

**BOARD OF FINANCE
TOWN OF BRANFORD, BRANFORD, CONNECTICUT 06405**

JOSEPH W. MOONEY, CHAIRMAN

**HARRY DiADAMO, JR.
VICTOR J. CASSELLA
ROBERT IMPERATO
CHARLES F. SHELTON, JR.
JEFFREY E. VAILETTE**



**EX-OFFICIO
JAMES B. COSGROVE,
First Selectman**

**CLERK
LISA E. ARPIN, CMC CCTC
Town Clerk**

**BOARD OF FINANCE
REGULAR MEETING MINUTES
January 27, 2020**

RECEIVED
 2020 FEB 10 P 4: 02
 TOWN OF BRANFORD, CONNECTICUT

Chairman Joseph Mooney called the meeting to order at 7:30 p.m. at Branford Fire Headquarters, 45 North Main Street. All Board members were in attendance: Harry DiAdamo, Victor Cassella, Robert Imperato, Joseph Mooney, Charles Shelton, Jr., and Jeffrey Vailette. Also present were James Cosgrove, First Selectman; James Finch, Finance Director; Kathryn LaBanca, Assistant Finance Director; Selectmen Raymond Dunbar and Kurt Schwanfelder; Lisa Arpin, Town Clerk. RTM reps in attendance were: Peter Black, Tom Brockett, Don Conklin, Tracy Everson, Dennis Flanigan, DeeDee Hakun, Kevin Healy, Ray Ingraham, Carolyn Sires, James Stepanek and Frank Twohill. Also: John Hoefflerle, Town Engineer; Margaret Luberda, Human Resources Director; Alex Palluzzi, Recreation Director (arrived at 7:40pm) and Harry Smith, Town Planner.

1. Motion made by Mr. Shelton to approve the minutes of the November 25, 2019 meeting. Seconded by Mr. Vailette. Vote unanimous.
2. Citizens Communications – There were no comments from the public.
3. The Board heard a presentation from Margaret Luberda, Human Resources Director with input from First Selectman Cosgrove on the following FY2020 budget transfer request on behalf of the Tax Collector. Finance Director Jim Finch reported the contingency balance would be \$857,969, should the item pass approval.

From:	10149040-588802	Contingency	(\$35,400)
To:	10141070-533280	Consulting Services	35,400

Mr. Imperato made the motion to approve the transfer, seconded by Mr. Vailette with a unanimous vote.

RESOLVED: That the Board of Finance recommends to the RTM the transfer of \$35,400 as requested by the Human Resources Director.

4. The Board heard a request from Harry Smith, Town Planner with input from the First Selectman Cosgrove for the following FY2020 budget transfer:

From:	10141130-517000	Regular Wages & Salaries	(\$12,000)
To:	10141130-533280	Consulting Services	12,000

Mr. Imperato made the motion to approve the transfer, seconded by Mr. Cassella with a unanimous vote.

RESOLVED: That the Board of Finance recommends to the RTM the transfer of \$12,000 as requested by the Town Planner.

5. The Board heard a request from Richard Shanahan Commissioner of Parks and Open Space Authority for the following FY2020 budget transfer:

From:	20545050-518350	Open Space Patrol	(\$13,700)
To:	20545050-579400	Capital Outlay-Improvements	13,700

Mr. Shanahan reported the current Open Space Patrol balance as \$26,569. Chairman Mooney suggested that the First Selectman and Town Attorney have a discussion re granting permission to the Town for the Branford Land Trust property.

Mr. Cassella made the motion to approve the transfer, seconded by Mr. Imperato with a unanimous vote.

RESOLVED: That the Board of Finance recommends to the RTM the transfer of \$13,700 as requested by Parks and Open Space Authority.

- 5a. Chairman Mooney requested that the following item be added to the agenda. Mr. Shelton made the motion to add the item to the agenda, seconded by Mr. Imperato.

