

TOWN OF BERLIN
REGULAR BOARD OF FINANCE MEETING
May 12, 2020
Conference Call: (701) 802-5116 (Access Code: 6347691#)
7:00 P.M.

A. CALL TO ORDER

B. ROLL CALL

C. PUBLIC COMMENTS

D. APPROVAL OF PRIOR MINUTES

April 9, 2020 Special Meeting

E. NEW BUSINESS

1. Move to read the title of the following proposed ordinance and to waive the reading of the remainder of the ordinance, incorporating its full text into the minutes of the meeting.

Move to adopt, "AN ORDINANCE APPROPRIATING \$1,000,000 FOR ATHLETIC FACILITY IMPROVEMENTS (2020) AND AUTHORIZING THE ISSUE OF \$1,000,000 BONDS OF THE TOWN TO MEET SAID APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE."

2. Move to transfer \$5,100 from the Fuel Account to the Tire Account in the Municipal Garage department.
3. Move to approve the non-budgeted appropriation of the State of Connecticut Youth Services grant increase in the amount of \$10,734 to the Youth Grant expenditure account.
4. Discuss potential Board of Education surplus.
5. Discuss potential Defined Benefit pension funding plan.
6. Discuss Farmington Avenue Boulevard project.
7. Financial status update.

F. ADJOURNMENT

**TOWN OF BERLIN
BOARD OF FINANCE BUDGET MEETING
SPECIAL MEETING
Thursday, April 9, 2020
Conference Call: 1-425-436-6260 (5329536)
7:00 P.M.**

A. CALL TO ORDER

Chairman Lomaglio called the meeting to order at 7:01 p.m.

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

ATTENDANCE:

Members Present: Sal Bordonaro, Tim Grady, Mark Holmes, Sam Lomaglio, Gerald Paradis, John Richards

Staff Present:

Kevin Delaney – Finance Director
Arosha Jayawickrema – Town Manager

D. APPROVAL OF MINUTES:

March 2, 2020 Budget Meeting
March 4, 2020 Budget Meeting
March 9, 2020 Budget Meeting
March 10, 2020 Regular Meeting
March 18, 2020 Budget Meeting
March 31, 2020 Budget Meeting

Mr. Richards moved to approve the March 2, 2020 Budget Meeting minutes as amended (see attached).

Seconded by Mr. Paradis.

Vote being 6-0. (MOTION CARRIED)

Mr. Richards moved to approve the March 4, 2020 Budget Meeting minutes as amended (see attached).

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

Mr. Richards moved to approve the March 9, 2020 Budget Meeting minutes as amended (see attached).

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

Mr. Richards moved to approve the March 10, 2020 Regular Meeting minutes.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

Mr. Richards moved to approve the March 18, 2020 Budget Meeting minutes as amended (see attached).

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

Mr. Richards moved to approve the March 31, 2020 Budget Meeting minutes as amended (see attached).

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

E. NEW BUSINESS:

- 1. Move to adopt the Town of Berlin fiscal year 2021 budget in the amount of \$91,475,922 – composed of the Board of Education budget of \$46,416,504 and the General Government budget of \$45,059,418.**

Mr. Paradis moved to adopt the Town of Berlin fiscal year 2021 budget in the amount of \$91,475,922 – composed of the Board of Education budget of \$46,416,504 and the General Government budget of \$45,059,418.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

- 2. Move to set the Town of Berlin fiscal year 2021 mill rate at 33.93.**

Mr. Paradis moved to set the Town of Berlin fiscal year 2021 mill rate at 33.93.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

- 3. Move to adopt the attached resolution making certain findings with respect to unexpended bond proceeds of the Town and appropriating said funds for capital purposes as outlined in the attached resolution.**

Mr. Paradis moved to adopt the attached resolution regarding unexpended bond proceeds from the Scalise Field Improvement project, reallocating \$46,535.19 to the Sage Park Improvement Fund (Athletic Field Improvement - Sage Park Restrooms).

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

- 4. Move to approve the transfer of \$98,976 as detailed on the accompanying spreadsheet, to cover higher than budgeted expenditures in the identified accounts.**

Mr. Paradis moved to approve the transfer of \$98,976 as detailed on the accompanying spreadsheet, to cover higher than budgeted expenditures in the identified accounts.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

- 5. Move to approve the transfer of \$16,376 from the Senior Center HVAC account in the General Fund and \$ 7,809 from the ADA Improvements account in the General Fund to the Senior Center Repairs account in the General Fund.**

Mr. Paradis moved to approve the transfer of \$16,376 from the Senior Center HVAC account in the General Fund and \$ 7,809 from the ADA Improvements account in the General Fund to the Senior Center Repairs account in the General Fund.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

- 6. Move to approve the transfer of \$10,000 from the Health Insurance account and \$28,555.49 from the Pension account, both in the Police Department in the General Fund to the Defibrillators account in the General Fund.**

Mr. Paradis moved to approve the transfer of \$10,000 from the Health Insurance account and \$28,555.49 from the Pension account, both in the Police Department in the General Fund to the Defibrillators account in the General Fund.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

7. Discuss Governor Lamont's Executive Orders 7R and 7S.

Finance Director Delaney stated that Executive Order 7R references continuing expenditures that Boards of Education are required to maintain throughout the remainder of fiscal year 2020, including full staffing and negotiating with transportation and special education providers.

