

Minutes: January 10, 2013

MICHAEL PAVIA
MAYOR

TIMOTHY A. ABBAZIA
CHAIRMAN
MARY LOU T. RINALDI
VICE CHAIR
JOHN J. LOUIZOS
GERALD BOSAK, JR.
KATHLEEN MURPHY
DAVID MARTIN
TEL: (203) 977-4699



BOARD OF FINANCE

STAMFORD GOVERNMENT CENTER
888 WASHINGTON BOULEVARD
P.O. BOX 10152
STAMFORD, CONNECTICUT 06904-2152

MINUTES

Regular Meeting

Thursday, January 10, 2013: 7:00 PM
Board of Finance Meeting Room, 4th Floor

Call to Order: Video: 00:00(hours, minutes): Performed by Chairman Abbazia at 7:10 pm; noting all Members were present, excepting Ms. Rinaldi who was unable to attend.

Pledge of Allegiance (Video: 00:00): Led by Chairman Abbazia

Approval of Minutes: (Video:00:01) December 17, 2012: 7:00 PM: Regular Meeting

Approved
5-0-0
Motion by
G. Bosak
Seconded
D. Martin

Public Participation: None

Reports to the Board: (Video: 00:05) Mr. Abbazia noted that he received a letter from the former Director of Administration expressing his concerns in three areas. Mr. Louizos advised that he Chaired a Joint Education/Audit committee Meeting last week addressing school safety, noting his report on file and stating that a follow-up meeting is already scheduled for February. Mr. Louizos noted that he also held an Audit Committee

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meeting tonight, just preceding this meeting, to discuss the Management Letter, noting that a follow-up meeting would be held in February to review action items and milestones. Mr. Bosak stated that Smith House was hiring several key positions and that he would like them to provide a financial update to the Board of Finance at its February meeting. Mr. Martin shared that he held a Financial Policy Committee meeting last week, along with Kathleen Murphy, discussing a cash forecast- stating progress was made and would be recommending several new fiscal policies relating to segregating items in separate bank accounts and how to deal with bond proceeds, noting that a report of this meeting was also on file. Ms. Murphy expressed that she did have concerns about the cash forecast.

ITEMS ARE SHOWN IN ORDER OF CONSIDERATION

CAFR, Audit for FY 2011-12

Item 1	Review: Results of Annual Audit for FY 2011-12	Review: No Action taken
	<i>Action Requested:</i> Discussion	
	<i>Amount:</i>	
	<i>Fund/Budget:</i>	
	<i>Submitted by:</i> Tim Abbazia, Chairman	
	Video: 00:02 Auditor Blasnik stated that his firm had walked through the CAFR at the last meeting and that it was filed with the State on December 20. He noted that he issued a management letter, still in draft form awaiting input from City management to be incorporated into final form, expected in a matter of days.	

Revaluation Results

Item 2	Review: Revaluation Results	Review: No Action taken
	<i>Action Requested:</i> Update	
	<i>Amount:</i>	
	<i>Fund/Budget:</i>	
	<i>Submitted by:</i> Tim Abbazia, Chairman	
	<i>Presented by:</i> Frank Kirwin, Assessor	
	Video: 00:16 Mr. Kirwin advised that the revaluation was still a work in progress with preliminary numbers and that informal hearings would be closed in about a week. He provided a breakdown by district between the 2011 Grant List and the new one noting that the Grand List was down by some 24%. Mr. Abbazia asked if he could identify growth in the grand list if revaluation had not been a factor. Mr. Martin asked a similar question, also asking for a "histogram" which would show the variance in the new assessment from the old by the number of homes within a particular district. He also asked for reval numbers by main property types including estimates. Ms. Murphy asked for numbers for the properties within the TIF district. Mr. Kirwin promised that he would respond to all the members' requests.	

Payroll Audit

Item 3 Discussion: Status of Audit work

**Review: No
Action taken**

Action Requested: Update

Amount:

Fund/Budget:

Submitted by: Tim Abbazia, Chairman

Presented by: Teresa Viscariello, Auditor

Video: 00:26

Ms. Viscariello provided the status of an internal payroll audit covering January-June, 2012, noting key tests performed and relaying preliminary results. Mr. Louizos asked Ms. Viscariello to put her recommendations in writing. Ms. Murphy asked for inclusion in the audit of excessive overtime. Controller Yanik offered that this may prove difficult for the Fire Department which was not on KRONOS. Chairman Abbazia made the point that it was difficult to review departments not on KRONOS which pointed to the necessity of their inclusion in this system.

OFFICE OF LEGAL AFFAIRS

Tax Abatement Agreement

Item 4 Request for Approval of Tax Abatement Agreement between the City of Stamford and Greenfield Merrell Limited Partnership for low income housing located at 12-74 Merrell Avenue, Stamford.

