Grand List.

Old Business

None

New Business

None

Adjournment

It was moved by Councilor DeLorenzo, seconded by Councilor Washington to adjourn at 7:10 p.m.