

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

OFFICIAL MINUTES

MUNICIPAL FINANCE ADVISORY COMMISSION

SPECIAL MEETING

THURSDAY, MAY 29, 2014

Meeting Location: Office of Policy and Management
450 Capitol Avenue, Room 4A
Hartford, CT 06106

Date/Time: May 29, 2014, 10:00 A.M.

Members Present: Chairman Thomas Hamilton
Mr. Robert Burbank
Mr. Robert Dakers
Mr. Douglas Gillette
Ms. Rebecca Sielman
Ms. Diane Waldron

Members Absent: Ms. Kathleen Clarke Buch
Mr. John Schuyler

Others Present: April Capone, OPM Staff
Jean Gula, OPM Staff
David LeVasseur, Undersecretary, IGP Division, OPM
William Plummer, OPM Staff
Morgan Rice, OPM Staff
Dale Martin, Town Manager, Town of Winchester
Marsha Sterling, Mayor, Town of Winchester
Candace Bouchard, Selectman, Town of Winchester
Cynthia Rines, Interim Finance Director, Town of Winchester
Bruce Stratford, Advisor to the Town of Winchester
Christopher King, King & King, CPAs, Winchester Auditor
Edward O'Brien, Mayor, City of West Haven
Kevin McNabola, Finance Director, City of West Haven
Kristin Wirtanen, State Treasurer's Office

1. Call to order

Chairman Hamilton called the meeting to order at 10:05 a.m.

2. Approval of minutes to February 20, 2014 meeting

The minutes of the February 20, 2014 meeting were approved, with Ms. Waldron and Mr. Gillette abstaining.

3. Town of Winchester – Financial Condition Update / 2013 Audit Status

Town Manager Dale Martin introduced several individuals in attendance at the meeting, including Mayor Marsha Sterling and interim finance director Cynthia Rines and Chris King, from King and King, the Town's external auditor. Commissioner Gillette noted for the record that his firm, Day Pitney LLP, serves as the Town's bond counsel.

Mr. King indicated that the June 30, 2013 audit was approximately 25% complete. Chairman Hamilton inquired whether a trial balance was available and Mr. King indicated that it was not. At this point, the audit is not expected to be available before the end of July. Mr. Martin indicated that the goal of the Town is to complete the June 30, 2013 audit as soon as possible and to get back on schedule with timely audits by having the June 30, 2014 audit report issued by the end of December, 2014. Chairman Hamilton inquired whether completion of the June 30, 2014 audit by the end of December was realistic. Ms. Rines indicated it was the Town's goal but that it was ambitious. The Town had reported a \$1.4 million fund deficit in its General Fund as of June 30, 2012. The Town is anticipating that the June 30, 2013 audit will report an increase in the deficit. The Town anticipates that the deficit will begin decreasing in FY 2013-14.

Commissioners asked various questions including the Town's cash flow situation, the status of the Town's pension plan and payments into the plan, and the recent issue in regards to compliance with the statutory minimum budget requirements ("MBR") with respect to the Board of Education budget.

Commissioners thanked the Town for their appearance and presentation.

4. West Haven – Financial Condition Update / Overview of City's Plan to Address Fiscal Challenges

Chairman Hamilton acknowledged the attendance of Mayor O'Brien and Finance Director Kevin McNabola of the City of West Haven. Materials were provided at the meeting by Mr. McNabola.

Mr. McNabola indicated that for FY 2013-14 the City may be facing close to a one-half million operating deficit caused by an overestimation of revenues, primarily related to overestimation of delinquent tax collection. Commissioners pointed out that it appears that delinquent tax collections were again overestimated as it relates to the FY 2014-15 adopted budget. Mr. McNabola indicated that this item will have to be monitored throughout the upcoming fiscal year.

Mr. McNabola described certain internal controls that the City plans to implement to control spending. Mayor O'Brien described certain economic development being implemented including a strategy of selling certain City properties to reduce the deficit. The City is also looking to refinance its 2002 Pension Obligation Bonds ("POBs") to generate savings and also to restructure certain existing bonded debt. The Council has voted down the non-POB restructuring proposal but the POB proposal is still on the table. The POB and non-POB refunding/restructuring plan when combined would have resulted in a net present value savings. The overall budget savings would have been used by the City to help reduce the City's deficit fund balance. The City would also be seeking to request from the State approval on use of the current pension bond statute which would require the City to contribute the annual required contribution (ARC) to the pension plan, a reduction from the contribution required of the City pursuant to the pension bond statute that was in place at the time of issuance of the POBs. It was noted by Commissioners that solely restructuring the non-POB debt would have resulted in a loss or dis-savings.

Commissioners asked a number of questions in regards to the City's restructuring/refunding plan, the financial results of the sewer fund and internal service funds that had previously reported deficits, and the City's overall plan to eliminate the deficit.

The City indicated that it was its intent to continue to scrutinize opportunities to reduce the deficit in a responsible manner. Commissioners expressed their appreciation for Mayor O'Brien and Finance Director McNabola attendance and indicated that they were eager to work with the City to improve its finances.

5. East Haven – Financial Condition Update

A brief update was provided by Mr. Plummer based upon the material that was provided to him by the Town.

6. Borough of Jewett City – Update

Mr. Plummer indicated that there were no new developments with respect to the Borough on which to report at this time.

7. Other business

There being no other business, the meeting was adjourned at approximately 12:05 p.m.