

TOWN COUNCIL  
**Town of Trumbull**  
CONNECTICUT  
www.trumbull-ct.gov

TOWN HALL  
Trumbull

TELEPHONE  
(203) 452-5005



FINANCE COMMITTEE  
MINUTES  
September 26, 2011

Chairwoman Debra Lamberti called the Finance Committee to order at 7:04 p.m. All present joined in a moment of silence and the Pledge of Allegiance.

Members Present: Debra Lamberti, Chairman, Tony Scinto, Vice Chairman, Jane Deyoe, Ann Marie Evangelista and John DelVecchio, Jr.

Members Absent: John Rotondo.

Also Present: Chief of Staff Mr. Daniel Nelson, Superintendent of Schools Ralph Iassogna, Labor Attorney Floyd Dugas, Town Council Chairman Carl A. Massro, Jr.

---

Moved by Mr. DelVecchio, seconded by Ms. Evangelista to take RESOLUTION TC23-187 out of order.

VOTE: Motion carried unanimously.

1. RESOLUTION TC23-187: Moved by Ms. Deyoe, seconded by Ms. Evangelista.

BE IT RESOLVED, That funding for a labor agreement between the Town of Trumbull Board of Education and the Trumbull Administrators Association (TAA) beginning July 1, 2012 and ending June 30, 2015 is hereby rejected.

Attorney Dugas explained that the statute reads as once a contract is negotiated it is binding, unless the legislative body rejects the contract. If you are in support of the contract you would vote against the motion; however if you feel the contract should be rejected you would vote yes in favor of rejecting the contract.

In response to a question from Mr. Scinto, Mr. Iassogna stated that there are five (5) steps included in this contract. All of the administrators are at the maximum step, except one (1). The steps are a 1.75% increase in the second year and 2% in the third year, (i.e. a middle and elementary school principal would start at the first step at \$131,000, the top step is \$148,000, representing approximately \$4,000 per step). That it is approximately a 3% increase. Attorney Dugas stated 3-4 % is a typical step increase.

In response to Ms. Lamberti, Atty. Dugas explained discussion with regard to contracts usually includes general wage increase and step movements. A general wage increase increases all of the steps. (i.e. all of the current administrators have reached the maximum step except one, but the step grid still has been increased by 1.75% and 2%). If an employee/administrator is currently at the top step there would be no step increase the first year, but because the whole salary has increased, a 1.75% salary increase will take effect and a 2% salary increase the following year.

In response to Mr. Scinto, Atty. Dugas explained that the administrators can accumulate up to a maximum of 222 sick days per contract. There is a requirement per state statute to allow teachers with a tenure position a minimum of 15 sick days; it is not uncommon for administrators (a twelve month position) to have 18 days per year. The theory is if the individual had not used any sick time and in the event of a serious illness this would be the equivalent of up to one year.

In response to Mr. DelVecchio, Atty. Dugas stated the first year of the contract the wage increase would be zero, the second year it would cost the Town an additional \$50,000 and in the third year approximately \$59,000. In total of the three years of the contract the cost of the increases is \$109,000, and would be offset by the \$45,000 in health care savings realized.

Mr. Iassogna stated that the contract is a fair and reasonable. The administrator are an important part of the system, they are available at any time and are a very responsible and professional group. There have been some retirements and have been able to replace three (3) administrators with good people. The administrators are pleased and everything is fine with the schools. Trumbull has a very good reputation as a place to work and to go to school. The insurance is now up to approximately 20% in co-payments and the administrators have adopted the teacher plan with the higher deductibles which results into a monetary savings on the insurance package.

Atty. Dugas confirmed for Mr. DelVecchio that the insurance hard cost does not take into account future insurance rate increases. Mr. Iassogna stated that the total for all employees is approximately \$10 million representing an 8% increase.

