Board of Finance - Monday, September 17, 2018 at 5:00 p.m.
Conference Room 12, City Hall
9/17/2018

BURLINGTON BOARD OF FINANCE

CITY HALL

BURLINGTON, VERMONT

MINUTES OF MEETING

September 17, 2018

APPROVED - 12/3/18

MEMBERS PRESENT: Mayor Weinberger

Kurt Wright

Sharon Bushor

Karen Paul [via telephone]

Jane Knodell [via telephone]

OTHERS PRESENT: Beth Anderson, CAO

Rich Goodwin, DFO

Jordan Redell, Mayor's Office

Eileen Blackwood, City Attorney

Cindi Wight, Parks & Rec

City Councilor Pine

City Councilor Mason

City Councilor Roof

Nathan Lavery, BSD Director of Finance

Yaw Obeng, BSD Superintendent

Clare Wool, Burlington School Board

Jeff Wick, Burlington School Board

1.0 CALL TO ORDER and AGENDA

Mayor Weinberger called the meeting to order at 5:08 PM on September 17, 2018.

1.01 Agenda

MOTION by Councilor Wright, SECOND by Councilor Bushor, to approve the agenda as presented. VOTING: unanimous; motion carried.

2.0 PUBLIC FORUM

None.

3.0 APPROVE AND RECOMMEND TO CITY COUNCIL

3.01 Debt Management Policy

Mayor Weinberger summarized the purpose of the debt policy per the memo from CAO Anderson. Modifications to the policy as previously discussed have been incorporated. The policy meets the goals of defining a responsible level of borrowing, supporting the financial progress the city has made over the past six years, and allowing significant levels of investment in city infrastructure and the school district.

Council President Wright asked about the impact of borrowing and investments on the average homeowner. Mayor Weinberger said 4% of the full value of the city is the metric for the maximum amount of debt for an "AA rated city. PFM believes the policy with that key metric defining overlapping debt will not decrease the rating, and the city is not borrowing at a level that is going to make debt more expensive. CAO Anderson provided a handout showing additional tax if the city and school district bonds move forward. The impact is a $246/year increase based on a house valued at $250,000 with the $2 million annual borrowing and $398/year increase with all-in debt.

Councilor Bushor asked about being able to invest if something comes up outside the debt assumptions in the chart. Mayor Weinberger said the borrowing is projected. There are uncertainties. There could be variances in the grand list, schedule, debt terms, for example. Projections will be updated whenever bonding is done. The city does not hit the 1.75 limit until 2023 (five years in the future). Adjustments will be made as the city approaches the 1.75 threshold. The debt policy allows an additional ¼ percent on the 4% or 1.75 thresholds if the city needs to do additional borrowing. The policy will be approved by City Council and City Council can amend the policy if circumstances warrant.

Credit was given to staff for the work on the policy and the policy layout which was very clear and understandable.

Councilor Paul echoed the acknowledgement of the work done on the policy, noting the debt projection chart shows collaboration between the city and school district. It is requested the school district itemize the list of debts, pay downs, and the sinking fund value for clarity and understanding. The sinking fund value that is decreasing each year should be identified. Nathan Lavery said this will be done.

Councilor Knodell spoke positively about the policy and the flexibility created by having a target and a maximum.

There was discussion of the length of term for borrowing and using best practices as a guide for drafting the policy. Councilor Bushor asked who selects the financial advisor. DFO Goodwin said the advisor the city has worked with for the past 20 years is recommended due to the understanding of the city' financial goals and objectives. CAO Anderson said the city does goes out to bid for a financial advisor on a regular basis. Councilor Bushor asked about debt capacity monitoring and if City Council will get an annual report on the debt management policy, financial advisor, and bond council (this step should be included in the debt policy). DFO Goodwin said the audit requires review of debt once a year. With bonding an official statement rated by Moody's and showing the debt schedule for existing and future debt is done so there are additional checks and balances as additional debt is incurred.

Council President Wright asked how the city will retire 50% of existing debt in 10 years as noted in the policy. Mayor Weinberger said if the goal is not going to be met the policy can be modified. Most debt has a 20 year amortization.

Staff will further review the language in the policy and have a finalized version ready for the 9/24/18 City Council meeting. The handout on affordability will be clarified.

4.0 COMMUNICATION

4.01 Burlington School District High School Bonding

Mayor Weinberger stated the $70 million school bond proposal does not conflict with the city's debt policy. The revised policy is consistent with the proposal and the capital schedule being pursued by the school district. Implementation of the high school project will be with a committee overseeing the work. It is expected the Mayor will be on the committee. The project must also get all the local approvals. The Board of Finance is expected to have an ongoing role with the project as well.

Councilor Bushor spoke in support of the city having its own project manager to oversee large projects such as the school renovation. Having one entity working in collaboration and having the knowledge of capital needs is good. Superintendent Obeng and Finance Director Lavery concurred with the school district and city finding ways to collaborate. Councilor Knodell also agreed with the city having a joint role and oversight over the project. A strong plan will help get the bond on the ballot in November.

Councilor Paul said having good schools is a tremendous economic impact on the city. Working together will resonate well with the voters.

Councilor Pine asked if the school board discussed the MOU. Superintendent Obeng said the school board will discuss the MOU at the next meeting which is not before 9/24/18, the next City Council meeting. Mayor Weinberger stated people will want assurance City Council and the school district are on track toward an agreement. School commissioner Wick said he feels there will be significant support of the MOU by the school board.

Councilor Knodell suggested the resolution include reference to the MOU.

5.0 ADJOURNMENT

With no further business and without objection the meeting was adjourned at 6:45 PM.

RScty: MERiordan