Board of Finance
11/10/2014

Board of Finance (Monday, November 10, 2014)

Generated by Amy Bovee on Monday, November 17, 2014

Present: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul (arrived at 5:05pm)

Also Present: CAO Bob Rusten; ACAO Rich Goodwin; City Attorney Blackwood; Assistant City Attorney Haesler; Jesse Bridges, Parks; Stephen Barraclough, BT; Susan Leonard, HR; Steve Carlson, Paul Bohne, CCTA; Thomas Melloni, Burak, Anderson, and Melloni; Terry Dorman, Dorman and Fawcett (phone)

Start Time: 5:03pm

1. Agenda

Action, Minutes, Procedural: 1.01 Adopt/Amend Agenda

Approve the Agenda

Motion by Joan Shannon, Second by Sharon Bushor

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell

2. Public Forum

No one came forward to speak.

3. Approval of the Board of Finance Minutes

Action, Minutes: 3.01 November 3, 2014

Approve the Minutes

Motion by Sharon Bushor, Second by Jane Knodell

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell

4. For Approval and Recommendation to City Council

Action, Resolution: 4.01 Authorization for Parks and Recreation Reorganization - HR

Councilor Bushor inquired if the salary of the Bike Path Coordinator is going down. Jesse Bridges, Parks, stated they are compensating that position at the same level as comparable positions. Councilor Bushor inquired if there is precedence for reducing a salary. Susan Leonard, HR, stated this position will receive additional benefits. Mr. Bridges stated they felt it was important to have equity across all positions. Councilor Bushor noted an error in the resolution.

Approve and Recommend City Council Approval

Motion by Joan Shannon, Second by Jane Knodell

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

Action, Resolution: 4.02 Authorization for Creation of C/T Assistant Chief Accountant Position – HR

Councilor Bushor inquired if this position will be funded with general fund dollars or CEDO dollars. CAO Rusten stated the position will be funded through the general fund. They will transfer non-grant money from CEDO to the general fund to pay for her services. Councilor Bushor inquired if the CEDO functions will be shared between both Assistant Chief Accountant positions. CAO Rusten stated they will be setting up some backup systems so that people are cross trained. They plan to have the new position continue to work on primarily CEDO work, but they may make adjustments as needed.

Councilor Knodell expressed concerns that a future CEDO Director would not have an Assistant Director of Finance. CAO Rusten stated a lot of non-general fund departments do not have that position. There are other CEDO staff members that will provide support to the Director. They will continue to have a close relationship between the C/T and CEDO Offices.

Approve and Recommend City Council Approval

Motion by Joan Shannon, Second by Karen Paul

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

Action, Resolution: 4.03 Authorization for CEDO Reorganization - HR

Councilor Bushor stated this seems in line with the functions of the positions and reflects the intent of the reorganization.

Approve and Recommend City Council Approval

Motion by Joan Shannon, Second by Karen Paul

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

Action, Resolution: 4.04 Authorization for MOU Between City, CCTA and State of Vermont for Downtown Transit Center

Councilor Bushor inquired if the Mayor is satisfied with this agreement. Mayor Weinberger stated he is fully satisfied.

Approve and Recommend City Council Approval

Motion by Karen Paul, Second by Joan Shannon

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

Action, Resolution: 4.05 Authorization for Downtown TIF First Phase Filing - CEDO

Approve and Recommend City Council Approval

Motion by Joan Shannon, Second by Karen Paul

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell, Karen Paul

Action, Resolution: 4.06 Authorization for Approval of Financing Documents and Completion of Settlement Agreement – BT

and

Action, Resolution: 4.07 Authorization for Expansion of BTAB and Approval of BT Operating Guidelines - BT

Councilor Knodell inquired when the Council will act on these items. Mayor Weinberger stated the Board will act tonight and the Council will act next week. They are hoping to be in a position to close on the Settlement Agreement and Financing by December 10. Councilor Knodell stated she has not had time to read through all of the documents. She requested an overview of what each document accomplishes. City Attorney Blackwood stated the key documents are the Management and Sale Agreement and the Operational Guidelines. The lease agreements flow from the Management and Sale Agreement. There are a number of assignments that are routine documents. They say that the City has agreement in place that will be assigned to the new entity. The Deposit Trust Agreement talks about the financial relationship between the City and BT. Mayor Weinberger stated he would be open to discussing the documents further at the Work Session and holding another Board of Finance meeting next week.