To consider, and if appropriate, approve a request from Parks and Open Space Authority for the following FY2020 budget transfer:

From:	20545050-518350	Open Space Patrol	(\$12,869)
To:	20545050-518250	Seasonal and Part-time Help	12,869

Finance Director, Jim Finch gave an overview on the item, assisted by Mr. Shanahan. Mr. Valette made the motion to approve the transfer, seconded by Mr. DiAdamo with a unanimous vote.

RESOLVED: That the Board of Finance recommends to the RTM the transfer of \$12,869 as requested by Parks and Open Space Authority.

6. The Board heard an update from Karen Jensen, Blackstone Library Director accompanied by library board president, Polly Fitz on the library's wrap up of their renovation project. The attached handout relating to a rear roof repair (dating back to 2010) was distributed at the meeting. Ms. Jensen indicated proposals from the architect and the contractor are expected. First Selectman Cosgrove reported approximately \$140,000 remains in the project, and a rolling matching grant opportunity of \$100,000 is available from the State Library via the Historic Preservation fund. There was Q & A from the Board, and no action was taken at this meeting. Chairman Mooney requested an accounting of the project.
7. Finance Director Jim Finch proposed the establishment of a brokerage account with GYL Financial Synergies and Fidelity Investments for the purpose of liquidating securities acquired through the Dan Cosgrove Animal Shelter's capital campaign. Although in the beginning stages of fundraising, this is a proactive proposal as there are no securities currently pledged.

RESOLVED: The Board of Finance authorizes the Finance Director and Treasurer to establish a brokerage account with GYL Financial Synergies and Fidelity Investments.

Mr. Cassella made the motion to approve the resolution, seconded by Mr. DiAdamo with a unanimous vote.

8. The Board heard a presentation from Jim Finch, Finance Director about a recent meeting with Kathryn LaBanca, Assistant Finance Director, Mr. Imperato and Mr. Shelton and representatives from Chelsea Groton Bank regarding opening a federally insured investment account with Chelsea Groton Bank. Mr. Shelton and Mr. Imperato gave their positive comments on the product offerings. Chairman Mooney proposed the following resolution:

RESOLVED: The Board of Finance authorizes the Finance Director and the Town Treasurer to open a federally insured investment account with Chelsea Groton Bank for an amount not to exceed \$3 million.

Mr. Cassella made the motion to approve the resolution, seconded by Mr. Valette with a unanimous vote.

9. To hear a presentation by the Finance Director proposing the reduction of the existing debt authorization for the Main Street Gateway Project (\$3,300,000) and authorize funds for the Main Street Reconstruction Project, and if appropriate, and act on the following proposed resolution:

RESOLVED: That the resolution entitled: "RESOLUTION APPROPRIATING \$2,750,000 FOR MAIN STREET ROAD AND RELATED IMPROVEMENTS AND AUTHORIZING THE ISSUE OF \$2,750,000 BONDS OF THE TOWN TO MEET SAID APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE" be adopted and recommended for adoption by the Representative Town Meeting.

The Board heard an overview on the history of the scenic highway gateway plan by John Hoeffler, Town Engineer and First Selectman Cosgrove, and discussed the focus shift re the appropriation authorization already in place for the gateway project that is no longer moving forward. The opportunity to reallocate the COG funds to address the reconstruction of Main Street (at South Main) east to the intersection of Chestnut Street was discussed at length referencing the previously distributed attachment from the Town Engineer.

The full resolution included herewith was previously distributed to the Board members. Mr. Imperato made the motion to approve the resolution, seconded by Mr. Cassella. The resolution passed by unanimous vote.

10. The Board heard a presentation from the Director of Finance, First Selectman and Director of Human Resources with regard to medical benefit costs and opportunities. Discussions have taken place over the past month, and there will be a more thorough review by a Board task force. In advance of the budget sessions, the goal will be to look at potential product alternatives and budgetary savings for the upcoming fiscal year as compared to the current self-insurance program. Refer to the attached memo from Jim Finch outlining opportunities, ideas and change in philosophy.

