

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

JOSEPH W. MOONEY, CHAIRMAN
VICTOR J. CASSELLA
ROBERT IMPERATO
CHARLES F. SHELTON, JR.
JEFFREY E. VAILETTE
 Vacancy (L. YOUNG)



EX-OFFICIO
JAMES B. COSGROVE,
 First Selectman

CLERK
LISA E. ARPIN, CCTC
 Town Clerk

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 2019 FEB 22 P 2:40
 TOWN CLERK'S OFFICE
 BRANFORD, CONNECTICUT

**BOARD OF FINANCE
REGULAR MEETING MINUTES
January 28, 2019**

The meeting was called to order by Chairman Joseph Mooney at 7:30 p.m. at Branford Fire Headquarters, 45 North Main Street. Board of Finance members present were: Victor Cassella, Robert Imperato, Charles Shelton and Jeffrey Vailette. Also in attendance were First Selectman Jamie Cosgrove, Finance Director Jim Finch, Assistant Finance Director Kathryn LaBanca, and Town Clerk Lisa Arpin. RTM reps in attendance were Tom Brockett, Donald Conklin, Peter Hentschel and Peter Black arrived at 7:50 p.m. Residents in attendance were Bill Horne and Shirley McCarthy.

1. Approval of Minutes: Mr. Shelton made the motion to approve the November 26, 2018 meeting minutes, seconded by Mr. Imperato. The vote was unanimous.
2. Citizen Communications: Bill Horne, 246 Pleasant Point Road, spoke in support of passing agenda item #7 relating to the consideration of a Coastal Resiliency Fund, and distributed the attached handout to Board members.
3. The Board heard a request from the Assistant Finance Director regarding the establishment of a Municipal Bond Escrow Account at Guilford Savings Bank. The account is approximately \$400,000 including performance bonds, road bonds, Inland Wetland Fees and other types of bonds. Chairman Mooney read the following resolution and Mr. Cassella made the motion to approve it, seconded by Mr. Vailette. The approval vote was unanimous.

RESOLVED: That the Board of Finance authorizes the Finance Director and/or Treasurer to establish a municipal bond escrow account with Guilford Savings Bank.

4. The Board heard a request from Fire Chief Mahoney accompanied by Commissioner Massey on behalf of the Board of Fire Commissioners for the following budget transfer for FY2019:

From:	10142040-517000	Regular Wages & Salaries	(\$60,000)
To:	10142040-518000	Overtime	\$30,000
	10142040-518200	Sick Pay	15,000
	10142040-519025	Education Incentive	15,000
		Total	\$60,000

Mr. Imperato made the motion to approve the transfer in agenda item #4, seconded by Mr. Vailette. Vote unanimous.

RESOLVED: That the Board of Finance recommends to the RTM the transfer of \$60,000 as requested by the Board of Fire Commissioners.

5. Fire Chief Mahoney introduced David Stein of Silver/Petrucci Architects, Captain Michael Mullen of Indian Neck Fire Co. #9 and Fire Commissioner Chairman Robert Massey. Chief Mahoney presented a supplemental transfer request on behalf of the Board of Fire Commissioners for an additional \$175,000 in re-design costs, value engineering and to add a handicapped accessible bathroom, and to initiate and complete the renovation of the Indian Neck Firehouse at a total cost of \$1.644 which includes \$98K of contingency. The successful bidder, Pioneer Builders, would begin March 1st weather dependent, with expected completion in the fall. After Q&A, Commissioner Chairman Massey and First Selectman Cosgrove gave closing remarks.

General Fund Transfer

From:	10149040-588802	Contingency	(\$175,000)
To:	10150000-599121	Transfer Out-Municipal Facilities Fund	175,000

Corresponding Fund Transfers

From:	72090000-490010-18512	Transfer In-Indian Neck Firehouse	(\$175,000)
To:	72042040-533950-18512	Construction	175,000

Mr. Imperato made the motion to approve the transfer, seconded by Mr. Cassella. Vote unanimous.

RESOLVED: That the Board of Finance recommends to the RTM the transfer of \$175,000 as requested by the Board of Fire Commissioners.

6. Alvarez & Marsal – Finance Director Finch spoke to the necessity for a short-term investment vehicle to replace Alvarez & Marsal who will be exiting the municipal market. Mr. Finch suggested as in the past, that the Board appoint two representatives to meet with him and the proposed vendor. Mr. Finch had met with Washington Trust, the oldest community bank and proposed a meeting with them to pursue their products. Chairman Mooney asked for volunteers to the committee and Mr. Shelton and Mr. Imperato volunteered. A separate meeting with Washington Trust, Mr. Finch and the two BOF reps will take place with a report back to the Board in upcoming months.

