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BOARD OF FINANCE

APRIL 20, 2011

MINUTES OF MEETING

Mayor Kiss convened the meeting of the Board of Finance at 6:20 p.m. with all members present except Councilor Kehoe.

1. Agenda

The agenda was amended by postponing Item #7: McClure Building Lease to the following meeting. Councilor Wright asked that the Annual Report be placed on the next meeting agenda as well.

2. a. BED: Revenue Bond Request

Councilor Paul made a motion, seconded by Councilor Mulvaney-Stanak, to approve moving this item forward to the Council with the request that it be put before the voters at a special election. Barbara Grimes, Daryl Santerre and Ken Nolan of Burlington Electric were present to answer questions regarding the request. It was explained that due to the General Obligation Bond request being defeated at the polls, BED was now requesting a Revenue Bond. This action would require a lower percentage threshold for passage. They explained that passage of the revenue bond would allow BED to move forward with the Smart Grid concept, paid in part by a Department of Energy grant, as well as making two investments in VELCO resulting in a guaranteed rate of return of 12.5%.

Councilor Bushor questioned why people were upset with the Smart Grid concept and asked for additional information. Spencer Newman, Chair of the BED Commission, and Bob Herendeen and Paul Hines, both members of the Commission, spoke to the Board about radio frequency and privacy concerns of the public and expressed the need to move forward with this program. The motion then passed unanimously.

b. BED: Hydro Quebec

Barbara Grimes and Ken Nolan of BED both explained the need to put this item to a vote at a special election. The contract with Hydro Quebec was explained to the Board members, with the first delivery being in 2015 and the contract termination date of 2038. It was noted this is a New England-wide contract. The rate adjustments within the contract were explained to the Board. Discussion from the BED Commission regarding rate stability, the renewable energy status and the need to allow the public to vote on this matter ensued.

At this time the Mayor left the room briefly to attend to another matter. Councilor Mulvaney-Stanak took his place as Chair. A motion to consider this item was not made, but by a vote of 2 to 1 the Board approved moving this item forward to the Council with the request that it be put before the voters in a special election. Councilor Mulvaney-Stanak voted against.

3. Request – Land Purchases: AIP-84 and AIP-87 (Methot and Morrill)

Councilor Paul made a motion to approve AIP-84 and AIP-87, seconded by Councilor Wright. The Mayor returned to the meeting. Gene Richards, Chair of the Airport Commission, Robert McEwing, Interim Director of the Airport and Tamara Gagne, Business Manager, were available to answer questions of the Board. The two properties were the last two that were being purchased with FY10 funds. The motion then passed unanimously.

4. Schools: Purchase of 118 North Champlain Street

Councilor Paul made a motion, seconded by Councilor Mulvaney-Stanak, to approve the purchase. Keith Pillsbury, Chair of the School Board, Terry Bailey of the School Department and Colin McNeil from McNeil, Leddy and Sheahan explained to the Board that it was an obligation of the School District that they provide a life training skills program and this housing unit would provide that opportunity. The School Department was reminded of the housing replacement costs under the City ordinance. Councilor Brennan who was in attendance praised Mr. Bailey for his vision in this effort. The motion then passed unanimously.

5. Bond Anticipation Note Placement

CAO Leopold explained this BAN would enhance the Airport's cash flow and provide short term financing for the new garage. Councilor Paul had a number of questions regarding this placement, including the fact that the letter from TD Bank provided financing for \$22 million. CAO Leopold stated the final amount being requested would be up to \$20 million and would need to be approved by the City Council. Councilor Paul made a motion, seconded by Councilor Wright, to approve the letter of engagement for the Bond Anticipation Note for an amount up to \$20 million. The motion then passed unanimously.

6. C/T: Grant Anticipation Note Placement

Councilor Paul made a motion, seconded by Councilor Mulvaney-Stanak, to approve the Grant Anticipation Note. The motion passed unanimously.

7. McClure Building Lease (information forthcoming)

This item was postponed.

8. C/T: Sullivan and Powers

CAO Leopold informed the Board that Sullivan and Powers would need to resign from their role as the City's auditor due to a family conflict. The conflict involves the upcoming marriage of a City Councilor to a close family member of Mr. Duplessis. The CAO offered options to begin the process of acquiring another auditor including sending out RFP's while having Sullivan & Powers do the prep work needed for a new auditor. Councilor Paul stated her preference of having the Audit Advisory Committee make the determination of how to move

forward. The Mayor stated his disagreement, noting that was not the role of the Audit Advisory Committee. Councilor Mulvaney-Stanak agreed with the Mayor and thought it would bog the process down considering the Committee isn't fully formed yet. Councilor Paul questioned why this notice had come so late to the City.

Councilor Wright made a motion, seconded by Councilor Mulvaney-Stanak, to prepare an RFP and engage Sullivan and Powers to begin the process of prep work for the upcoming audit. The motion passed unanimously. Councilor Paul again requested that Mr. Duplessis respond in writing to the letter she sent to him four months ago.

8. Discussion of FY12 Budget

CAO Leopold reviewed the General Fund budget with the Board. He explained if a tax increase request and special election were required, the Board would need to make their recommendation to the Council by May 2nd. Because of a 30-day requirement, the Council would need to vote that same evening on the item. The CAO then reviewed for the Board the revenues and expenses for FY 11 and followed up with a discussion of the cuts proposed by departments.

Councilor Wright made a motion, seconded by Councilor Mulvaney-Stanak to adjourn the meeting at 8:40 p.m. The motion passed unanimously.