Councilor Bushor requested further explanation. City Attorney Blackwood stated the Operational Guidelines require BT to be operated as close to stand alone as possible. They tried to make BT closer to operating like BED than like a General Fund Department. They have BTAB instead of a commission. Stephen Barraclough, BT, stated they will still be transparent to the CAO's Office. CAO Rusten stated as they have been working to have BT as a separate entity, they have been working more closely together.

Councilor Paul stated the City Council will be reviewing this, which is different than their relationship with BED. They have very detailed information about BT and its budget. CAO Rusten stated they will be getting more detailed budgets from BED in the future.

Councilor Bushor stated BED is required to come to the Board of Finance for purchases over $100,000 and is unsure why it is different for BT. The Mayor and Council need to continue to remain informed, particularly if there are significant changes to the budget. She inquired what the role of the Council will be.

City Council President Shannon requested an overview of each document and what it accomplishes. Thomas Melloni, Burak, Anderson, Melloni, stated the Council previously approved a commitment letter for financing from Pecor. In that commitment letter, they agreed to sell the assets of the Telecom system and then lease them back to the City of Burlington to continue operations. The Bill of Sale and Assignment Agreements convey those assets subject to a lease. There is a Lease Agreement for the Telecom system that is subject to annual appropriation and does not constitute indebtedness to the City. In that agreement, it says the lease will be paid from revenues from Burlington Telecom. They will also sign a BT Management and Sale Agreement which gives the City a period of time to seek a sale of the system to a third party. A percentage of the proceeds would be allocated to the different parties involved. In that agreement, there are protocols that the lessor, Pecor/Merchant's Bank, are requiring, which is that BT operate as a stand-alone entity as much as possible. This means they will have a separate audit, financial reports, and flexibility in operation while working in a competitive industry. The third document is a Deposit Trust Agreement that states this will not be supported by the general fund. This states that all BT revenues go into a segregated account and an amount will go to an operating account, an amount will ensure payment of salaries, a portion will go to the City as a PILOT payment, and an amount will go to services provided by the CAO. The fourth agreement is a lease for 200 Church Street. This property was acquired with Burlington Telecom revenues. The lessor wants to ensure that if the system is sold and the total is less than the financing, they would have the right to acquire the property. If the net sale proceeds are in excess of the financing, the ultimate purchaser of Burlington Telecom will be able to purchase 200 Church St. at fair market value. The remaining documents transfer over assets. City Council President Shannon inquired about the function of the remaining agreements. Mr. Melloni stated they are administrative. In the event there is a sale, the agreements related to Verizon poles and BED conduits would be conveyed through the sale.

Councilor Knodell stated there are references to the sale of the system, but they have also contemplated a partnership. She would like the language in the agreements to include the option of a partner as well as a sale. Mr. Melloni stated the arrangement says that the sale must result in a minimum price, but there is flexibility in the structure of that transaction. The Settlement Agreement states that Citibank will receive a percentage of the proceeds from the sale. Terry Dorman, Dorman and Fawcett, noted that once Citibank receives their proceeds from the sale, there would be no further obligation to Citibank.

Councilor Knodell stated the PILOT shall not exceed $100,000 and inquired how they set that number. Stephen Barraclough stated they chose that number to ensure that it does not become a vehicle for moving money out of Burlington Telecom. Councilor Knodell stated there is a formula they typically use to calculate PILOTs for enterprise funds. CAO Rusten stated there is some flexibility in that number. Mr. Melloni stated the language reads that there can be adjustments if there is an increase in the tax rate.

The Board postponed action on the items.

5. Adjournment

Action, Procedural: 5.01 Adjournment

Without objection, Mayor Weinberger adjourned the Board of Finance meeting at 5:54pm.