

**CITY OF BRIDGEPORT
BUDGET AND APPROPRIATIONS
SPECIAL MEETING
JUNE 2, 2010**

ATTENDANCE: Angel dePara, Chair, Robert Curwen, Carlos Silva, Susan Brannelly, AmyMarie Vizzo-Paniccia (6:12 p.m.); Lydia Martinez (6:15 p.m.)

OTHERS: Finance Director Michael Feeney; Atty. John Stafstrom, Bond Counsel; Council Member Martin McCarthy

CALL TO ORDER

Council Member dePara called the meeting to order at 6:10 p.m. A quorum was present.

Approval of Committee Minutes of March 31, 2010 (Special Meeting); April 8, 2010; April 12, 2010; April 14, 2010; April 15, 2010; April 16, 2010; April 17, 2010; April 21, 2010; April 22, 2010; April 23, 2010; April 24, 2010; April 27, 2010; April 28, 2010; April 29, 2010; April 30, 2010; May 1, 2010; May 4, 2010; May 5, 2010; May 6, 2010.

**** COUNCIL MEMBER CURWEN MOVED TO CONSOLIDATE THE FOLLOWING LIST OF MINUTES FOR APPROVAL:**

MARCH 31, 2010 (SPECIAL MEETING); APRIL 8, 2010; APRIL 12, 2010; APRIL 14, 2010; APRIL 15, 2010; APRIL 16, 2010; APRIL 17, 2010; APRIL 21, 2010; APRIL 22, 2010; APRIL 23, 2010; APRIL 24, 2010; APRIL 27, 2010; APRIL 28, 2010; APRIL 29, 2010; APRIL 30, 2010; MAY 1, 2010; MAY 4, 2010; MAY 5, 2010; MAY 6, 2010

**** COUNCIL MEMBER SILVA SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

64-09 Approval of General Obligation Bonds to Refund Certain General Obligation Bonds.

Council Members Vizzo-Paniccia & M. McCarthy joined the meeting at 6:12 p.m.

Mr. Feeney and Atty. Stafstrom, Bond Counsel were present to answer any questions from the

Committee. Mr. Feeney said that this refund had been included in the budget. He then gave an overview of the refund sheet with all the figures. This is a restructuring of the payments.

Council Member Lydia Martinez joined the meeting at 6:15 p.m.

Mr. Stafstrom pointed out that State Law allows the refunding or restructuring of debt for two reasons, one of which is restructuring for cash flow. He reminded everyone that the City had borrowed a significant amount of bonding from the 90's, and in the past few years, the Council has been much more cautious about taking on additional debt or bonding out. There will be a bond issue later this year and this will be added in.

Council Member DePara asked how this would impact this coming year's budget. Mr. Feeney said that it had been built in to the budget already. The numbers have not changed. Mr. Stafstrom said that the only way that the numbers might change would be if the interest rates. The best thing to do is to allow the Finance Director to have the flexibility if the interest rates are lower than expected. That would result in more savings for the City. If additional bond amounts were included, that would allow more savings for the City. Mr. Stafstrom said that historically, this is one of the lowest rates known in many years.

Council Member Curwen asked if there were any items left out there from the old bonds. Mr. Stafstrom said that Mr. Feeney had requested the financial advisors for guidance and then the underwriters came up with additional savings. Some of the refunding items include 2006 bonds and if the market remains favorable, some of the 2009 bonds.

Council Member Curwen asked if there was any way to tap into some of the stimulus funding to reduce the debt service. Mr. Feeney said that those were really for new debt. Mr. Stafstrom said that there were numerous tax exempt bonds, but the Federal government is backing recovery zone bonds, which actually have lower interest rates and tax credits.

Council Member Curwen asked if the market has been coming back. New money projects and funding are recovering, Land based projects are recovering at a slower rate.

Council Member Curwen asked what would happen if the City went out to bond another 20 million dollars with the current bond rating. Mr. Stafstrom said that most of the projects were for schools, paving and infrastructure. He added that the City had finished off paying some of

the bonds. Having the State reimburse a lot of the money for the schools is a major asset. The City's fund balance is low and needs to be rebuilt. Council Member Curwen said that the City had some issues with Pension A. On the investor's side, the market is still very choppy.

The ticking time bomb for all Connecticut municipalities are the defined benefits plan. These agreements were done years ago and the municipalities are struggling to pay the benefits. Mr. Stafstrom said that some cities have started with 401K rather than a defined benefits plan.

Council Member Brannelly said that she wanted to review the facts to insure that she understood. The City would be restructuring 6.9 million dollars. Mr. Feeney outlined the payments if the City did nothing and continued to make the regular payments. He added that by not refinancing the bonds, the City would have an additional 3 million dollar gap in the budget, since the restructuring was factored into the budget. Discussion followed.

Council Member Vizzo-Paniccia asked about a recent CCM bond article. A brief discussion followed.

Council Member dePara asked Mr. Feeney to provide the Committee and the Council an update regarding the restructuring of the debt. Mr. Feeney said that he would.

**** COUNCIL MEMBER CURWEN MOVED TO APPROVE AGENDA ITEM 64-09 APPROVAL OF GENERAL OBLIGATION BONDS TO REFUND CERTAIN GENERAL OBLIGATION BONDS.**

**** COUNCIL MEMBER VIZZO-PANICCIA SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

Council Member dePara requested that the item be placed on the consent calendar.

ADJOURNMENT

**** COUNCIL MEMBER SILVA MOVED TO ADJOURN.**

**** COUNCIL MEMBER BRANNELLY SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 6:40 p.m.

Respectfully submitted

Sharon L. Soltes

Telesco Secretarial Services