11. Adjournment—with no further business to come before the Board, the meeting adjourned at 9:05 p.m. by motion from Mr. Cassella, seconded by Mr. Vailette.

Dated this 10th day of February, 2020



Lisa E. Arpin, CMC CCTC
Clerk, Board of Finance

OFFICE OF THE TREASURER

BRANFORD, CONNECTICUT

Item #9

1019 MAIN STREET
POST OFFICE BOX 150
BRANFORD, CT 06405



TEL: (203) 488-8394
FAX: (203) 315-3736
www.branford-ct.gov

Date: January 23, 2019

To: Joseph Mooney
Board of Finance

From: James P. Finch
Finance Director

Re: Bond Resolution.

I attach for your review and approval a resolution from bond counsel that reduces the existing debt authorization for the Main Street Gateway Project \$3,300,000 and replaces it with an authorization of \$2,750,000 for Main Street Reconstruction.

The Main Street Gateway Project spent \$70,481 of the estimated \$300,000 allocated under the local share. Additionally we issued \$275,000 in bonds leaving a cash balance of \$204,519. Preliminary estimates for the Main Street Reconstruction Project are \$250,000 which will require and additional \$45,481 in bonding.

Cc: James Cosgrove, First Selectman
Lisa Arpin, Town Clerk

RECEIVED

2020 JAN 23 P 3:42

TOWN CLERK'S OFFICE
BRANFORD, CONNECTICUT

RESOLUTION APPROPRIATING \$2,750,000 FOR MAIN STREET ROAD AND RELATED IMPROVEMENTS AND AUTHORIZING THE ISSUE OF \$2,750,000 BONDS OF THE TOWN TO MEET SAID APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE

Section 1. The sum of \$2,750,000 is appropriated for the planning, acquisition and construction of Main Street road and related improvements including but not limited to, road extension, connection and relocation, horizontal and vertical realignment, drainage installation, reclamation, paving, curbing, milling, capping, utility relocation, ADA compliance, sidewalks, and for improvements to structures or utilities, incidental, appurtenant or encountered in the course of or necessary to such road improvements and for engineering, design, traffic control, administrative, advertising, printing, legal and financing costs related thereto (the "Project"). The appropriation is inclusive of grants, and proceeds reallocated from the Gateway Project.

Section 2. The Gateway Project bond resolution is repealed as of the effective date of this resolution, and approximately \$200,000 therefrom shall be applied to the Project and appropriation herein.

Section 3. To meet said appropriation, \$2,750,000 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 longer period as may be allowed by law. Said bonds may be issued in one or more series as determined by the First Selectman and the Town Treasurer (the First Selectman and the Town Treasurer hereinafter the "Town Officials"), and the amount of bonds of each series to be issued shall be fixed by the Town Officials. Said bonds shall be issued in the amount necessary to 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. 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 manual or facsimile 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 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 the interest thereon and shall be paid from property taxation to the extent not paid from other funds available for the payment thereof. The aggregate principal amount of the 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.

Section 4. Said bonds shall be sold by the Town Officials in a competitive offering or by negotiation, in their discretion. If sold at competitive offering, the bonds shall be sold upon sealed proposals, auction, or similar competitive process 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.

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 manual or facsimile 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 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 funds available for the payment thereof. 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 said 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 §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 project 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 to exercise all powers conferred by section 3-20e of the general statutes with respect to secondary market disclosure and to provide annual information and notices 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 resolution.

Section 8. It is hereby found and determined that it is in public interest to issue all, or a portion of, the Bonds, Notes or other obligations of the Town 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 First Selectman and the Treasurer are hereby authorized to issue and utilize without further approval any financing alternative 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.

