Board of Finance - Monday, January 8, 2018 at 5:30 p.m.
Conference Room 12, City Hall
1/8/2018

BURLINGTON BOARD OF FINANCE

CITY HALL

BURLINGTON, VERMONT

MINUTES OF MEETING

January 8, 2018

APPROVED – 2/26/18

MEMBERS PRESENT: Mayor Weinberger

Jane Knodell

Kurt Wright

Sharon Bushor

MEMBERS ABSENT: Karen Paul

OTHERS PRESENT: Beth Anderson, Interim CAO, C/T

Eileen Blackwood, City Attorney

John Vickery, City Assessor

Amy Bovee, Assistant City Clerk

Darlene Bayko, Banker & Cash Operations Manager

Gene Richards, Airport Director

Nic Longo, Airport Deputy Director

Larry Lackey, Airport Engineering & Environmental Compliance

1.0 CALL TO ORDER and AGENDA

Mayor Weinberger called the meeting to order at 5:36 PM on January 8, 2018.

1.01 Agenda

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

2.0 PUBLIC FORUM

There were no comments from the public.

3.0 MINUTES

3.01 November 13, 2017

3.02 November 20, 2017

MOTION by Councilor Bushor, SECOND by Councilor Knodell, to approve the minutes of 11/13/17 and 11/20/17 as presented. VOTING: unanimous; motion carried.

3.03 December 4, 2017

MOTION by Councilor Bushor, SECOND by Councilor Knodell, to approve the minutes of 12/4/17 with the following correction(s)/clarification(s);

- **Item 4.02, Water and Waste Water Billing Issue, 1st paragraph – correct the date to read "2006".**
- **Item 5.01, 70 Pearl Street Sale, bullet on annual inspections – note annual inspections will be done rather than every five years.**
- **Item 6.02, Tracking and Accountability List – rewrite the paragraph to read: "Councilor Bushor requested that the Board of Finance have a tracking list which would include council member requests and a timeline for feedback from the Administration for consideration by the Board of Finance or Administration to implement or not."**

VOTING: unanimous; motion carried.

4.0 BOARD OF FINANCE APPROVAL

4.01 Contract with Hoyle, Tanner & Associates for Terminal Apron Project - Airport

Councilor Bushor asked if the supplemental memo needs legal review. Nic Longo explained the supplemental memo was created at the request of the City Attorney due to confusion about AIP funds and the reimbursement schedule. The matter is before the Board of Finance because the dollar amount exceeds $50,000.

MOTION by Councilor Wright, SECOND by Councilor Bushor, to authorize the Airport Director to enter into and execute a contract with Hoyle, Tanner & Associates for engineering services associated with the Phase 4 reconstruction of the terminal apron project at the airport and to authorize the execution of amendments to the contract up to a maximum limiting amount of $11,385 in contingency funds if the Airport Director determines such funds are needed to complete the project as presented. VOTING: unanimous; motion carried.

5.0 APPROVE AND RECOMMEND TO CITY COUNCIL

5.01 Request Redetermination of the Equalized Education Grand List and the Common Level of Appraisal - Assessor

MOTION by Councilor Bushor, SECOND by Councilor Wright, to approve and recommend to City Council for approval the request for a redetermination of the equalized education grand list and common level of appraisal.

DISCUSSION:

- **There was mention of the numbers being closer to where they should be and that a reappraisal in the city is anticipated at some point in the future.**

VOTING: unanimous; motion carried.

5.02 Sweep Account Report as of December 31, 2017 – C/T

There were no questions or comments on the Sweep Account Report.

5.03 November Financial Report – C/T

Interim CAO Anderson reported the November financials indicate the need to watch application and development review fees (Planning & Zoning). Staff is looking at where there is offsetting increase in revenues and lowering of expenditures so projections can be done for the end of the year.

Councilor Bushor asked for further explanation of the decrease in fees. Interim CAO Anderson said application and development review fees are down for both quarters. Mayor Weinberger added there may be a shortfall in Planning & Zoning at the end of the year. The shortfall is due to a combination of allocation and development fees actually being slower for the first couple of quarters. Councilor Bushor mentioned City Arts and fees being down. Interim CAO Anderson said part of the decrease is seasonal. Projections will be done for this department due to the move to the new building.