Mr. Richards added that the Finance and Operations Committee of the Board of Education will recommend that Executive Order 7R be followed, at its next regular meeting on April 13, 2020. The Board of Finance previously discussed potential surplus, in the current FY 2019-20, resulting from schools not being in session, but that amount will likely be limited to fuel savings from buses not running and any negotiated discount for the cost of buses and drivers. Any funding provided to towns by the State, as part of the Education Cost Sharing grant, would continue only if Executive Order 7R is followed.

Finance Director Delaney stated that Executive Order 7S demands that municipalities choose one of two options for adjusting practices regarding tax collection: 1) A municipality may extend the deferment period for paying taxes from 30 days (typically due the 1st business day of August) to 90 days (due 1st business day in October, 2020); or 2) Retain the current grace period of 30 days, and lower the interest charge for delinquent payments to .25% per month for the 90-day period to the 1st business day of October, 2020. After such period, delinquency interest rates would revert to 1.5% per month. Municipalities must provide their decisions to OPM by April 25, 2020.

Finance Director Delaney and Town Manager Jayawickrema recommend option #2 which lowers the delinquent interest rate and will present the options and recommendation to Town Council on April 21, 2020. The Town's Fund Balance could pay for operating costs for about 2 months, but tax levy revenue will be needed to meet the Town's approximate \$6,500,000 debt service costs due in December 2020, as well as ongoing operating costs. Only about 33% of property tax levy is paid from escrowed accounts (typically broken up semi-annually: about \$11,000,000 received in July and \$11,000,000 received in January) and waiting until October to determine how many delinquencies exist would leave very little time for the Town to consider short-term borrowing as an option to meet its cash flow needs. Additionally, the Town provides "back-stop" financial coverage to the Water district which may also suffer from reduced collection rates as a result of situational unemployment. The Water district might then utilize the majority of its reserves within the first third of the fiscal year to meet a large sewer payment to the Mattabassett District, as well as customary operating costs.

One form of short-term lending is Tax Anticipation Notes, but they must be repaid within the fiscal year they are taken. If Berlin's tax collection rates are affected long-term (businesses closed, individuals unable to pay residential taxes), Berlin would be required to build the repayment into the next budget.

Board of Finance members agree that the lower interest rate option is preferred (it offers relief to residents affected by temporary loss of income but does not disproportionately harm the Town's cash flow requirements), and Chairman Lomaglio will advise Town Council of the Board of Finance's consensus.

8. Financial Status Update

Defined Benefit Pension Fund - Finance Director Delaney stated that the Defined Benefit Pension Fund has received notification of a retirement effective May 1, 2020. The retiring police officer is a 42-year tenured staff member. The Fund has sufficient money to cover the estimated payout, but replenishment funds will likely be sought.

Board of Education 1% rollover account – Finance Director Delaney stated that the Board of Education intends to redirect funds initially intended for the McGee gymnasium painting project (which came in under budget) towards furniture and appliances for the Blast classroom. Both are projects that were included in the FY 2019-20 1% roll forward funding.

The Board of Finance discussed whether the Board of Education might maximize the newly legislated 2% (was “up to 1%” of the BOE budget previously) at the end of the current FY 2019-20 as carryover for next fiscal year or return unused funds to the General Fund due to the extraordinary circumstances. Finance Director Delaney noted that six student transportation vans are not operational and any surplus might be utilized to purchase more vans. (Two or three vans were purchased this fiscal year.)

The next Board of Finance meeting is scheduled for May 12, 2020.

9. Adjournment

Mr. Paradis moved to adjourn at 7:43 p.m.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

Submitted by,

Dana Borges

BOF Special Meeting, THU 4/9/20: Item D. Recommended changes to the minutes

Mr. Richards stated that he had reviewed the various minutes to be approved this evening. He asks that the minutes shown below be “approved, as amended.” The amendments, which should be placed in tonight’s minutes are shown below.

Minutes of Monday, March 2, 2020

Page 3; second to last para.; Change the last sentence to begin, “Director Malinka **said the** Library proposes ...”

Page 3; last para.; Change the last sentence to begin, “VNA’s census was 70...” [add apostrophe]

Minutes of Wednesday, March 4, 2020

Page 1, second bullet (Capital); Change the comment to read, “Previously, **the BOE has** requested items over \$5,000 [not “expenditures over \$25,000”] in its capital budget **request. Based on a change in the definition of “Capital Requests,”** it is now required to budget for any **items less than \$25,000 in its operating budget.** [not “any expense over \$5,000”]

Page 1, third bullet (certified staff); Change the first point to end, “... at BHS **(to meet the State’s graduation requirement that all students receive at least one year of a foreign language)**

Page 1; Change the second point to read, “... eliminated from **last year’s** budget, ...”

Page 2; mid page, before the question section, Replace the first sentence with, “**Mr. Aroain stated, in conclusion, what he had shared on the second of the 18 slides. ‘If the growth and vitality of our town is connected to the quality of the school system, how do we create a responsible budget that allows the town to grow and the schools to flourish?’ He repeated the quotes on slide #2, from the Town Assessor and the Mayor, stressing the value of the school system as part of the community’s expectations.**”

Pages 2,3; Change the “BOF Question” to identify the speaker

Q1: Mr. Bordonaro

Q2: Mr. Bordonaro

Q3: Mr. Paradis

Q4, 5, 6: Mr. Grady

Q7: Mr. Holmes

Page 3; ADD at the end of the question section, “**Mr. Richards spoke about the stacked bar chart, shown on slide #16. He said in his work with the BOE’s F&O committee, he observes that the BOE’s proposed budget is seen by him in three segments. By moving the proposed ESS position from**

“Contracted Services” to the top block, “New Staff Requests,” he said the breakdown would be seen as a) preserve the existing system, no changes +\$1.349M, +3.0%; b) new equipment, based on the change in capital definition, +\$0.190M, +0.4%; and c) proposed new staffing, including the ESS position, +\$0.870M, +2.0%. This was his view of the BOE’s proposed increase of +\$2.409M, +5.36%. The BOE responded that this was a reasonable observation.”