BOARD OF FINANCE

TOWN OF BRANFORD

1019 MAIN STREET, P.O. BOX 150, BRANFORD, CONNECTICUT 06405

JOSEPH W. MOONEY, CHAIRMAN
HARRY DiADAMO, JR.
VICTOR J. CASSELLA
ROBERT IMPERATO
CHARLES F. SHELTON, JR.
JEFFREY E. VAILETTE



EX-OFFICIO
JAMES B. COSGROVE, First Selectman

CLERK
LISA E. ARPIN, Town Clerk CCTC CMC

January 28, 2020

To the Representative Town Meeting of
The Town of Branford

Attention: Dennis Flanigan, Moderator

At a meeting of the Board of Finance held January 27, 2020, the following resolution was adopted:

RESOLVED: That the resolution entitled: "RESOLUTION APPROPRIATING \$2,750,000 FOR MAIN STREET ROAD AND RELATED IMPROVEMENTS AND AUTHORIZING THE ISSUE OF \$2,750,000 BONDS OF THE TOWN TO MEET SAID APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE" is hereby adopted and recommended for approval by the Representative Town Meeting.

Very truly yours,

Chairman, Board of Finance

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, is written over the typed name "Chairman, Board of Finance".

TOWN OF BRANFORD
OFFICE OF THE TOWN ENGINEER
1019 MAIN STREET
POST OFFICE BOX 150
BRANFORD, CT 06405

JOHN M. HOEFFERLE, PE, CFM
TOWN ENGINEER

Tel. 203-315-0606
Fax: 203-315-2188

Mr. Joseph Mooney, Chairman
Board of Finance

January 23rd, 2020

Re: Main Street LoTCIP Projects

Dear Chairman Mooney:

I'm writing in support of the proposed Bond Resolution for the Main Street Reconstruction project as presented by the Finance Director, Jim Finch. The Resolution includes language repealing the bond resolution for the Gateway Project and reallocating those funds towards a new Main Street Reconstruction project.

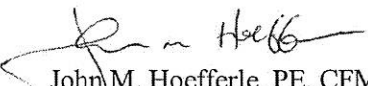
The Gateway Project conceptually began as a simple roundabout at the intersections of Main Street, South Main Street (Rt 146), and Cedar Streets, and streetscape improvements from the roundabout to Kirkham Street as shown in a Scenic Highway Gateway Plan prepared in 2008. Funding was sought for the Project from the SCRCOG through the Local Transportation Capital Improvement (LoTCIP) grant program in 2014, and funding was requested through the Town bodies shortly thereafter. The original estimate amounted to \$3,300,000 and was funded through a bond resolution for FY15. After preliminary engineering design was completed in 2017, the roundabout had grown in scope and cost (estimated \$5,300,000), would not include streetscape improvements, and was subsequently determined to no longer be in the best interests of the Town.

The Town has since asked and received approval from the SCRCOG to reallocate available funding from the Gateway Project to two separate projects: Meadow Street Reconstruction (Phase I locally funded FY20) and the Main Street Reconstruction project. We are now requesting from the Town bodies for funds from the Gateway Project to be reallocated to the Main Street Reconstruction project. Our initial estimate for the Reconstruction project is \$250,000 for design (locally funded) and \$2,500,000 for construction (LoTCIP grant).

I have enclosed for your review the original conceptual Gateway plan from 2008, the resulting preliminary Gateway conceptual plan from 2017, and a summary of planned improvements for the Main Street Reconstruction project.

If you have any questions or would like to discuss these projects prior to the meeting, please feel free to reach out to my office. Thank you for your attention to this matter.

