

TOWN COUNCIL MEETING
September 26, 2011

Present: President Gary Cote, Vice-President McGee, Councilman Jendzejec,
Councilman Spear, Councilman Mattson.

Town Manager Thomas Hoover
Town Solicitor Frederick Tobin

Pledge of Allegiance led by members of Boy Scout Troop 31 Crompton
Invocation by Councilman Spear
Review of Emergency Evacuation Plan

President's Comments

President Cote advised that Coventry's bond rating was downgraded to A1 this week by Moody's Investor Services. This review by Moody's was in anticipation of the planned refunding of school bonds. Although Coventry fares better than most of our surrounding communities, it is still a downgrade and we take it very seriously. Currently we are in the process of refinancing old school debt, which will result in gross savings of approximately \$1,000,000, half of which will be shared with the state. President Cote recommended the Council direct the Town's savings of approximately \$500,000 to the unfunded pension liability. In addition, he asked the Town Manager for a list of property that the town owns. Maybe we will look to sell some property in the future and earmark that money to also go to the pension liability. This council will face our problems head on and will do what's necessary to protect the interest of the taxpayers of Coventry.

Finance Director Ted Przybyla gave a brief explanation for Moody's downgrade of the town's credit rating, noting that it was primarily a result of the markets ongoing concern with the State and local unfunded pension obligations and the ability of these entities to adequately fund future requirements if the benefits or contributions are not modified. He further noted that a major concern was the projected required contribution to the State managed teacher pension plan unless significant changes are not enacted during the planned special session. The good news is that we should be able to achieve the projected \$1,000,000 of savings by providing bond issuance. Mr. Przybyla noted that without the unfunded pension obligation, Coventry fund balance and debt levels would not have warranted Moody's action. Manager Hoover added that Coventry, as compared to many cities and towns, does not supply post employee benefits.

Councilman Jendzejec mentioned Massachusetts and what was done with regard to their pension problems and whether that solution would work in Coventry. Finance Director Przybyla responded that they reamortized the pension, similar to when you refinance your house, you restructure the debt. Not sure that Massachusetts has any less of a problem than we do, they have just put it off.

Approval of Town Council minutes

Motion made by Councilman Spear seconded by Councilman Jendzejec to approve Town Council Minutes from September 12, 2011. All voted aye.

CONSENT AGENDA

1. Resolution canceling the October 10, 2011 Town Council Meeting due to the Columbus Day holiday
2. Resolution approving sewer tie-ins for 595 Washington Street, 455 Fairview Avenue and 111 Read Ave.

Motion made by Councilman Spear seconded by Councilman Mattson to approve Consent Agenda. All voted aye.

RESOLUTIONS

1. Awarding a contract to DeJana Truck Equipment of Smithfield, RI for Dump Bodies, Plows and Hydraulics for three Freightliner M2 Cab and Chassis at a cost of \$94,650

Before recommending DeJana, Chuck Smith of DPW went to DeJana in Smithfield, RI to see the truck bodies and was satisfied with the product. In addition, DeJana was the low bidder and the money will come from the Capital Improvement Program, which was approved at the FTM

Motion made by Councilman Jendzejec seconded by Councilman McGee to approve resolution. All voted aye.

2. Engaging the PFM Group to provide services connected with the Refunding Bond Issue for the Town of Coventry at a fee of \$1.00 per \$1,000 of bonds issued, not to exceed \$13,000

Manager Hoover explained that this resolution authorizes the engagement of the PFM Group to provide financial services pertaining to the refunding bond issue for past school debt. In the past Steve Maceroni, who worked for many years with our bond counsel on providing all the financial needed services for the issuance of debt, has moved from Bank Southwest to a new firm, the PFM Group, after he began our refunding with Bank Southwest. We, at the same price, stayed with him to let him finish the refunding. This is at no charge in cost and limited to a maximum of \$13,000, which is at a rate of \$1.00 per \$1,000 of bonds issued plus less than \$500.00 in incidental expenses. Manager Hoover strongly recommended that this resolution be approved.

Motion made by Councilman Spear seconded by Councilman Mattson to approve resolution. All voted Aye.

3. To earmark the projected savings from the pending Refunding Bond Issue to the Police and Municipal Employees Pension Funds

Councilman Jendzejec asked about savings to the town. President Cote responded that there will be approximately \$1,000,000 in savings, but out of that 50% reverts back to the state of RI. The Town's savings would be about \$500,000, so that is what we would be able to earmark for those pension funds. Manager Hoover added that this would take place over a couple of years.

Motion made by Councilman Spear seconded by Councilman Jendzejec to approve resolution. All voted aye.

INTRODUCTION OF ORDINANCES

1. Amending Chapter 217, Article III, Section 217-5 of the Coventry Code of Ordinances regarding Eligibility, termination of tax exemption

Councilman Jendzejec proposed this amendment, explaining that he believes the existing ordinance should be changed to be more equal and fair to the disabled, and suggests an amendment that only one person in the household be disabled in order to qualify for the tax exemption, rather than two disabled persons in the same household. By amending the ordinance, it would become more fair and equal to the elderly exemption, where only one person over 65 in a household (on the deed to the house) can receive the exemption.

Currently, to qualify for the elderly tax exemption, **one** person has to be 65 or older; however, if you are totally disabled **both** people in the house have to be totally disabled. So in all fairness this should be more fair and equitable to the senior tax exemption. The five year residency requirement still applies,

although you don't have to be in the same home.

Motion made by Councilman Jendzejec seconded by Councilman Spear to advertise for public hearing. All voted Aye.

2. Amending Article 4, Section 454 of the Coventry Zoning Ordinance regarding variances

Councilman Jendzejec proposed an amendment to the Zoning Ordinance regarding variances. Solicitor Tobin explained that the proposed amendment to the current zoning ordinance (a portion in Section E), states that if the Zoning Enforcement Officer files a notice of violation in the Coventry land records relating to someone's property, before that person can be granted a variance by the Zoning Board, they must first come into compliance and then seek the relief they request. They cannot come in front of the board for relief if they are not in compliance. This amendment requires an opinion from the Planning Commission.

Councilman Jendzejec noted that three or four issues have come up in his district where people are violating zoning ordinances. The Zoning Officer cites them, they come before the Zoning Board asking for forgiveness and then ask for a variance. This would give the town a little more "teeth" in their zoning laws, in that you have to come into compliance before you seek relief.

Motion made by Councilman McGee seconded by Councilman Jendzejec to send amendment to Planning Commission for recommendation. All voted aye.

PUBLIC COMMENT

Ron Gizzarelli, 50 Harrington Road, would like to volunteer his services and participate on a committee pertaining to pension issues. He has many suggestions to make. President Cote replied that the council has not decided yet to form a committee, it is something they need to talk about, but will keep Mr. Gizarelli in mind if a committee is formed.

Keith Anderson, 14 Osprey Drive, commented on reamortization of the pension liability and believes that although it looks good in the short run, over time you would be paying more interest.

Councilman Jendzejec concurred but remarked that the purpose of reamortizing is affordability and what the town can afford. If the town can't afford the payments you could consider reamortization, like Massachusetts did. We can only raise the tax rate so high and have so much revenue in the town.

Finance Director Pryzbyla clarified that if pension funds run out, then an annual appropriation would be needed to cover pensions if this issue is not addressed.

Motion made by Councilman Spear seconded by Councilman Jendzejec to adjourn meeting. All voted aye.

Town Clerk