



OFFICE OF THE CLERK/TREASURER

City of Burlington

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BOARD OF FINANCE

OCTOBER 5, 2011

MINUTES

PRESENT: Mayor Kiss; City Council President Keogh; Councilor Wright; Councilor Paul (phone); Interim CAO Schrader

ALSO PRESENT: Councilor Bushor; ACAO Goodwin; Mari Steinbach, Director of Parks & Recreation; Susan Leonard, Director of Human Resources; Brian Pine, CEDO; Daryl Santerre, Burlington Electric; Thomas Melloni, Burak, Anderson & Melloni

ABSENT: Councilor Mulvaney-Stanak

1. Agenda

On a motion by City Council President Keogh and Councilor Wright, the agenda was adopted as presented.

2. Approval of the Board of Finance Minutes

a. July 25, 2011

b. August 29, 2011

Councilor Bushor requested more detail be added to an item in the August 29 minutes.

On a motion by City Council President Keogh and Councilor Wright, the minutes were unanimously approved as amended.

3. HR: Parks & Recreation Waterfront Coordinator Re-Categorization

The Board considered a request from the Parks and Recreation Department to re-categorize the position of Waterfront Coordinator. Mari Steinbach stated this action would have no effect on the operating budget or the department employee totals. This position was full time in the past. When the position became vacant in 2007 it was changed to a temporary position. In 2010, it was re-categorized to limited service. It was determined this position was successful and this action would make the position permanent again.

City Council President Keogh inquired what a re-categorization was. Susan Leonard stated this position was categorized as a regular position but was made limited service while looking at the overall structure of the department. Ms. Leonard stated that as the Director had determined this was a successful position.

City Council President Keogh and Councilor Wright made a motion to approve the re-

categorization. The motion passed unanimously.

4. C/T: BED Offering

ACAO Goodwin stated bidding closed at 1:00 p.m. on this day and the City had not received all terms until 3:00 p.m. Daryl Santerre, CFO of Burlington Electric, stated the bonds would be used to finance and refinance upgrades to Burlington Electric.

ACAO Goodwin stated that Roosevelt and Cross had bid on both series. The rate for the tax-free 2011 Series A was 5.3% and the rate for the smaller offering of 2011 Series B was 8.18%.

Thomas Melloni stated on August 8th the Council authorized the issuance of the bonds. The Electric Commission has also approved the resolutions. Final approval, with the interest rates and the amount issued, was required from the Board of Finance.

City Council President Keogh inquired about the differences in interest rates. Mr. Melloni stated the difference was that one was taxable and one was not. The bonds would be for 20 years and would be paid off in installments. The interest rates were an average of the rates for each year. City Council President Keogh inquired if the money would be used as needed. Mr. Santerre stated he expected it would all be used but would be taken as needed.

In response to an inquiry, ACAO Goodwin stated the best rating Moody's could give was AAA and entities with this rating receive the lowest rates. Burlington Electric was not AAA, so the rates will be higher. AAA is a very rare rating. Mr. Santerre stated BED was downgraded in the last year and a half. ACAO Goodwin stated the important factor was that it was at investment grade. In response to an inquiry, Mr. Santerre stated the rating group looked primarily at BED but since BED was a unit of the City other areas carry some weight. Mr. Melloni stated the rating would consider the status of BED, the ability to implement a rate increase, and the ability of the rate payers to keep up with a rate increase.

Councilor Wright inquired how much impact the downgrade had. Mr. Santerre stated it did not directly translate to a dollar amount. ACAO Goodwin stated he was surprised the taxable rate was as high as it was, but it had more to do with the market than the downgrade.

Councilor Paul inquired about attachments and supporting documentation. ACAO Goodwin stated he emailed the attachments but hers had been returned. Despite the short time frame, the bonds needed to be voted on at this meeting because of the closing date. Mayor Kiss stated the fact they would have to vote on the same day that proposals were due had been previously discussed. Councilor Wright inquired what would happen if they did not vote on it. ACAO Goodwin stated they would lose the deal. Thomas Melloni added they would have to go back out for bid.

Councilor Wright inquired if this is standard. ACAO Goodwin stated it is. He added that the financial advisor let him know that fewer people are bidding in this market and that is why there were only a few offers. This is a viable bid.

City Council President Keogh and Councilor Wright made a motion to approve the offering. The motion passed by a vote of 3-0. Councilor Paul was not present for the vote as the phone connection was lost.

5. CEDO: Authorization to Accept HUD Grant

The Board considered a request to accept a grant from HUD. Brian Pine, Assistant Director for Housing at CEDO, stated this was a grant for \$2,475,000 to continue and expand the Burlington Lead program.

Councilor Wright and City Council President Keogh made a motion to authorize acceptance of the grant. The motion passed unanimously by a vote of 3-0. Councilor Paul was not present for the vote as the phone connection was lost.

6. Communication re: Burlington Retirement System and School Department Employees

Mayor Kiss explained to the Board that the materials presented were backup material for a discussion that would begin in the coming weeks.

City Council President Keogh and Councilor Wright made a motion to accept the communication. The motion passed unanimously.

The Board of Finance meeting adjourned at 5:48 p.m.