Approved

Action Requested: Tax Abatement Agreement

Amount: 10% 'Shelter Rent' to City

Fund/Budget:

Submitted by: Joe Capalbo, Director of Legal Affairs

Video: 00:38

Attorney Chris Dellaselva stated that this was Phase III of a Vidal Court revitalization project which provided some market value housing in addition to low-income. He stated that it was substantially the same agreement as other tax abatements and that it protected the City should GMP violate the project or be deemed by HUD as not 'low income'. Ms. Murphy asked about financial statements which it was noted were provided by an independent auditing firm and used to calculate the 'shelter rent' due to the City. The Board elected to approve this agreement by unanimous vote.

**5-0-0
Motion by
J. Louizos
Seconded
G. Bosak**

Health Advisory Services Agreement

- Item 5** Request for Approval of Agreement between the City of Stamford and The Segal Company for Health Care Advisory Services for a period of one year commencing upon execution, which may be extended for two additional years at the sole option of the City. **Approved**
- Action Requested:** Approval of Agreement **4-1-0**
Amount: 1st Yr: \$83,000; Options: 2nd Yr: \$85,000, 3rd Yr: \$88,000 **Motion by**
Fund/Budget: **G. Bosak**
Submitted by: Emmet Hibson, Director of Human Resources **Seconded**
Video: 00:43 Chairman Abbazia asked Mr. Hibson what his opinion was **J. Louizos**
of continuing with the same consulting firm for over 5 years given that the City just passed Charter language related to the City going out to bid for auditing services at least every 5 years- citing the rationale would be the same, and suggesting that this would be in accordance with 'best practices. Mr. Hibson stated that while he preferred an alternate firm, the selection committee favored Segal due to factors such as knowledge of city plans, cost and responsiveness. The Board approved this agreement by a vote of 4-1-0, with Ms. Murphy casting the dissenting vote.

CAPITAL ITEMS

Supplemental Capital Appropriation

- Item 6** Request for Approval of Supplemental Capital Appropriation in the amount of \$125,000 to purchase & rehabilitate the HVAC System at Sterling Farms Barn (Kweskin Theatre). **Approved**
- Action Requested:** Supplemental Capital Appropriation **5-0-0**
Amount: \$125,000 **Motion by**
Fund/Budget: Capital: C46053 **D. Martin**
Submitted by: Ernie Orgera, Director of Operations **Seconded**
Video: 00:58 Mr. Orgera explained that they were replacing a 40-year **J. Louizos**
old HVAC system which required numerous costly repairs, in favor of an energy efficient system. Ms. Flynn added that the old boiler units would be discarded in favor of gas. Mr. Martin was dismayed that specific ROI (return on investment) numbers were not available to make a more effective argument, suggesting that he expected this for upcoming capital budget requests. The Board elected to approve this appropriation by unanimous vote.

Bond Resolution

Item 7	Request for Approval of Bond Authorization Resolution NTE \$50M	Approved 4-1-0 Motion by J. Louizos Seconded D. Martin
<i>Action Requested:</i>	Resolution Approval	
<i>Amount:</i>	\$NTE 50M	
<i>Fund/Budget:</i>	Bonds	
<i>Submitted by:</i>	Michael Handler, Director of Administration	
Video:	01:06	

Mr. Martin submitted an amended resolution, which he stated was agreed to by Director Handler, which provided for segregation of the City's & the Board of Ed's capital projects (Schedule's A & B, respectively) allowing for transfer of bond proceeds not exceeding 20% of the total issuance, and allowing for transfers only if, in the case of City capital projects, if the Board of Finance did not reject such transfer within 45 days of notice. It also afforded the Board of Education the same latitude upon notice of any transfers from its projects, providing both the Board of Finance to reject, and the Board of Education to object to such transfers within 45 days of notice. Ms. Murphy submitted an alternate resolution stating that it should state "up to" \$50 million of borrowing, and objected to inclusion of any option to move money between the City and the Board of Education \$25 M pots. Mr. Martin stated that his resolution allowed the City to catch-up on BOE projects with project specific financing providing flexibility and protecting both the City and the Board of Education. He also stated that there was a commitment to make certain that bond proceeds were being used for capital purposes only, which was reinforced by Director Handler. Mr. Privitera stated that if the bond proceeds were ultimately put in the capital non-recurring fund, they could be used to eradicate the remaining AUI list of projects. Mr. Louizos made a motion to approve Mr. Martin's resolution, which he stated struck a fair balance and gave controls to both Boards. Mr. Martin seconded this motion, and the Board approved the same by a vote of 4-1-0, with Ms. Murphy casting the dissenting vote.