Minutes of Monday, March 9, 2020

Page 1; Item D1, second bullet, Change the first sentence to read, **“Anthem has shared a lower projected Dental rate increase, and medical benefits are reduced from +10% to +7%, resulting in a net reduction ...”**

Page 3; second para., Change to read, “Town planner – plan is ...” [add – to match other item format]

Minutes of Wednesday, March 18, 2020

Page 2; Item 3a, REVENUE: MOVE the fourth bullet, and change it to read, “Reduce Contingency **(available under Townwide Expense 0507)**”

Page 2, Item 3a, EXPENSE: ADD a bullet indication for the last item, “Reduce Public Works ...”

Page 5, para. at end of General Government motions, Change the second line to read, “... result in a net-zero **mill rate** increase ...”

Page 6, Item 3 b i: Change the vote on BOE budget to reflect

Those voting in favor: Mr. Holmes, Mr. Lomaglio, Mr. Paradis, Mr. Richards

Those voting against: Mr. Bordonaro, Mr. Grady

Vote being 4-2. (MOTION CARRIED)

It is requested that these amendments be approved by the Board of Finance, and the content shown above be incorporated in the body of the minutes for the Special Meeting of 4/9/20. (Any adjustments to the above will be noted in a final draft)

Submitted: John Richards, BOF member

**RESOLUTION MAKING CERTAIN FINDINGS WITH
RESPECT TO UNEXPENDED BOND PROCEEDS OF THE
TOWN AND APPROPRIATING SAID PROCEEDS FOR
CAPITAL PURPOSES**

Section 1. The Town Council hereby finds and determines that \$46,535.19 proceeds derived from the bonds issued for the Scalise Field Improvements Project on 6/26/2019 in the principal amount of \$1,000,000 remain unexpended and not required for the Scalise Field Improvements purpose at this time.

Section 2. Pursuant to Section 6-10-6 of the Town Charter the Council hereby reallocates and appropriates, subject to passage of the Athletic Fields Improvements bond ordinance and approval of the Board of Finance, the \$46,535.19 (net of expenses) above referenced unexpended bond proceeds for the following purposes:

Project	From Unexpended Proceeds	Reallocation To	Amount
Scalise Field Improvements	\$46,535.19	Sage Park Improvements Fund (Athletic Field Improvements - Sage Park Restrooms)	\$ 46,535.19

Any balance remaining in the Scalise Field Improvements account after payment of expenses is authorized to be reallocated to the above project as determined by the Finance Director.

As a result of the reallocation herein the appropriation and bond authorization to Scalise Field Improvements is restored \$146,535.19, and the appropriation and bond authorization for the Reallocation To Projects is reduced by the amount of reallocation herein.

The Director of Finance is authorized to finalize through adjustments amounts set forth in this resolution.

2020-04-09 Board of Finance Meeting

Budget Adjustments April 7, 2020

E-4

Department	GL Account #		From	To	Explanation
Town Manager	001.05.0501.0.51100.00000	Department Head		\$5,000.00	The Town Manager's contract included a higher wage than he was paid as Interim Town Manager. The Town Manager declined the Town's health insurance which leaves balance in that account. This transfer moves excess health insurance funds in that department to the Department Head account.
	001.05.0501.0.52236.00000	Health Insurance	\$5,000.00		
Planning & Zoning	001.10.1014.0.51130.00000	Clerical Personnel		\$3,600.00	With the departure of the Town Planner early in fiscal year 2020, a part-time resource shared between Assessor and Finance offered to work more hours to help cover the Planning & Zoning work. This transfer funds the additional part-time wages from the savings of the vacant Town Planner position.
	001.10.1014.0.51125.00000	Mid-Managers Personnel	\$3,500.00		
Public Works	001.20.2036.0.52010.00000	Workers Compensation		\$5,900.00	During the fiscal year 2020 worker's compensation audit the rate for the Asst. Public Works Director was identified as too low. Based on insurance standards, this rate was corrected in the middle of fiscal year 2020. Funding is not available in the department to cover this unbudgeted cost so contingency is being used to cover the cost.
	001.05.0507.0.53927.00000	Contingency	\$5,900.00		
Public Buildings	001.20.2036.0.52236.00000	Health Insurance		\$8,350.00	Two employees in the Public Building department changed their health insurance election mid-year due to status changes - marriage and birth of a child. The vacancy of the Town Planner creates a surplus in the health insurance account in the Planning & Zoning Department, and that surplus is being transferred to cover the additional health insurance cost in Public Buildings.
	001.10.1014.0.52236.00000	Health Insurance	\$8,350.00		
Revenue Collector	001.05.0504.0.53624.00000	Tax Refunds		\$15,000.00	Tax refunds are projected to exceed the FY20 budget in March based on a few large real estate tax stipulations. This transfer is to fund the account for future refunds based on FY19 actual results.
	001.05.0507.0.53927.00000	Contingency	\$15,000.00		
Public Grounds	001.25.2545.0.53917.00000	Water & Sewer		\$4,500.00	Based on usage and the timing of billing, the water & sewer account for Public Grounds (pools, fields) is forecasted to finish higher than budget. Remaining balances within Grounds are forecasted to be used before year-end, so the only funding source for this overage is Contingency.
	001.05.0507.0.53927.00000	Contingency	\$4,500.00		
Fire Department	001.15.1531.0.52410.00000	Robert Wolf		\$26,725.00	Volunteer firefighters who meet the established criteria receive a \$500/year contribution to the Robert Wolf retirement plan. The Town contributes these funds in July for the previous calendar year. This transfer would sign the payments to January each year (immediately following the year when service was provided) by doubling up the contribution in FY20 - making the payment in April instead of July.
	001.40.4066.0.59500.02051	Sep BANs - Town	\$13,363.00		
	001.40.4066.0.59500.02051	Sep BANs - School	\$13,363.00		Funds remain in the BANs account because the Town paid off short-term notes in January 2020 instead of rolling the notes.
GENERAL FUND TOTAL			\$88,976.00	\$88,976.00	
Water Control					
WATER CONTROL TOTAL			\$0.00	\$0.00	
GRAND TOTAL			\$88,976.00	\$88,976.00	