7. To consider, and if appropriate, approve the creation of a Coastal Resiliency Fund and appropriate \$1,000,000 from undesignated fund balance as per the transfer below.

Chairman Mooney prefaced the discussion by noting this is *not* the authorization of an expenditure but rather the setting up of the fund. Finance Director, Jim Finch headed the presentation accompanied by First Selectman Cosgrove, and Town Planner Harry Smith. Mr. Finch pointed out this would not be the only source of funds for resiliency projects as these efforts may also be funded through FEMA and Small Town Economic Assistance Program grants and local bond authorizations. He stressed the importance of identifying these risks early coupled with a disciplined and consistent funding effort to address them. Mr. Smith discussed the concerns related to sea level rise as expressed in the Plan of Conservation and Development (POCD) and the POCD’s recommendation to create a Coastal Vulnerability Working Group. First Selectman Cosgrove gave closing remarks as he supported the

creation of the fund and he noted that he is working with our state delegation to create enabling legislation that will further enhance our funding efforts. Chairman Mooney echoed his statements and restated his preference to create the account as "reserve for future expenditures" aka fund balance or to use some other method which incorporates an approval from the appropriating bodies before the funds are used. Mr. Cosgrove agreed that projects paid for from the fund should receive approval from the Board as well as the RTM.

General Fund

10190000-480296	Fund Balance	\$1,000,000
New Account	Transfer Out-Coastal Resiliency Fund	1,000,000

Coastal Resiliency Fund

New Account	Transfer In	\$1,000,000
New Account	Fund Balance /Reserve for Expenditure	1,000,000

Chairman Mooney read the resolution; motion to approve by Mr. Valette, seconded by Mr. Cassella. Vote unanimous to approve the following resolution:

RESOLVED: That the Board of Finance recommends to the RTM an increase in appropriations for the Fiscal Year 2019 General Fund budget from \$112,080,371 to \$113,080,371. This increase will be funded through an appropriation from fund balance and will be used to create a Coastal Resiliency Fund.

8. The Board heard a presentation from the Finance Director on matters related to Medical Self-Insurance, Other Post-Employment Benefits (OPEB) balance, Worker's Compensation and Heart and Hypertension funds, as per his memo of January 25, 2019, (attached). The memo recommended using a portion of the medical self-insurance fund to reduce OPEB liabilities. Chairman Mooney read the resolution; motion to approve by Mr. Imperato, seconded by Mr. Cassella. Vote was unanimous to approve the following resolution:

RESOLVED: That the Board of Finance approves the Finance Director's memo dated January 25, 2019 along with its considerations and recommendations.

9. With no further business, the meeting adjourned at 8:48 p.m. via motion by Mr. Cassella, seconded by Mr. Imperato.

Dated this 19th February, 2019



Lisa E. Arpin, CCTC
Board of Finance Clerk

OFFICE OF THE TREASURER

BRANFORD, CONNECTICUT

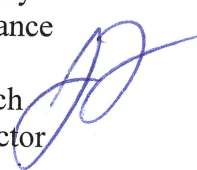


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Date: January 25, 2019

To: Joseph Mooney
Board of Finance

From: James P. Finch
Finance Director 

Re: OPEB, Medical Insurance, Workers Compensation and Heart and Hypertension

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2019 JAN 25 P 12:47
TOWN CLERK'S OFFICE
BRANFORD, CONNECTICUT

As I outlined in my letter on coastal resilience Branford has historically assessed the adequacy of the self-insurance funds along with our pension and OPEB needs. The purpose of this letter is to update the Board on the Medical Self Insurance Fund balance as well as our Workers Compensation and Heart and Hypertension efforts. My hope is that this will prompt a discussion and conclude with a recommendation from the Board which I will then implement.

Medical Self Insurance and OPEB

The Town of Branford (Including the BOE) elected to fully self-insure medical costs in FY 2010. Contributions into the fund were made pursuant to general fund appropriations which were developed in concert with our medical consultants. In the initial years the goal was to establish sufficient reserves to bridge the gap between the anticipated claims and the aggregate stop loss. (120% of claims). In the later years we looked to fund at a minimum 100% of expected claims. During the last eight years the fund balance increased as the budgeted amounts were sufficient to cover the claims.

OPEB

In 2009 the Town established the OPEB Trust which it funded through assets previously accumulated in a special revenue fund with the intent of funding the normal costs and the amortization of the accrued liability. As of 6/30/2018 the Trust held over \$15 million in assets and was approximately 43% funded reflecting the recently approved change in the return assumption and using the 2016 valuation. Please note we anticipate that these numbers will change with the updated valuation.