OFFICE OF ADMINISTRATION

Director of Administration

Item 8	Approval of Board of Finance Resolution concerning Certificate of Safe Debt Limit for Fiscal Year 2013-2014.	Approved for Higher Amount of \$30 M
<i>Action Requested:</i>	Approval of Safe Debt Limit	3-2-0
<i>Amount:</i>	\$25 million Requested	Motion by
<i>Fund/Budget:</i>		J. Louizos
<i>Submitted by:</i>	Michael Handler, Director of Administration	Seconded

Video: 01:33

Mr. Privitera stated that Administration was recommending a safe debt limit of \$25 million next year, and \$35 M in the out years considering the just approved \$50 million of Capital Projects approved for bonding already, and that the \$25 M recommended amount would allow the City’s debt service to stay within 10% of the prior year operating budget, a stated policy goal. Mr. Abbazia reiterated that the City was at a higher risk when it did not regularly fix their infrastructure and objected to the methodology of capital budgeting of \$20M one year and \$50M the next, suggesting that depreciation should be used as a guide for spending. Mr. Abbazia declared that while he considered a \$40M limit to encourage departments to seek the amount of funding they required, the increase in debt service payment induced him to recommend a \$35M safe debt limit. Mr. Martin stated that this was too high, considering the bond sale was not finalized. Ms. Murphy stated that she did not believe they should go higher than the \$25M recommended amount, citing concern for taxes. Mr. Louizos, noting his appreciation of the flexibility on projects & stating that the number was a “limit” advised that there was nothing lost by setting the amount at \$30M, making a motion to amend the safe debt limit to this number, which was seconded by Mr. Martin. Mr. Bosak made a motion to approve the lesser amount of \$25M which was seconded by Ms. Murphy. The Board acted on the first motion to amend the safe debt to \$30M by a vote of 3-2-0, with Mr. Bosak & Ms. Murphy dissenting. On a motion by Mr. Louizos to approve the amended limit of \$30M, which was seconded by Mr. Martin, who echoed Mr. Louizos notion that the safe debt number was not a target, but a limit, the Board acted to approve a recommended safe debt for FY 2013-14 of \$30M by a vote of 3-2-0, with Mr. Bosak & Ms. Murphy casting the dissenting votes.

ITEM HEARD UNDER SUSPENSION OF THE RULES

Board of Finance

Item 10 Request for Approval of Resolutions Pertaining to two new Financial Policies re: 1- Maintaining separate bank accounts and 2-Handling of Bond Premiums. **Approved as Noted**

Action Requested: Approval of Resolutions

Amount: \$

Fund/Budget:

Submitted by: David Martin, Financial Policy Committee Chairman

Video: 02:01

On a motion by Mr. Bosak, which seconded by Mr. Martin, the Board agreed by unanimous vote to hear this item under suspension of the rules. Mr. Martin recommended two new fiscal policies, one regarding

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maintaining separate bank accounts for 4 items including monies received from bonding, monies deposited into the capital non-recurring fund, the Rainy Day Fund balance and the Debt Service Fund – all including any associated interest. He stated that it was straight-forward and simple, implementing an Auditor’s recommendation not to co-mingle certain funds. On a motion by Mr. Louizos, which was seconded by Mr. Bosak, the Board approved the new fiscal policy by unanimous vote, although Ms. Murphy favored a more inclusive list of funds requiring separate bank accounts. Mr. Martin offered that while his second recommended fiscal policy regarding the handling of bond premiums was equally important, it needed some ‘tweaking’ to simplify the language. Mr. Bosak suggested that acting on this policy be held to allow for further review. This action was seconded by Ms. Murphy and approved by a vote of 4-1-0, with Mr. Martin objecting to holding the item.

BOARD OF FINANCE

Future Agenda Items

Item 9 Review: Possible future Agenda Discussion Items

Action Requested: Discussion

Amount:

Fund/Budget:

Submitted by: Tim Abbazia, Chairman

Video: 02:18 After some discussion, Chairman Abbazia stated that he would consider recommended future agenda items including an OTHRA presentation by Laure Aubuchon (requested by Ms. Murphy), a Smith House Financial Update by Robert Mislou (requested by Mr. Bosak), an Actuarial Update by Hooker & Holcomb (requested by Ms. Murphy), and a increase in Public Safety personnel presented by Director Jankowski and Police Chief Fontneau (in committee), recommended by John Louizos.

Next Regular Meeting of the Board: Thursday, February 14, 2013 @ 7:00 P.M.

Adjournment: On a motion by Mr. Louizos which was seconded by Mr. Martin, the Board unanimously agreed to adjourn this meeting at 10:02 PM

Lorraine C. Gilden

Lorraine C. Gilden
Clerk of the Board