Sincerely,


John M. Hoeffler, PE, CFM
Town Engineer

Enclosures

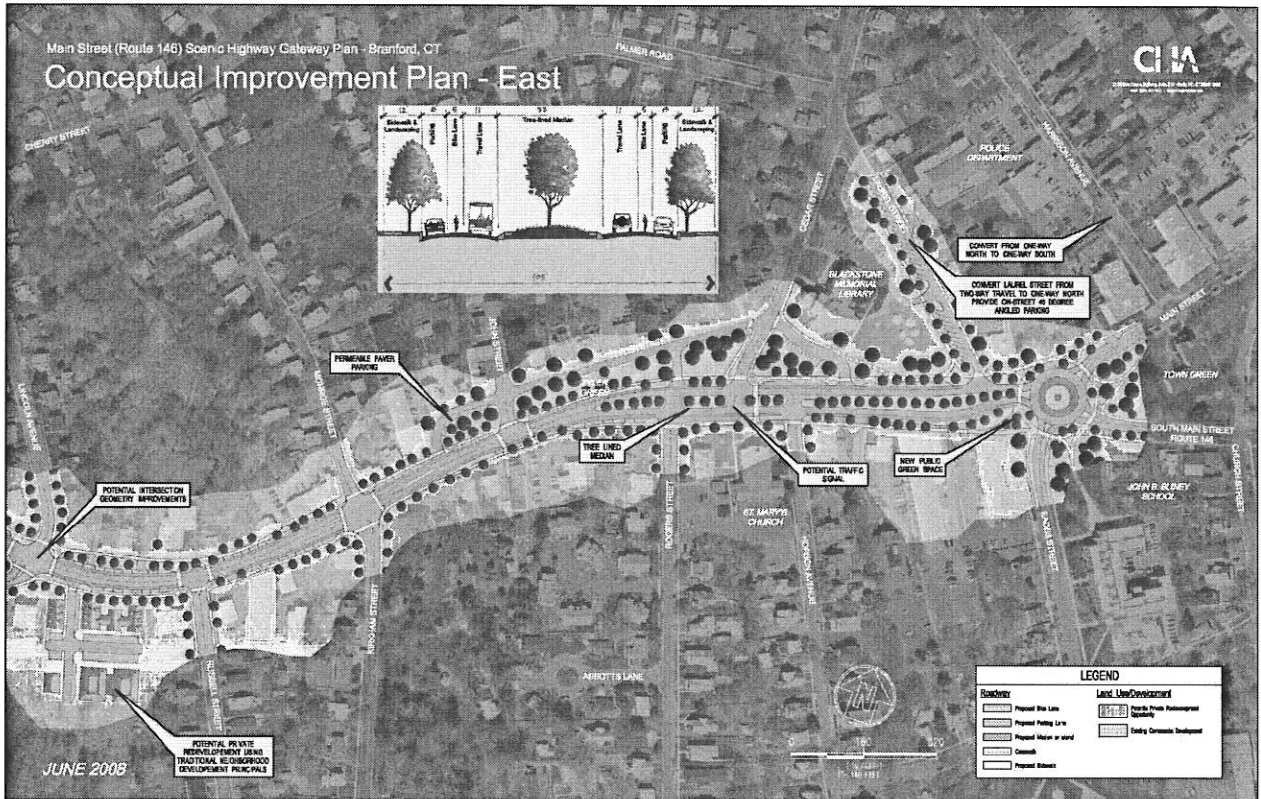
cc: James Cosgrove, First Selectman
James Finch, Finance Director
Lisa Arpin, Town Clerk

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TOWN OF BRANFORD
BRANFORD, CONNECTICUT

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2020 JAN 23 P 5:03

TOWN CLERK'S OFFICE
BRANFORD, CONNECTICUT



Prepared by:



Prepared for:



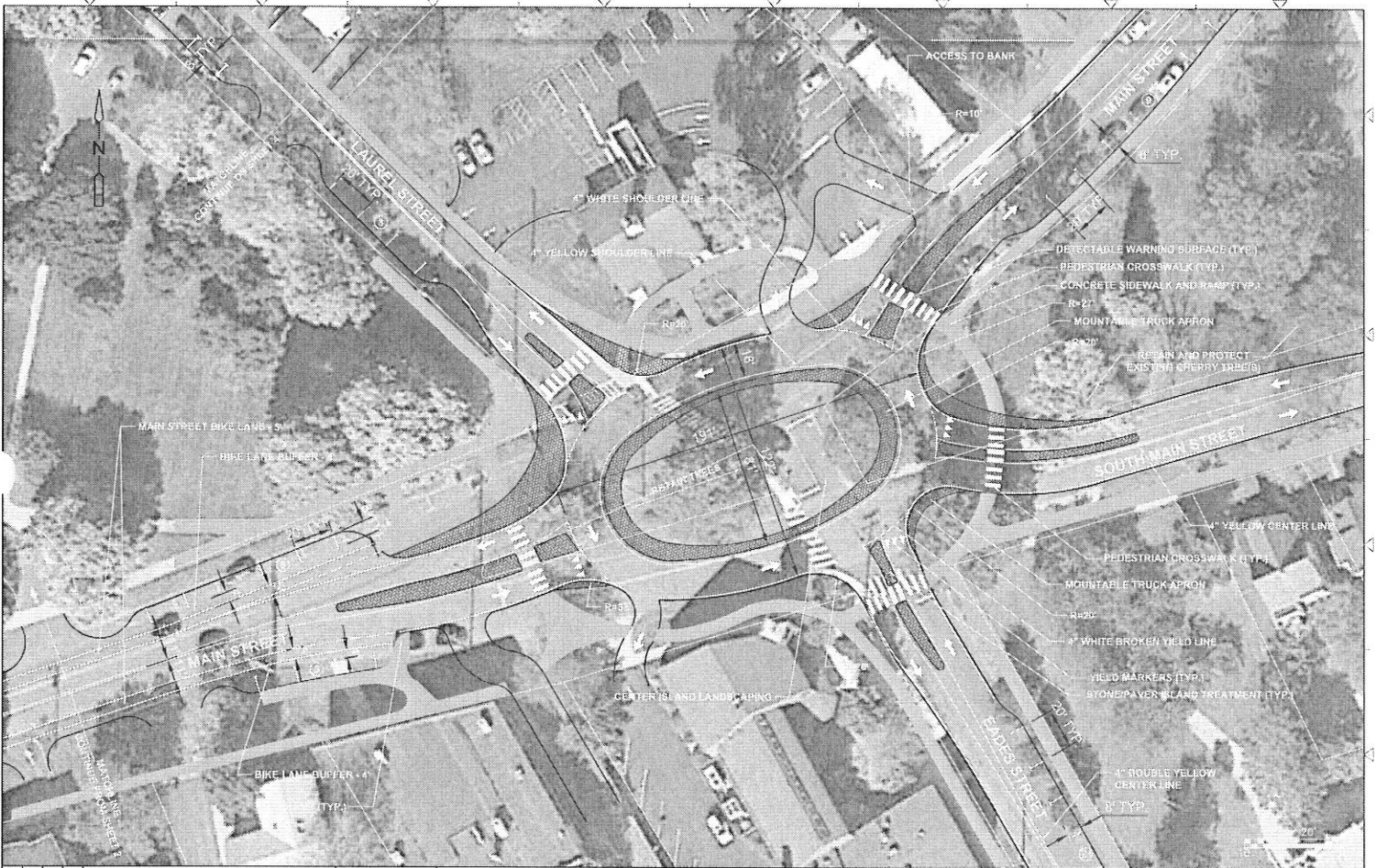
**Main Street (Route 146)
Scenic Highway Gateway Study**
Town of Branford, Connecticut

Appendix C
Conceptual Improvement Plan

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BRANFORD, CONNECTICUT



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DESIGNED BY:	DJC
DRAWN BY:	DJC
CHECKED BY:	DJC
APPROVED BY:	JCE
DATE:	FEBRUARY 2018

CDM Smith
 1000 WEST 10TH AVENUE
 SUITE 1000
 DENVER, CO 80202
 TEL: 303.733.1000
 FAX: 303.733.1001

TOWN OF BRANFORD
 MAIN STREET GATEWAY
 COMPLETE STREETS IMPROVEMENTS

CONCEPTUAL ROUNDABOUT AT
 THE INTERSECTION OF
 MAIN STREET (ROUTE 146) AND
 SOUTH MAIN STREET (ROUTE 146)

