

Weston Board of Finance
Debt Capacity Analysis Sub-Committee Agenda
Special Meeting
October 17, 2024 | 8:00 p.m.
Meeting held remotely

Chairman Michael Imber called the meeting to order at 8:00pm. Also in attendance were BOF members Rone Baldwin and Chris Bryant.

Discussion with Mark Chapman, Munistat Services: Mr. Imber welcomed Mark Chapman, investment advisor from Munistat Services to review the current debt market environment, forecasts and give guidance for planning potential issuance of debt and preparation of a projection model. Discussion on what rating agencies are looking at in terms of models was discussed. Points discussed:

- Debt market environment discussed by Mr. Chapman. Liquid market for short term notes vs. long term/bond market and traditional curve discussed. Forecasts for 5-10 year discussed.
- Debt issuance planning – Emphasis on long term term planning and 5-10 year forecast discussed.
- Debt burden impact on Moody’s ranking discussed.
- Carrying costs and Moody’s scorecard rating criteria discussed for AAA rating with respect to long term liabilities (pension and OPEB).
- Debt policies for other towns discussed. Debt service costs not exceeding 10% of general fund budget discussed.
- Discussed not being an outlier compared to other AAA rated towns. Comparisons developed by the Debt Management Policy committee to be reviewed, review towns that have issued debt in the last few years and what have the ratios looked like before and after, what was the debt benchmark.
- Mark Chapman will take assumptions and put into the Moody’s scorecard. Mr. Chapman to compare AAA towns that have issued debt in the past 3-5 years. Will review peer groups similar to Weston, neighboring communities in Fairfield. Questions were asked on S&P methodology and Fitch as rating agencies that may be looked at.

Discussion re: projection model. Discussion on projection model/quantitative analytics.

- a. TOW Model – Town Administrator Karl Kilduff prepared a 10 year long term model to be presented to the BOS. Growth assumptions for expenditures and expected capital expenditures will be reviewed. BOE will need a longer time frame for assumptions. As a result, the subcommittee will review the BOF model from 2 years ago and run hypotheticals. Functionality to measure year over year debt service as a

percentage of the overall budget that's forecasted will be reviewed. Noted that all will be hypotheticals since there are not valid assumptions for the growth and expenses for the town or schools. Will look at hypotheticals with limits to debt services as defined to 10%, 11%, etc.

- b. Alternate Model – Subcommittee will use old BOF model from 2022. Model is updated through FY 24-25, starting FY26 as first projection year for 20 year projection. Model will be marked draft.

Discussion re: next meeting agenda

Review/discussion of alternate model shared as draft. Next Special meeting will be on Monday, October 28, 2024 at 4:00 pm.

Adjourn: Motion to adjourn made by Mr. Imber. Meeting adjourned at 9:10pm.

Respectfully submitted,
Shawn Amato, Recording Secretary