AN ORDINANCE APPROPRIATING \$1,000,000 FOR
ATHLETIC FACILITY IMPROVEMENTS (2020) AND
AUTHORIZING THE ISSUE OF \$1,000,000 BONDS OF THE
TOWN TO MEET SAID APPROPRIATION, AND PENDING
THE ISSUANCE THEREOF THE MAKING OF TEMPORARY
BORROWINGS FOR SUCH PURPOSE

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF BERLIN:

Section 1. The sum of \$1,000,000 is appropriated for the planning, acquisition and construction of Athletic Facility Improvements (2020) the ("Project"). The Project shall consist of Sage I Softball Field, Percival Soccer Field and Scalise Rest Rooms, and such other facilities and locations as determined by the Town Council, and including: sod and other field improvements, drainage installation, new or renovated athletic buildings or facilities associated with athletic fields, equipment, administrative, advertising, printing, legal and financing costs related thereto. The Director of Finance or Town Manager may allocate funding among the projects as needed from time to time.

Section 2. The Town's share of the Project cost is estimated to be \$1,000,000 and is expected to be paid from the proceeds of bonds authorized herein.

Section 3. To meet said appropriation \$1,000,000 bonds of the Town or so much thereof as shall be necessary for such purpose, shall be issued, maturing not later than the twentieth year after their date, or such later date as may be allowed by law. Said bonds may be issued in one or more series as determined by a majority of the Mayor, Treasurer, Town Manager and Director of Finance (such majority hereafter, the "Town Officials") and the amount of bonds of each series to be issued shall be fixed by the Town Officials in the amount necessary to meet the Town's share of the cost of the Project determined after considering the estimated amount of State and Federal grants-in-aid of the Project, or the actual amount thereof if this be ascertainable, and the anticipated times of receipt thereof, provided that the total amount of bonds to be issued shall not be less than an amount which will provide funds sufficient with other funds available for such purpose to pay the principal of and the interest on all temporary borrowings in anticipation of the receipt of the proceeds of said bonds outstanding at the time of the issuance thereof, and to pay for the administrative, printing and legal costs of issuing the bonds. Capital project revenues, including bid premiums and income derived from the investment of proceeds from bonds issued pursuant to this resolution (and net investment income derived from the investment of note proceeds) are authorized to be credited by the Director of Finance to the project account and expended to pay project expenses customarily paid there from, provided that such expenditures shall be applied against the appropriation, and the bond authorization shall be reduced by the amount of capital project revenues so credited, and provided further that earnings from the investment of note proceeds shall first be applied by the Director of Finance to pay note interest expense. The bonds shall be in the denomination of \$1,000 or a whole multiple thereof, or, be combined with other bonds of the Town and such combined issue shall be in the denomination per aggregate maturity of \$1,000 or a whole multiple thereof, be issued in bearer form or in fully

registered form, be executed in the name and on behalf of the Town by the facsimile or manual signatures of the Town Officials, bear the Town seal or a facsimile thereof, be certified by a bank or trust company designated by the Town Officials, which bank or trust company may be designated the registrar and transfer agent, be payable at a bank or trust company designated by the Town Officials, and be approved as to their legality by Joseph Fasi LLC, Attorneys-at-Law, Bond Counsel. They shall bear such rate or rates of interest as shall be determined by the Town Officials. The bonds shall be general obligations of the Town and each of the bonds shall recite that every requirement of law relating to its issue has been duly complied with, that such bond is within every debt and other limit prescribed by law, that the full faith and credit of the Town are pledged to the payment of the principal thereof and interest thereon, and shall be paid from property taxation to the extent not paid from other sources. In connection with the issuance of any bonds or notes authorized herein, the Town may exercise any power delegated to municipalities pursuant to Section 7-370b, including the authority to enter into agreements moderating interest rate fluctuation, provided any such agreement or exercise of authority shall be approved by the Town Council. The aggregate principal amount of bonds to be issued, the annual installments of principal, redemption provisions, if any, the date, time of issue and sale and other terms, details and particulars of such bonds shall be determined by the Town Officials in accordance with the General Statutes of the State of Connecticut, as amended. In order to meet the capital cash flow expenditure needs of the Town, the Town Manager and Director of Finance are authorized to allocate and reallocate expenditures incurred for the Project to any bonds or notes of the Town outstanding as of the date of such allocation, and the bonds or notes to which such expenditures have been allocated shall be deemed to have been issued for such purpose, including the bonds and notes herein authorized.

