

Official MINUTES
MUNICIPAL FINANCE ADVISORY COMMISSION
SPECIAL MEETING

THURSDAY, DECEMBER 15, 2011

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

Date/Time: December 15, 2011, 10:00 A.M.

Members Present: Chairman Thomas Hamilton
Ms. Kathleen Clarke Buch
Mr. Robert Dakers
Mr. Douglas Gillette
Mr. John Schuyler

Members Absent: Mr. Robert Burbank
Ms. Diane Waldron

Others Present: Joseph Mancini, Finance Director, West Haven
William Plummer, OPM Staff
Jean Gula, OPM Staff
Kristen Emigh, OPM Staff
Sharon Dixon Peay, State Treasurer's Office

Agenda Item 1: Call to Order

Chairman Hamilton convened a special meeting of the Municipal Finance Advisory Commission (the "Commission") at approximately 10:10 A.M.

Agenda Item 2: Minutes of the September 8, 2011 MFAC Meeting

The September 8, 2011 minutes were unanimously approved by all members present with one abstention from Commissioner Schuyler who was not present at the September 8th meeting.

Agenda Item 3: City of West Haven – Financial Condition Update

Commissioners and those in attendance introduced themselves to Joseph Mancini, the Finance Director of West Haven, who attended the meeting to provide information to the Commission on the City's financial status.

Chairman Hamilton noted that Commissioners had received a packet with various financial information related to West Haven in anticipation of the December 15th meeting, including a rating agency report from Standard and Poor's, a pension valuation report, and other items.

At the September 2011 MFAC meeting a list of questions were developed by the Commissioners which were to be conveyed to West Haven by OPM. Mr. Mancini indicated to OPM that it would be more beneficial to speak to the MFAC members directly on the City's fiscal status.

Mr. Mancini provided detailed answers to the previously developed questions that were posed by the Commission. Commissioners asked follow-up questions, in particular regarding certain assumptions in the FY 2011-12 budget. A discussion ensued on certain property tax and state grant revenue assumptions in the FY 2011-12 budget. Commissioners noted that the City incurred a substantial operating deficit in FY 2009-10 and inquired whether the City had made the necessary adjustments to prevent a similar operating deficit in FY 2010-11. Mr. Mancini indicated that the City had made adjustments and is anticipating a small surplus in the General Fund for FY 2010-11.

Commissioners raised questions regarding the City's pension plan, future property tax increases, Board of Education expenditures remaining within the budgeted amount, and current and future economic development projects that could potentially bring in significant revenues to the City.

Commissioners inquired of Mr. Mancini regarding the Allingtown Fire District and the possibility of the District being dissolved and merged with the City of West Haven. Mr. Mancini provided information on the District's fiscal problems and indicated that the City was exploring the financial impact to the City of any possible merger. Commissioner Hamilton indicated that the City would need to obtain significant legal advice to have a full understanding of what a merger would entail.

Commissioner Hamilton thanked Mr. Mancini for attending the meeting and Commission members present all expressed the Commission's willingness to assist the City as it addresses its fiscal issues.

Agenda Item 4: Town of East Haven – Financial Condition Update

Commissioner Hamilton inquired if the Town of East Haven had submitted any financial information for the Commission's review. Mr. Plummer indicated that the Town had provided a cash flow projection, which was included in the information provided to the Commission. The Town's recent elections resulted in a new administration (new mayor and finance director), and with the transition there may have been a lack of time to prepare additional items in the format previously presented by the Town. The Town had submitted a large Excel file indicating that the Town had ended FY 2010-11 with an approximate \$4.7 million operating surplus. The Town had reported a \$5.2 million cumulative general fund balance deficit as of June 30, 2010, and with the anticipated \$4.7 million operating surplus for FY 2010-11 the Town would have a general fund deficit of approximately \$500,000 as of June 30, 2011. Furthermore, the FY 2011-12 budget

included \$1 million for deficit reduction/elimination, and if the Town is able to realize its projections the cumulative deficit would be completely eliminated as of June 30, 2012.

Commissioner Hamilton indicated that the Town appears to have made substantial improvement in its finances, and that the Commission would continue to monitor the Town's finances.

Agenda Item 5: Borough of Jewett City - Update.

Mr. Plummer indicated there was nothing new to report on Jewett City in terms of its financial condition.

Agenda Item 6: Proposed Meeting Dates for Calendar Year 2012

Mr. Plummer pointed out the proposed meeting dates that were provided to the Commission. Commissioners indicated that they would review the proposed dates and get back to OPM on the proposed dates and any conflicts.

Agenda Item 7: Other Business.

Commissioner Dakers provided information on the termination of the State's Tax-Exempt Proceeds Fund, and the State's contemplation of drafting legislation providing additional investment vehicles to municipalities due to recent changes in arbitrage rules and tax law. Sharon Dixon Peay from the State Treasurer's Office provided further details. Commissioner Gillette provided further input based upon experiences of a few of his clients.

Adjournment: Meeting was adjourned at approximately 11:40 A.M.