

## **BLOOMFIELD TOWN COUNCIL**

### **FINANCE SUBCOMMITTEE**

There was a regular meeting of the above referenced subcommittee held on **Thursday, December 20, 2012 at 5:45 p.m.** in Conference Room #5, Bloomfield Town Hall, 800 Bloomfield Avenue, Bloomfield, CT.

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

Also present were: William Hogan, Director of Finance, Barry J. Bernabe, VP – Government Finance of Webster Bank, Richard W. Thivierge of William Blair & Company, LLC, Thom Hooper, Director of Planning and India Rodgers, Clerk of Council.

The meeting was called to order at 5:51 p.m.

#### **Consider and Take Action regarding Bond Resolution Authorization**

Mr. William Hogan, Director of Finance introduced the calling of \$11,000,000 of the 2008 school renovation bonds, with an average coupon of 4%. In this market with low interest rates, there could be a significant savings in replacing with cost effective bonds. In addition, \$5,000,000 will be sold in short term notes as temporary financing for cash flow of the project.

Currently, there has been preparation with the Preliminary Offering Statement including all demographic, financial and economical data of the town. This statement will be released after the authorization takes place. In the interim, there will be a credit review and then bonds will be priced. The closing for this authorization is scheduled at the end of January, 2013.

He also stated that Mr. Doug Gillette of Day Pitney LLP will offer an opinion on the legality of the bond issue.

Mr. Richard Thivierge, Underwriter of William Blair & Company, LLC gave a brief overview of for introducing this bond authorization at this time in the current market. The BB120 bond pricing index is used to show where tax exempt bonds are rated. The Muni Swap SIFMA index is used for determining rates for short term notes. The U.S. Treasury line will maintain rates at the same level until the unemployment rates reaches 6.5% nationwide.

In lieu of the fiscal cliff debate, the impact on municipal tax exempt interest debt could be capped at 28%, which may cause a spike in interest rates.

The benefit in refunding bonds at this time is marked by low historic rates. The AAA MMD Interest rate will price Bloomfield slightly over the norm. Currently, Bloomfield has a bond rating of AA2, which would trade very well especially with the short term notes. There is also some volatility in the marketplace, underwriters will enter into the national market, negotiate at buyer/seller levels and engage the town to accept the lowest interest rate.

Mr. Barry Bernabe, VP of Government and Finance with Webster Bank explained the details of the actual refunding 2008 school renovation bond issue and replace with new bonds. In January, 2013, new bonds will be issued and the estimated potential savings could range from \$300,000 - \$700,000 net of issuance costs. The proceeds from this refunding will go into an escrow account with treasury securities.

The town's bond rating and overall percentage of fund balance is above average for the State of Connecticut at 14%. By, restructuring bonds can be a significant savings which will go into a debt service account of the General Fund as a budgetary savings.

The advanced refunding of all callable bonds is set at \$11,000,000. It was noted that only municipal bonds are only called on a specific date and time, 12/15/15.

**It was moved by Councilor Merritt, seconded by Councilor Washington and voted unanimously to recommend to the full Town Council to approve the Town of Bloomfield's Authorizing the issuance of not exceeding \$11,000,000 Refunding Bonds for Payment in Whole or in Part of the Outstanding Principal of and Interest and any Call Premium on the Town of Bloomfield's \$15,000,000 General Obligation Bonds, Issue of 2008 and Costs Related Thereto".**

### **Consider and Take Action Regarding Tax Abatement with mk North America**

This is a manufacturing company that would like to expand their business located at 105 Highland Park Drive, Bloomfield, CT.

The Zoning Board of Appeals (ZBA) allowed a variance of setback requirements to build over the property line.

The request is to approve 50% abatement of increased assessment of new building construction only for a 3 year period, averaging \$10,000.

This abatement is eligible under the Connecticut General Statute 12-65B. This statute outlines the type of business and amount of improvement into the building.

The company also informed the Town that they will add 30-50 new employees during this expansion.

**It was moved by Councilor Merritt, seconded by Councilor Washington and voted unanimously to recommend to the full Council to approve the tax abatement for mk North America.**

### **Other Business**

#### **Tax Abatement for Solar Panels (Commercial Properties)**

If this tax abatement is approved through the State of Connecticut, the full Council would need to concur with developing policy on tax abatement for solar panels.

The recommendation is to request an opinion from the Town Attorney.

**It was moved by Councilor Merritt, seconded by Councilor DeLorenzo and voted unanimously to recommend to the full Town Council further discussion regarding tax abatements of solar panels for commercial properties.**

### **New Business**

#### **J.P. Vincent School**

Councilor Merritt added this topic to the agenda and suggested that this building sale should be discussed in length. He recommended having a public hearing to discuss sale and plans for this property.

### **Adjournment**

It was moved by Councilor Merritt, seconded by Councilor Washington and voted unanimously to adjourn the meeting at 6:51 p.m.