Attorney Dugas distributed and reviewed a Summary of Administrator Settlements to date 2011. Trumbull is at .96 % average increase over three (3) years, which is less than the summary sheet averages. The administrators were willing to agree to a zero percent increase in the first year because they had seen the teachers agree to it; in terms of the other money the team was able to make a compelling case due to the timing of the last contract. The administrators settled their contract in 2008 before the economy had been impact and had benefited from that timing. Mr. Iassogna added that the administrators were very realistic, there are only 23 members. Most bargaining units would not want to go final binding arbitration due to the unknown. In light of the percentage increases the administrators felt this was fair.

Attorney Dugas confirmed for Ms. Deyoe that there is approximately \$50,000 health care savings.

Attorney Dugas explained that the administrators do have higher co-payments than the teachers. There was a strong feeling on the team due to the fact that the administrators make more money that they needed to participate more than other employees. Mr. Iassogna confirmed that the administrators' co-payments are 1% higher than the teachers'. In addition to the co-pays going up in the second and third year, the premium cost shares are increasing as well.

Atty. Dugas confirmed for Mr. Scinto to vote no if in favor of the contract.

VOTE: Motion Failed 0-5 (Against: Lamberti, Evangelista, Deyoe, Scinto and DelVecchio).

2. RESOLUTION TC23-186: Moved by Mr. DelVecchio, seconded by Ms. Evangelista.

By unanimous consent the Finance Committee agreed to waive the reading of the full text of the resolution.

**BE IT RESOLVED, THAT RESOLUTION WITH RESPECT TO THE AUTHORIZATION, ISSUANCE AND SALE OF NOT EXCEEDING \$27.0 MILLION TOWN OF TRUMBULL GENERAL OBLIGATION REFUNDING BONDS, AUTHORIZING COMBINING INTO ONE ISSUE AND MAKING DETERMINATIONS WITH THE REFUNDING BONDS ANY OTHER AUTHORIZED BUT UNISSUED BONDS OF THE TOWN, AUTHORIZING AGREEMENTS FOR THE INVESTMENT OF REFUNDING ESCROW AND ITS REINVESTMENT OVER ITS TERM IS HEREBY APPROVED.**

Mr. Nelson read a memo from Bond Counsel Joseph Fasi to First Select Herbst, the Director of Finance, the Town Treasurer, the Town Council Chairman and the full Town Council dated September 23, 2011 into the record. (Memo Attached).

Mr. Nelson stated that in April 2010 there been another refinancing bond. This resolution provides the Town with flexibility to save money on interest. Mr. Nelson will take specific committee questions for Bond Counsel and will request that bond counsel be present at the October Town Council meeting.

Mr. Nelson confirmed for Mr. DelVecchio that this resolution would allow the Town to refinance bonds at a lower interest rate. Mr. DelVecchio questioned if a savings is realized from the refinancing whether the savings would be deposited in an account and possibly used for something else or would it go back to the bond company noting that the refund should be a refund and not used for another project.

Mr. Scinto questioned if the bond is refinanced would the term be extended? It was his understanding that there is a law which prohibits the term from being extended. Mr.

Massaro stated that he has had the opportunity to ask bond counsel that question on two previous occasions and believes that is illegal to extend the term of the bond. Mr. Massaro suggested asking Mr. DeVecchio's question at the October Town Council. It is Mr. Massaro's understanding that this resolution represents the refinancing of bonds, money that the Town has already spent, and would now be looking in the market to see if there is a less expensive bond to refinance the existing bonds.

All present agreed these questions would be referred to bond counsel.

Mr. Massaro clarified that this resolution does not represent the scenario Mr. DeVecchio had referred earlier at this meeting, where the Town had bonded a project where subsequently savings were realized leaving unused funds.

In response to Ms. Deyoe, Mr. Nelson stated that it would be possible to ask Bond Counsel to be present at the October 3, 2011 Town Council meeting.

The Finance Committee agreed to send the resolution without recommendation since bond counsel was not present to answer questions.

Moved by Ms. Deyoe, seconded by Mr. DeVecchio to send RESOLUTION TC23-186 to the Town Council without recommendation .

