

Via Email

May 7, 2021

Mr. Robert Blanchard
Chairperson
Charter Review Commission
City of Middletown, Connecticut
245 DeKoven Drive
Middletown, CT 06457

Re: Charter Review – Chapter IX: Bonding Powers

Chairperson Blanchard:

As bond counsel to the City, we have been asked to provide input on any recommended changes to “Chapter IX: Bonding Power” of the City’s Charter. The firm has been bond counsel to the City for the last 10 years. Over that time, the City’s bonding program has been exceptionally managed by the City’s Finance Department. For the last 5 years the City has been rated AAA by Standard & Poor’s (its highest rating) - a significant achievement given the City’s economic statistics when compared to other AAA rated municipalities in Connecticut. The City’s ability to repay each bond issue over an 11-year period as compared to the typical 20-year period for most municipalities and fully fund its annual pension commitment are two major factors that help support the AAA rating.

As to the current bonding provisions in the City’s Charter, Section 2 of Chapter IX requires that any bond ordinance authorizing more than \$750,000 of bonding for City improvements must be approved by a majority of the voters at a general municipal election or referendum. The low dollar threshold provides the voters of the City with ample input on the long-term finances of the City. Despite this low threshold, the City has successfully informed and educated City voters on the merits of the various project bonding authorizations subject to referendum; in the last 10 years, every bonding authorization subject to referendum has been approved.

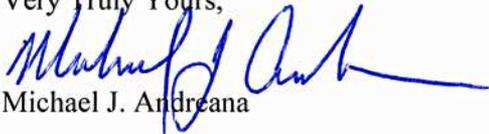
As bond counsel to the City, we draft and review all City bond ordinances and work closely with the City’s Finance Department to ensure that bonding authorizations in excess of \$750,000 for single improvement projects are not split or phased to avoid a referendum vote. Our analysis is fact based. With the help of the Finance Department we make sure that each separate bonding ordinance brought before the Common Council is for a project that can stand on its own. In fact, there have been a number of occasions where we and the Finance Department have not allowed certain single projects to be split into 2 bond authorizations or phased in over time in an attempt to avoid a referendum vote.

With respect to “Chapter IX: Bonding Power” of the City’s Charter, we would suggest a few changes to Section 2. of Chapter IX. The first change would be to reorder and rewrite the second and third sentences of the Section for clarity and the second change would be to align the dollar thresholds between the City

Charter's public hearing requirement and the referendum vote requirement. Our proposed changes to Chapter IX, Section 2. of the Charter is included in Exhibit A attached to this letter.

Thank you for your consideration.

Very Truly Yours,



Michael J. Andreana

cc: Mayor Benjamin Florsheim
Bobbye Knoll Peterson, Chief of Staff
Carl Erlacher, Director of Finance and revenue
Diana Doyle, Assistant Director of Finance
Brig Smith, Esq., General Counsel
Steven Mednick, Esq.
John Stafstrom, Esq.

Exhibit A

Chapter IX Bonding Powers

SECTION 2 DEBT AUTHORIZATION

[Amended 11-3-2009]

The issuance of bonds, notes, or other obligations shall be authorized by ordinance adopted by the Council. Provided however, if such bonds, notes, or other obligations for any improvement proposed to be issued exceeds \$500,000 but is less than or equal to \$750,000, no bonds, notes, or other obligations shall be issued for such improvement unless the ordinance authorizing such issue shall have received an affirmative vote by the majority of the Council at its next meeting after a special public hearing on the ordinance, which public hearing shall be held on a date prior to the Council's consideration of the issue. ~~and if~~ And if such bonds, notes, or other obligations for any improvement ~~the total estimated cost of any improvement for which such obligations are~~ proposed to be issued exceeds \$750,000, no bonds, notes, or other obligations shall be issued for such improvement unless the ordinance authorizing such issue ~~shall also be~~ is adopted by the Council and approved by a majority of those voting thereon at a general municipal election or referendum called and warned for that purpose subject to any State Statute that may appertain to or be in addition to the Charter requirements. ~~Provided however, if the total estimated cost of any improvement for which such obligations are proposed to be issued exceeds \$500,000 but less than \$750,000, no bonds, notes, or other obligations shall be issued for such improvement unless the ordinance authorizing such issue shall have received an affirmative vote by the majority of the Common Council at its next meeting after a special public hearing on the ordinance, which public hearing shall be held on a date prior to the Council's consideration of the issue.~~ Notes in anticipation of taxes shall be authorized by resolution of the Council. Notes to prevent default on the principal or interest of the City's debt shall not be subject to referendum and shall be authorized upon Council adoption of a resolution following certification to the Council by the Treasurer that, except for such borrowing, a default on the part of the City would take place. Such certification shall be spread on the minutes of the Council.