PROJECT NO.	111337
SHEET NO.	3

30% SUBMITTAL - NOT FOR CONSTRUCTION

Main Street Reconstruction Summary

The pavement structure of Main Street is beyond its useful life and is in need of full reconstruction. Originally reconstructed around 1990, localized drainage issues and abandoned trolley tracks within the current pavement structure have accelerated its deterioration in recent years. Existing sidewalk ramps are not fully ADA compliant, and damaged curbing and brick sidewalk throughout the Streetscape are in need of rehabilitation.

The project limits are proposed from South Main Street (Rt 146) to Chestnut Street. Streetscape will be provided in areas where concrete curbing and concrete sidewalk exist, existing Streetscape will be rehabilitated where needed, and ADA upgrades - including audible crosswalk pedestrian signals at Main and Montowese - will be incorporated into the design. Permeable pavements within parking areas will also be incorporated, where appropriate, in order to improve drainage and work towards MS4 compliance.

Initial engineering estimates through the Engineering Department amount to \$250,000 in design costs, funded by the Town, to leverage \$2,500,000 in LoTCIP grant funding.

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BRANFORD, CONNECTICUT

OFFICE OF THE TREASURER

BRANFORD, CONNECTICUT

1019 MAIN STREET
POST OFFICE BOX 150
BRANFORD, CT 06405



TEL: (203) 488-8394
FAX: (203) 315-3736
www.branford-ct.gov

Date: January 25, 2020

To: Joseph Mooney
Board of Finance

From: James P. Finch
Director of Finance

Re: OPEB, Medical Insurance

Historically the Board has reviewed and assessed the adequacy of our self-insurance funds, pension and OPEB obligations as well as our capital needs and debt requirements. The consistent characteristic of these efforts is that Branford attempts to identify potential liabilities and develop a financial strategy to fund them. Often this results in a disciplined and consistent effort that over time reduces the burden on future taxpayers while remaining sensitive to our current generation of citizens.

In keeping with this theme, I am asking, in concert with the First Selectman and Director of Human Resources, to discuss an approach that would include closing the medical self-insurance fund (MSIF), and joining State of Connecticut's Partnership 2.0 Plan (PP2.0)

The purpose of this memo in advance of the meeting is to provide some background with regard to our current medical funding arrangements and to consider options moving forward.

Background

Medical Self Insurance Fund - MSIF

The Town of Branford (including the BOE) elected to fully self-insure medical benefits in FY 2010. Contributions into the fund were made pursuant to general fund appropriations which were developed in concert with our medical/broker consultants. In the initial years the goal was to establish sufficient reserves to bridge the gap between anticipated claims and the aggregate stop loss (120% of claims). In the later years we looked to fund an amount significantly less than 120% but no less than 100% of expected claims.

The Town and BOE meet several times a year with our medical benefits/broker consultant to assist us in medical trend analysis, analyzing current and future claims, budget development and to discuss the marketing of the stop loss coverage. In addition this year, we have requested a market analysis of our current Anthem benefit plans offered with other insurance competitors. Currently, the Town has an administrative services only agreement with Anthem Blue Cross to pay claims and purchase and administer stop loss coverage. It is important to note that the relatively small size of the pool may result in volatility when determining the allocation rates or the amounts used to calculate employee contributions. Unfortunately, we have been advised that the current stop loss market and our increase number of stop loss claims is likely to increase this insurance by as much as twenty-five percent (25%) of the current cost. On a more positive note, the MSIF fund balance increased as the budgeted amounts were sufficient to cover the claims below our \$150,000 stop loss threshold.

OPEB

In 2009 the Town established the Other Post Employment Benefit (OPEB) Trust. The term OPEB was created by the Government Accounting Standards Board to cover retirement benefits (other than pensions). In Branford the fund is used to provide retiree health benefits. The Trust was funded initially with assets that were accumulated in a special revenue fund. The Town and BOE make annual contributions into the fund. As this writing the Trust has over \$20 million in assets with an unfunded accrued liability of approximately \$7 million using a 6.5% return on assets assumptions.