VOTE: Motion Carried unanimously.

3. RESOLUTION TC23-188: Moved by Ms. Evangelista, seconded by Mr. Scinto.

BE IT RESOLVED, that the Town Council Finance Committee is hereby directed to research and make a recommendation to the Trumbull Town Council in regards to a personal property tax abatement for senior residents.

Mr. Nelson stated that there are real property tax abatements in place for seniors. This committee was going to be charged with the feasibility of personal property abatement. After Mr. Nelson's review of the state statutes it is not clear whether there is enabling legislation for the Town to pursue personal property abatement. The Town Tax Assessor had advised Mr. Nelson that there may not be a statute and had suggested that the Town attorney look into whether this would be possible. Mr. Nelson suggested that this resolution be held in committee pending review by the Town attorneys.

Mr. DeVecchio spoke in favor of a bi-partisan senior personal property feasibility committee.

In response to a question from Ms. Deyoe, Mr. Nelson clarified that that real property refers to a house; personal property refers to automobiles, boats and/or motorcycles.

Moved b Ms. Lamberti, seconded b Mr. DeVecchio to hold RESOLUTION TC23-188 in committee.

**VOTE: Motion Carried unanimously.**

**There being no further business to discuss and upon motion made by Mr. DelVecchio, seconded by Ms. Evangelista the Finance Committee of the Town Council adjourned at 7:39 p.m.**

**Respectfully Submitted,**

---

**Margaret D. Mastroni, Town Council Clerk  
Town Council Clerk**

# JOSEPH FASI LLC

56 ARBOR STREET, SUITE 418  
HARTFORD, CONNECTICUT 06106

A T T O R N E Y S   A T   L A W

TELEPHONE (860)296-0510  
FACSIMILE (860)296-0541

**TO:** Timothy M. Herbst, First Selectman  
John L. Ponzio, Town Treasurer  
Maria Pires, Director of Finance  
Carl Massaro, Council Chairman  
Members of the Town Council

**FROM:** Joseph P. Fasi, Bond Counsel

**RE:** \$27.0 Million Refunding Bond Resolution

**DATE:** September 23, 2011

You have received a resolution authorizing the Town of Trumbull to issue up to \$27.0 Million of refunding bonds. The refinancing which the resolution authorizes has the potential to reduce the Town's borrowing costs.

The resolution authorizes the First Selectman and Town Treasurer to combine the issuance of refunding bonds with any other authorized and unissued bonds, to determine the interest rates on the combined issue of bonds, to determine the provisions and terms of the bonds, and to enter into any contracts that facilitate the purposes of the refunding, including interest rate swaps and contracts providing for the investment of bond proceeds held in an advance refunding escrow. While the resolution authorizes a variety of structuring alternatives (e.g. interest rate swaps and escrow float contracts)<sup>1</sup>, their use is highly unlikely at this time. As drafted, the resolution provides the Town of Trumbull with the flexibility to make decisions as required and advantageous at the time of the financing. Any unused portion of the resolution will remain available for future refinancings.

Where the issuance of refunding bonds will result in a net present value savings to the Town after accounting for costs of issuance, the general statutes provide that the legislative body of the Town (defined in the statute to mean the Town Council) has the sole authority to approve the issuance of refunding bonds. Connecticut General Statutes § 7-370c.

I am available to respond to any questions or comments.

---

<sup>1</sup> There are several options for investing escrowed refunding proceeds, the most advantageous of which is best determined at the time of issuance. The most frequently utilized escrow investments consist of the direct purchase from the federal government of government obligations, or the purchase of such obligations on the open market. Other investment options exist, such as "escrow float contracts", which authorize an investment provider to substitute permitted municipal investments for cash held in the escrow that is not immediately required to pay principal and interest on the refunded bonds. The financial appropriateness of such escrow yield enhancing strategies will be made at the time of refinancing implementation. Currently the direct purchase of federal government obligations is the most likely, open market purchase is a possibility, and other alternatives are not currently contemplated or likely.