Section 4. Said bonds shall be sold by the Town Officials in a competitive offering or by negotiation, in the Town Officials' discretion. If sold in a competitive offering, the bonds shall be sold upon sealed proposals, or by auction, or other competitive method at not less than par and accrued interest on the basis of the lowest net or true interest cost to the Town. A notice of sale or a summary thereof describing the bonds and setting forth the terms and conditions of the sale shall be published at least five days in advance of the sale in a recognized publication carrying municipal bond notices and devoted primarily to financial news and the subject of state and municipal bonds. If the bonds are sold by negotiation, provisions of the purchase agreement shall be approved by the Town Officials.

Section 5. The Town Officials are authorized to make temporary borrowings in anticipation of the receipt of the proceeds of said bonds. Notes evidencing such borrowings shall be executed in the name and on behalf of the Town by the facsimile or manual signatures of the Town Officials, bear the Town seal or a facsimile thereof, be payable at a bank or trust company designated by the Town Officials, be approved as to their legality by Joseph Fasi LLC, Attorneys-at-Law, Bond Counsel, and be certified by a bank or trust company designated by the Town Officials pursuant to Section 7-373 of the General Statutes of Connecticut, as amended. They shall be issued with maturity dates which comply with the provisions of the General Statutes governing the issuance of such notes, as the same may be amended from time to time. The notes shall be general obligations of the Town and each of the notes shall recite that every requirement of law relating to its issue has been duly complied with, that such note is within every debt and other limit prescribed by law, that the full faith and credit of the Town are pledged to the payment of the

principal thereof and the interest thereon, and shall be paid from property taxation to the extent not paid from other sources. The net interest cost on such notes, including renewals thereof, and the expense of preparing, issuing and marketing them, to the extent paid from the proceeds of such renewals or said bonds, shall be included as a cost of the project. Upon the sale of the bonds, the proceeds thereof, to the extent required, shall be applied forthwith to the payment of the principal of and the interest on any such notes then outstanding or shall be deposited with a bank or trust company in trust for such purpose.

Section 6. Resolution of Official Intent to Reimburse Expenditures with Borrowings. The Town (the "Issuer") hereby expresses its official intent pursuant to Section 1.150-2 of the Federal Income Tax Regulations, Title 26 (the "Regulations"), to reimburse expenditures paid sixty days prior to and after the date of passage of this resolution in the maximum amount and for the capital projects defined in Section 1 with the proceeds of bonds, notes, or other obligations ("Bonds") authorized to be issued by the Issuer. The Bonds shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or the substantial completion of the Project, or such later date the Regulations may authorize. The Issuer hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date. The Director of Finance or his designee is authorized to pay project expenses in accordance herewith pending the issuance of reimbursement bonds, and to amend this declaration.

Section 7. The Town Officials are hereby authorized, on behalf of the Town, to enter into agreements or otherwise covenant for the benefit of bondholders to provide information on an annual or other periodic basis to nationally recognized municipal securities information repositories or state based information repositories (the "Repositories") and to provide notices to the Repositories of material events as enumerated in Securities and Exchange Commission Exchange Act Rule 15c2-12, as amended, as may be necessary, appropriate or desirable to effect the sale of the bonds and notes authorized by this ordinance. Any agreements or representations to provide information to Repositories made prior hereto are hereby confirmed, ratified and approved.

Section 8. It is hereby found and determined that it is in the public interest to issue all, or a portion of, the Bonds, Notes or other obligations of the Town authorized to be issued herein as qualified private activity bonds, or with interest that is includable in gross income of the holders thereof for purposes of federal income taxation. The Town Officials are hereby authorized to issue and utilize without further approval any financing alternative currently or hereafter available to municipal governments pursuant to law including but not limited to any "tax credit bonds" or "Build America Bonds" including Direct Payment and Tax Credit versions.

**Agenda Item No. E-2
Request for Board of Finance Action**

TO: The Board of Finance
FROM: Arosha Jayawickrema, Town Manager
DATE: February 25, 2020
SUBJECT: Request to transfer \$5,100 from our Vehicle Fuel Account to the Tire Account

Summary of Agenda Item:

The Town of Berlin purchases tires utilizing the State of CT DAS Contract #18PSZ0022 through a local vendor, CT Tire Inc., of Berlin, Connecticut. The contract provides cost discounts through Goodyear and various other vendors.

During the current fiscal year, the Fleet Department had requested and was approved to spend up to but not exceeding \$25,000 with CT Tire Inc., for these expenditures. Unfortunately, due to the rising cost of tires, and some unforeseen replacements of larger loader tires and the continuing attempt to upgrade large truck and Fire Apparatus tires, which are required now by State Legislation HB 7047. We have depleted the tire account and are currently approaching the \$25,000 cap.

Jim Simons, Fleet Manager is requesting a budget transfer of \$5,100 from our Fuel Account # 001.20.2035.0.53106.0000 into our Tire Account #001.20.2035.0.53220.00000 to provide funding for the remainder of the year.

Action Needed:

Move to transfer \$5,100 from the Fuel Account to the Tire Account to provide funding for the remainder the current Fiscal Year.

Attachments:

None

Prepared By:

James Simons, Fleet Manager

Agenda Item E-3
Request for Board of Finance Action

TO: The Board of Finance

FROM: Arosha Jayawickrema, Town Manager

DATE: April 28, 2020

SUBJECT: Youth Services Grant Increase

Summary of Agenda Item:

The State of Connecticut has awarded the Town an additional \$10,734 for the Youth Services Grant. This agenda item is to appropriate the additional funds to revenue account:

001.30.3055.2.44701.00000 (Child & Youth Services)	\$10,734.00
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And expenditure account:

001.30.3054.0.53462.00000 (Youth Grant)	\$10,734.00
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The Governor's Executive Order 7CC provides that, during the Covid-19 emergency, actions such as this are exempt from Town Meeting requirements.