Opportunities and Ideas

Introduce the Partnership Program

In our recent meeting with the medical consultants we looked at the projected claims and the budget impact under the current self-insured arrangement. Additionally, they included a projection as to potential savings we could realize if we moved to the Partnership 2.0 Plan (PP 2.0) program as compared to the current funding arrangement.

While we will continue to monitor our self- insured health claims, administrative fees and stop loss costs, we currently anticipate a move to the Partnership health plan in FY 2020-21. The projected savings for this transition for the Town and BOE are in excess of \$1 million (combined) based on a total spend of \$15 million.

A Change in Philosophy

The transition to the PP 2.0 represents a radical change in philosophy from our current approach. In the past, the Town viewed the purchase of medical insurance as trading dollars with the insurance company and that the insurance company would win out in the long run. Thus, we concluded it would be better for the Town (Taxpayer) to assume the

risk and derive the financial benefits of favorable experience. Arguably the self-funding approach has served the Town well as evidenced by the growth in the fund's assets which under a fully insured model would have benefited Anthem shareholders.

At this point one might ask why the Town is considering a move from self-funding health if it has served well historically.

In answer to that question one should consider the following:

- In FY 2010 there were essentially two options: self-insurance and a fully insured program.
- The PP 2.0 (which was unavailable in FY 2010) has experienced dramatic growth as a number of previously self-insured communities have entered into the state pool to achieve savings while providing a better option for their employees.
- Union groups have looked to explore the PP 2.0 as an option.
- Anthem will be the sole carrier for the PP 2.0 health program beginning 7/1/2020.
- Other health insurance options are available to our members (Fire,, Blackstone Library)
- A senior analyst I spoke with at Standard and Poor's said they would generally view this as favorable for Branford, however, they acknowledge they must also consider the impact on the state.
- In the past we experienced a year in which the rates paid by employees rose by 34%. We believe that a re-occurrence of this event will be less likely if we join a larger health insurance pool.

Other Considerations - OPEB

While the discussion up until this point, has focused on a comparison of health of insurance options, it is important to consider the opportunity the PP 2.0 presents with regard to the OPEB Trust fund. This past January the Board supported taking a portion of the reserves from the Medical Self Insurance Fund and placing them in the OPEB Trust to reduce liabilities in that fund. This move in part acknowledged the strong nexus between the two funds as they were both created to provide and fund contractually obligated benefits to the workforce.

If the Town were to move away from self-insurance the assets in the MSIF (after a reserve for run out claims and administrative costs) could be moved into the OPEB Trust and effectively eliminate the liability. Moreover, the town could also do this with a lower return on asset assumption which in effect would enable the investment manager to take a more conservative approach (less risk) in the fund's asset allocation.

Once the OPEB Trust reaches a funding level of 100%, the Town will still be encouraged to fund 100% of what the actuary refers to as the "Normal Costs" which when placed into the OPEB Trust should be sufficient to fund retiree health claims (including stop loss, fees and or premiums) after taking into consideration the Trust's investment earnings. The Town may also consider an update to the OPEB funding policy.

Finally, I believe the Board would find it imprudent to place all of the transferred dollars with the investment manager. As an alternative it is worth considering an approach in which the funds deposited into the Trust are funneled to the investment managers gradually over a period of years.

Conclusion:

As one may appreciate, the Town has a considerable amount of challenges and opportunities impacting many facets of Town government. Admittedly future conditions may warrant that we return to self-funding so it is important that we maintain a level of flexibility as we look to the future. However, any approach we take is not as simple as turning a switch, and we must also be prepared to address the issues and concerns of our various stakeholders while striving to be good stewards of the public's funds.

Cc J. Cosgrove
M. Luberd
L. Arpin