Councilor Knodell asked if there is anything significant on the spending side. Interim CAO Anderson said nothing looks concerning.

6.0 COMMUNICATION

6.01 Moody's Report – C/T

Councilor Knodell asked about the following:

- Fund balance policy and the target of 10% - Interim CAO Anderson will investigate if the policy stated 10% fund balance or between 10% and 15%. Mayor Weinberger said maintaining a fund balance above 15% is more than necessary. There may be benefits to growing the fund balance, but there must be balance with present needs.

- What Moody's means by "rising fixed costs" - Mayor Weinberger explained this is the base level of spending for health care, wages, and such.
- How Moody's knows about concerns by legal counsel regarding enterprise risk and discussions of BT – City Attorney Blackwood said Moody's talked to her office.
- Retaining contingent significant liability resulting from the sale of BT – Mayor Weinberger said Moody's had concern about the city going with one of the options where the city would still be at risk. Moody's likely will not do another review until the city borrows again.
- Moody's reference to a challenged raising revenue environment – Mayor Weinberger said Vermonters in general are more challenged with property taxes. To increase the tax rate means going to the voters and that is challenging. Staff can ask Moody's for clarification.

Councilor Bushor stated the report was confusing with a mix/match of information, and the accuracy of some of the numbers is questioned, such as the number of people working for the UVM Medical Centers and UVM College or the size of the community. More clarity on the numbers is needed from Moody's, especially if the city's credit rating is being based on outdated information. Mayor Weinberger said staff will follow up with Moody's. City Attorney Blackwood said Moody's has their own conventions for the numbers.

6.02 Management Letter – C/T

Councilor Bushor said the management letter showed the city is doing a good job. The recommendation are straight forward and doable.

Councilor Knodell recommended postponing review of the management letter until the entire Board of Finance is present. Mayor Weinberger asked if the auditor should attend the next meeting. The Board of Finance wanted the audit in hand before hearing from the auditor.

There was discussion of the PFM memo. Councilor Knodell asked for a memo from the Administration with reaction to the suggested ways the city could improve on its credit rating. Councilor Knodell also asked if the Administration has a goal in mind. Mayor Weinberger said the goal is Double A3 rating. With sound management that is achievable.

Councilor Knodell mentioned City Council adopting a set of policies as recommended. Interim CAO Anderson said staff is working with Moody's to better identify policies. Councilor Knodell also mentioned growing the tax base. Mayor Weinberger said the tax base growth has been steady at 1%.

Councilor Knodell asked about the right size of the fund balance and if the unassigned fund balance is a source of liquidity to meet debt service obligations. Interim CAO Anderson said it is more a source of contingencies to make sure all liabilities are covered. Mayor Weinberger added Moody's job is to tell bond holders how safe they are and to ensure payments are made.

Councilor Bushor asked about acceptable deviation. Interim CAO Anderson said it is more like capital reserve, balanced budget policy, benchmarking.

Councilor Bushor asked about pension liability. Interim CAO Anderson said pension liability is calculated by net revenues and average pension liability. Revenues included the schools, but in 2014-2015 the schools were removed so the number got smaller.

Councilor Bushor said regarding policies, financial policies are important because it is hard to agree on the goals. Policies are guiding principles to allow more predictability and potentially provide a more stable financial picture. Mayor Weinberger agreed there is a discipline to policies. Rating agencies like to see policies.

Councilor Wright asked for an explanation of defeasance of 2013 stabilization bonds. Interim CAO Anderson said this is paying down some of the bonds or refinancing at a different rate.

Councilor Bushor asked how the money needed by the high school impacts the city and debt service. Mayor Weinberger said it is good to have a policy and capacity model that outlines acceptable thresholds, ratios, and target levels. A more refined guideline is needed if the city wants to have a Double A3 rating. The city needs to decide how much debt to take on.

7.0 ADJOURNMENT

MOTION by Councilor Knodell, SECOND by Councilor Bushor, to adjourn the meeting. VOTING: unanimous; motion carried.

The meeting was adjourned at 6:37 PM.

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