Action Needed:

Move to approve the non-budgeted appropriation of the State of Connecticut Youth Services grant increase in the amount of \$10,734 to the Youth Grant expenditure account.

Attachments:

None

Prepared By:

Doug Truitt, Social & Youth Services Director

Potential Defined Benefit Pension Funding Plan

- 1 Hybrid Plan: DB & DC liabilities & assets
- 2 4 Types of participants:
 - Active: current employees participating in the Plan
 - Inactive: former employees who are vested in the Plan but not receiving a benefit
 - Retiree: former employee who is receiving a monthly annuity check
 - Beneficiary: spouse of deceased retiree who is receiving monthly annuity check
- 3 Funding proposal:
 - Transfer \$700,000 of projected FY2020 surplus into the DB assets at Prudential
 - Appropriate \$4,300,000 of current General Fund Unassigned Fund Balance into DB assets at Prudential
- 4 Know/Projected Payouts after 7/1/2019 liability was calculated
- 5 Adjusted liability: 30-Year US Treasury rate has declined 2pp since 7/1/2019 liability was calculated
- 6 Impact of Proposal to Projected 6/30/2020 General Fund Unassigned Fund Balance

Town of Berlin

Hybrid DB/DC Funding Proposal - Excludes the Impact of Known Future Retirements

Board of Finance Meeting on May 12, 2020

(Assumes lump sum payout for all future retirees)

	1							2							3							4							5						
	Pension Liability*							Current Status**							Funding Proposal (@ 3.5% Treasury Rate)							Funding Proposal (@ 1.5% Treasury Rate)													
	Active	Inactive	Retiree	Beneficiary	Retirements	Inv Return	TOTAL	Assets	Unfunded Liability		FY 2020 Transfer	Approp. FB		Assets	Unfunded Liability		FY 2020 Transfer	Approp. FB	Additional Liability***	Adj. Total Liability		FY 2020 Transfer	Approp. FB	Assets	Unfunded Liability										
Defined Benefit	\$8,222,018	\$0	\$1,380,653	\$240,959	(\$463,087)	\$0	\$9,380,543	\$2,380,007	(\$7,000,536)		\$700,000	\$4,300,000		\$7,380,007	(\$2,000,536)		\$700,000	\$4,300,000	\$3,742,080	\$13,122,623		\$700,000	\$4,300,000	\$7,380,007	(\$5,742,616)										
Defined Contribution	\$5,370,773	\$247,280	\$0	\$0	(\$490,996)	\$282,028	\$5,409,085	\$5,409,085	\$0		\$0	\$0		\$5,409,085	\$0		\$0	\$0	\$0	\$5,409,085		\$0	\$0	\$5,409,085	\$0										
TOTAL	\$13,592,791	\$247,280	\$1,380,653	\$240,959	(\$954,083)	\$282,028	\$14,789,628	\$7,789,092	(\$7,000,536)		\$700,000	\$4,300,000		\$12,789,092	(\$2,000,536)		\$700,000	\$4,300,000	\$3,742,080	\$18,531,708		\$700,000	\$4,300,000	\$12,789,092	(\$5,742,616)										
Pension Funding %																																			
DB								25.4%						78.7%											56.2%										
DC								100.0%						100.0%											100.0%										
Total								52.7%						86.5%											69.0%										

Projected impact of Pension funding proposal on Unassigned General Fund Balance:

6/30/2019 Unassigned Fund Balance	\$14,949,335
Proposed fund balance appropriation	(\$4,300,000)
Projected 6/30/2020 Unassigned Fund Balance****	\$10,649,335
FY 2021 Adopted General Fund Budget	\$91,475,922
Unassigned as % of FY 2021 GF Budget	11.6%

Known/Projected Retirement Payouts (as of 5/12/2020) (\$3.6 million, \$850k DC offset):

- Participant retired August 2019 - payout to occur April 2021 based on retirement age requirement in the plan (estimate \$1.1 million, \$250k DC offset)
- Participant retiring May 1, 2020 - payout to occur in June 2020 (estimate \$1.4 million, \$300k DC offset)
- Projected participant retirement July 1, 2020 - payout to occur in August 2020 (\$1.4 million, \$300k DC offset)

* The Pension Liability displayed was calculated as of 7/1/2019 and adjusted for anyone who retired and was "paid out" after 7/1/2019

** Current Status assumes 3.5% 30-year Treasury rate used for 7/1/2019 liability calculation

*** Based on the 6/30/2019 GASB 68 Report from the Town's actuary, a 1pp decrease in the 30-year US Treasury rate increases the DB liability by \$1,871,040. The 2pp decline (3.5% vs. 1.5%) is assumed to increase the liability by twice the 1pp change.