Considerations and Recommendations

I have looked at the reserves in our Medical Self Insurance Fund and have determined that it would be in the Town's financial interest to use a portion of these reserves to reduce liabilities in the OPEB Trust. I see a strong nexus between the funds as they were both designed to cover the towns current and projected liabilities in providing contractually obligated medical benefits. I will discuss this approach in more detail at your meeting.

Heart and Hypertension and Workers Compensation

We are in the process of completing an actuarial valuation of our Workers Compensation and Heart and Hypertension Funds. I will share the results of this report at a future meeting. The valuation will provide us with a better gauge of our funding efforts since these reserves were never fully developed professionally. We do, however, like many communities, record the liability based on the reserves established by our third party administrator.

In future years we also may wish to consider using Sec. 7-403a of the Connecticut General Statutes which provides greater investment flexibility in funding these liabilities. (See Below)

*Sec. 7-403a. Loss and retiree benefits reserve fund. (a) Upon the recommendation of the chief executive officer of a municipality and approval of the budget-making authority of the municipality, the legislative body of any municipality, as defined in section 7-369, may, by a majority vote, **create a loss** and retiree benefits reserve fund. The provisions of subsection (a) of section 7-450, regarding the establishment of postemployment health and life benefit systems, shall not affect the provisions of this section.*

(b) Upon the recommendation of the chief executive officer and approval of the budget-making authority and the legislative body, there shall be paid into such reserve fund (1) amounts authorized to be transferred thereto from the general fund cash surplus available at the end of any fiscal year, (2) amounts raised by the annual levy of a tax for the benefit of such fund, and for no other purpose, provided such tax shall be levied and collected in the same manner and at the same time as the regular annual taxes of the municipality, or (3) with respect to a reserve fund for property or casualty losses, the proceeds of bonds, notes or other obligations issued pursuant to subsection (b) of section 7-374b.

(c) The budget-making authority may, from time to time, direct the treasurer to invest such portion of such reserve fund as in its opinion is advisable, provided: (1) Not more than forty per cent, or with respect to a reserve fund for retiree benefits for which the budget-making authority has adopted an asset allocation and investment policy, fifty per cent, of the total amount of the reserve fund shall be invested in equity securities, and (2) any portion of such reserve fund not so invested may be invested in: (A) Bonds or obligations of, or guaranteed by, the state or the United States, or agencies or instrumentalities of the United States, (B) certificates of deposit, commercial paper, savings accounts and bank acceptances, (C) the obligations of any state of the United States or any political subdivision thereof or the obligations of any instrumentality, authority or agency of any state or political subdivision thereof, provided at the time of

investment such obligations are rated within the top rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, and applicable to such obligations, (D) the obligations of any regional school district in this state, of any municipality in this state or any metropolitan district in this state, provided at the time of investment such obligations of such government entity are rated within one of the top two rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, and applicable to such obligations, (E) in any fund in which a trustee may invest pursuant to section 36a-353, (F) in investment agreements with financial institutions whose long-term obligations are rated within the top two rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner or whose short-term obligations are rated within the top rating category of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, or (G) investment agreements fully secured by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States.

(d) The treasurer shall submit annually a complete and detailed report of the condition of such fund to the chief executive officer, the budget-making authority and the legislative body and such report shall be made a part of the annual report of the municipality.

(e) Upon the recommendation of the chief executive officer and the budget-making authority and approval by the legislative body, (1) any part or the whole of such fund may be used and appropriated to pay only for property or casualty losses and employee retirement benefits, and expenses related thereto, including court costs and attorneys' fees, incurred by the municipality, or (2) any part or the whole of such fund may be transferred to a trust established to hold and invest the assets of a pension, retirement or other postemployment health and life benefit system of the municipality. Any unexpended portion of such appropriation remaining after such payment, together with all interest accruing on the balance in the fund, shall revert to and be credited to such reserve fund. For the purposes of this section, "property or casualty losses and employee retirement benefits" shall include, but not be limited to, (A) motor vehicle liability, physical damage and collision, (B) loss or damage to, or legal liability for, real or personal property, (C) legal liability for personal injuries or deaths, **including but not limited to, workers' compensation and heart and hypertension**, and (D) retiree health and life benefits.

(f) Such fund may be discontinued, after recommendation by the chief executive officer and the budget-making authority to the legislative body and upon approval of such body, and to the extent there is any remaining portion of such fund, the fund shall be converted into, or added to, a sinking fund to provide for the retirement of the bonded indebtedness of the municipality. If the municipality has no bonded indebtedness, such fund shall be transferred to the general fund of the municipality.

Thank you for your consideration of these items.

Cc J. Cosgrove
M. Lubarda
L. Arpin