**** Projected General Fund Unassigned Fund Balance assumes no surplus or deficit for FY 2020.

Berlin Boulevard to the Train Station - Estimated
Sources and Uses of Funds 5-5-2020
Uses

Total Uses, Construction Phase (engineering estimate, not bid) - **bid opening May 21, 2020**

\$1,400,000

\$1,600,000

Grant	Administering Agency	Status	Original Grant Amount	Available for Boulevard Construction	UPDATED Available for Boulevard Construction	Original Project
construction was underway, project transferred to DOT then station destroyed by fire. Town requested reprogramming. DOT estimates reprogramming amount at \$290,000. This amount may increase if Town "reimburses" the grant for eligible grant costs as requested by DOT to close out the project.						
STEAP Train Station 1 (Amt. from DOT final audit - dated February 7, 2020)	OPM/DOT		\$400,000	\$290,000	\$291,722	Train Station
STEAP Train Station 1 (Amt. from DOT final audit - dated February 7, 2020)	OPM/DOT	Additional project funds Town is to "reimburse" to DOT that will be available for reprogramming		\$38,111	\$44,321	Train Station
STEAP Train Station Boulevard (as of 2/13/2020 - construction cost displayed; excludes engineering)	OPM/DECD	selected WMC as consultant, work in process	\$500,000	\$360,000	\$360,000	Boulevard
Town Bonding for 903, 913 Farmington Avenue acquisition, demo and Police Station planning	Town		\$2,000,000	\$0	\$0	Boulevard
Project income from sale of 903 & 913 Farmington Avenue bought and demolished with Town funds	Town	Town Council approved, requires Board of Finance approval		\$460,000	Contingent on successful resolution of P&Z decision appeal	Town Police Station
Town acquired 861 Farmington Avenue. Reprogramming amount does not include proceeds from sale of 861 Farmington Avenue sale price because this number is uncertain because of the need to address vapors in the existing building. Town now requests approve to reuse the remaining funds in the grant because CONRAIL has not agreed to sell the spur on reasonable terms.						
TOD Property acquisition	OPM/DECD	Remaining funds in sidewalk grant. Request for use for Boulevard project sidewalks.	\$536,884	\$248,147	\$245,000	spur. TOD Property Acquisition, portion budgeted for CONRAIL
STEAP Sidewalk Grant	OPM/DECD		\$500,000	\$38,000	\$38,000	Sidewalks
Boulevard subtotal				\$1,434,258	\$979,043	
Gap - funded with sale of 903/913 or Town (Town funding may be required based on amount and/or timing)					\$620,957	

4.6

Town of Berlin
Financial Status Report
Board of Finance Meeting on May 12, 2020

E - 7

GENERAL FUND

	<u>FY 2020</u>	<u>FY 2019</u>	<u>Notes</u>
<i>(budgeted amount excludes assigned fund balance)</i>			
Receipts			
Actual Receipts	\$89,760,701	\$86,558,210	
Budgeted Receipts	\$89,034,164	\$85,329,542	
% to Budget	100.8%	101.4%	
Current Year Tax Receipts <i>(as of April 30th)</i>	\$77,796,278	\$73,960,139	
Current Tax Budget	\$77,159,891	\$73,924,173	
Current Tax Levy <i>(99.1%/99.1% collection rates)</i>	\$77,860,637	\$74,595,533	
% to Current Budget	100.8%	100.0%	
% to Current Levy	99.9%	99.1%	
Adopted budget target %	99.1%	99.1%	
Expenditures <i>(excludes capital expenditures)</i>			
Actual Expenditures	\$70,062,020	\$68,586,531	
Budgeted Expenditures	\$91,717,975	\$86,565,871	
% to Budget	76.4%	79.2%	

Storm-related Overtime (51445) \$69,543 \$139,600

Legal (53828)	<u>Encumbered</u>	<u>Actual</u>	
Ciulla & Donofrio	\$150,139	\$131,131	Monthly retainer (\$9,500) plus extra charges (e.g., time in court, mediation)
Shipman & Goodwin	\$12,630	\$11,847	Labor attorney's (e.g., union contracts, grievances)
LeclairRyan/Barclay Daman	\$30,000	\$24,154	Planning & Zoning (Atkins St.)
Pierce Atwood	\$2,396	\$2,396	BHS Construction mediation
Joseph Fasi	\$2,071	\$2,071	Bond counsel (e.g., Pistol Creek, Farmington Ave. development)
Michael Delorenzo	\$200	\$185	Marshal services
Total	<u>\$197,436</u>	<u>\$171,785</u>	
Budget	\$215,250		
Budget Balance	\$17,814		Risk: Eversource tax appeal (court case), Atkins Street development; union contracts, grievances

	<u>Target Floor Fd Bal.</u>	<u>Actual Fund Bal.</u>	<u>Notes</u>
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INSURANCE FUNDS

Health Insurance Fund	\$2,199,759	\$990,846	The Health Insurance Fund balance is 2.0% of full year projected expenses - against a target reserve range of 25-50%. Although the fund balance is well below the floor, the cash balance is \$1,646,540.
General Insurance Fund	\$1,000,000	\$1,193,526	The fund is used to pay Liability & Worker's Compensation insurance premiums for both the Town and BOE, on-going heart & hypertension claims from police officers, "fronting" reimbursable environmental remediation costs, small equipment claims where Town elects to self-insure and deductibles. Town policy is \$1 million floor and ceiling at 5% of General Fund budget (or \$4,509,595 for FY20). Displayed fund balance is net of H&H reserve and encumbrances for self-insured claims.
TOTAL INSURANCE FUNDS	<u>\$3,199,759</u>	<u>\$2,184,372</u>	

	<u>Notes</u>
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PENSION FUND

Total Liability (as of 7/1/2019) <i>(Adjusted for retirement payouts since 7/1/2019)</i>	\$14,789,628	The Town of Berlin Retirement Income (Defined Benefit) Plan was amended for the last time effective July 1, 2000. As a result of this final amendment no new Town employees (excludes BOE employees covered by the Teacher's Retirement Fund) were eligible to participate in the plan. As part of the amendment, participants in the DB Plan have the option to be paid out with an annuity or a lump sum. In recent years, all retiring participants have elected the lump sum payout.
Cash Balances:		
Prudential (as of 4/30/2020)	\$2,380,007	
ICMA Plus (as of 4/30/2020)	<u>\$5,409,085</u>	
	<u>\$7,789,092</u>	Currently, the Town is executing a pay-as-you-go program to manage new retirements. The plan includes 11 active participants, 3 inactive but eligible participants and 18 annuitants.
Funding % - Total	52.7%	
Funding % - DB	25.4%	
Unfunded Liability	(\$7,000,536)	<u>Anticipated retirements:</u> FY 2020: 2 active part. (\$1,085,618 proj. payout) retired; 1 active part. (\$376,513) started retire process Annual annuitant payouts: \$173,987 (updated from budget for two (2) deceased annuitants)

ACTIVE CAPITAL PROJECTS

	<u>% Complete*</u>	<u>Project Balance**</u>	<u>Notes</u>
High Road Bridge	100%	\$0	Project is complete. Contractor has been paid. Awaiting final engineering invoice and State audit. After the State audit the Town will reimburse the State for excess amount advanced for the project - actual project cost was less than original estimate. Town has been advised that the State audit may take up to 10 years once the project is closed. Town has reserved for excess funds.
Burnham Street Bridge	95%	\$0	Project is complete except for a guardrail. The grant this project is operating under provides a full reimbursement after project costs are determined and AG signs off on the project. The AG's Office signed off on the reimbursement on April 22. The reimbursement is being processed by DOT Finance.
Town Hall Doors/Storefronts	83%	\$7,606	Town is working through a few scope changes utilizing project contingency. Once complete, the Town will seek reimbursement from OPM under the LoCIP program for the remaining receivable.
Police Jail Cells	100%	\$0	Architect signed off as substantially complete. There is one punch list item remaining and the change order has been signed to address the issue.
Security Vestibules	100%	\$0	Town has received final invoices and the invoices are being reviewed by Facilities. BOE is obtaining final sign-off and will formally accept the project once those are obtained. Once BOE accepts the project, the formal reimbursement request will be placed with the State.
Railroad Pond Dam	93%	\$0	Project is complete except for a few punchlist items that will be addressed in the spring. Grant reimbursement has been approved and Town is awaiting receipt of the cash.

* % complete represents invoices received versus total expected project cost - this metric will lag actual construction completion

** Capital projects fund balance includes encumbrances.

2% Account Tracking:

	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Uncommitted Balance</u>	
BLAST Classroom	\$200,000	\$182,759	\$17,838	-\$597	Encumbrance is for appliances & furniture; additional cost for furniture (approx. \$1k) will be encumbered near term - funding will come from McGee Gym Painting line
Gym Floors	\$117,775	\$117,775	\$0	\$0	Complete - all POs closed
McGee Gym Painting	\$37,225	\$0	\$28,368	\$8,857	Bid came in lower than expected; portion of savings is being applied to BLAST Classroom furniture
Security Guard Equipment	\$25,000	\$12,316	\$4,309	\$8,374	Uniforms, weapons and amunition received and paid; remaining encumbrance relates to uniforms
TOTAL	<u>\$380,000</u>	<u>\$312,850</u>	<u>\$50,516</u>	<u>\$16,634</u>	

Risks			Opportunities		
Description	Projected Amt.	Probability	Description	Projected Amt.	Probability
1. Additional DB retirements - recent participant requests for retirement payout calculations have increased with lower interest rates	\$1,300,000 - \$3,900,000	High/Medium	1. Higher than budgeted Education Cost Sharing Grant from the State.	\$264,000	High
2. Legal costs to defend P&Z and/or guide TC for Atkins St., defend Assessor against Eversource tax appeal, labor attorney to represent the Town in union negotiations (Police, Dispatchers, White Collar)	\$10,000 - \$30,000	Medium/High	2. Lower debt service costs - retired BANs instead of rolling, improved bond rating lead to lower interest costs for June 2019 GO Bonds	\$170,000	High
3. Refuse Disposal - recycling market is volatile and State/Federal intervention is possible increasing uncertainty in the short-term	\$20,000 - \$50,000	Medium	3. Higher than budgeted interest earnings	\$500,000 - \$650,000	High
4. VNA operations with transition of Medicare reimbursement methodology in January 2020 - risk amount is complete guess at this point	\$0 - \$250,000+	Medium	4. Position vacancies - Town Planner, Police retirements	\$400,000-\$600,000	Medium/High
5. Health Insurance - risk has diminished since non-emergency medical visits have been canceled with COVID-19. Rx continues at expected pace & level.	\$100,000 - \$500,000+	Low	5. Higher than budgeted tax receipts (assumes Eversource is not settled or settled on terms favorable to the Town)	\$1,500,000	Medium/High
8. Tax refunds - supplemental motor vehicles recorded in Berlin but ownership is in another town - issues primarily driven by erroneous DMV records	\$10,000 - \$25,000	Low	6. Contingency funds are not needed - requires few or none of the risks to materialize & no new risks to appear	\$0 - \$50,000	Medium
TOTAL	\$1,440,000 - \$4,800,000		TOTAL	\$2,800,000 - \$3,250,000	

* The outcome of the Eversource tax lawsuit & risks to the Farmington Ave. development project were excluded from the lists above.