

# CITY OF STAMFORD 17<sup>TH</sup> CHARTER REVISION COMMISSION

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*DUDLEY N. WILLIAMS, JR.*

## MINUTES OF MEETING

Wednesday, April 4, 2012

7:00 p.m. – Republican Caucus Room

4<sup>th</sup> Floor, Government Center

888 Washington Boulevard, Stamford, CT 06904-2152

Present were Co-Chairs Sandak and Freccia and Commissioners Fedeli, Grebey, Jachimczyk, Lucas, Nabel, Okun, Robins, Sessa, Sherer and Williams. Excused was Commissioner Roseman. Also present was Dave Panico, Esq., City of Stamford bond counsel.

Co-Chair Sandak called the meeting to order at 7:00 p.m.

Public Comment - There were no members of the public present to speak.

Co-Chair Sandak introduced Mr. Panico, who was invited to discuss proposed changes to the Charter relating to the issuance of bonds. (This matter was also discussed at last week's meeting.) Specifically, the Commission has been requested to change the wording in Sections C1-10-4, C8-20-6, 7, 9, C8-50-1 through 4. Mr. Sandak referred all present to the previously-distributed draft document or proposed language changes that was prepared by Stamford's bond counsel (see [attached](#)).

Mr. Sandak stated that the major effect of the proposed changes seems to remove authority from the Board of Finance (BOF) and shift some of this authority over to the Board of Representatives (BOR).

Mr. Panico stated that while his firm did draft the changes, he is not advocating either way. When bonds are issued, there are basically two steps: first, during the budget process, the BOF approves a capital budget and establishes a "safe debt limit." Then the BOR approves the final capital budget. When the time comes for the bonds to be issued, the BOF approves the amount of bonds that will be issued and the terms of that issuance (e.g., interest rate, term). The proposed changes remove the BOF from the second step, because it is redundant.

Mr. Panico explained the current capital budget process to the Commission.

1. The capital budget is put together by the administration and then forwarded to both the BOF and BOR for approval. After both boards have approved it, the City has a list of approved projects. All projects may not be undertaken in the ensuing budget year. Some projects take years to complete and some are not started for several years.
2. Per the Charter, there is a secondary requirement for the BOF to adopt an issuance resolution, prior to the bonds being issued. The BOF decides the amount of bonds to be issued and approves rates, terms, etc. The issuing resolution authorizes the Mayor and the Director of Administration to undertake the process of having the bonds issued.
3. The City has been using a cash-flow methodology for approximately the past two years. This allows the BOF to decide which projects are to be funded when it approves its issuing resolution.

The Commission held a brief discussion, which centered around maintaining the Commission's position that the BOF should deal only with fiscal matters and the BOR should be responsible for legislative matters. Some members felt that the BOR is the more appropriate body to decide which projects are actually undertaken.

Mr. Panico continued:

1. In most municipalities, the statutory role of the BOF is advisory. The legislative body makes the final determination as to which projects to designate the bond proceeds.
4. One of the reasons for eliminating the BOF in the second step is to allow for a faster turnaround time when it comes time to issue the bonds. Many municipalities give this authority to the mayor or the selectman. This authority can be delegated to the Mayor, the BOF or the BOR.
5. In response to Mr. Sandak's question as to whether there is any reason that this change must be made (e.g. conflicts with State statute, impact on interest rates) Mr. Panico stated there is nothing wrong with the current process in Stamford.
6. Almost all communities use project-specific bonding.

Ms. McManus noted that city staff requested that project-specific bonding be eliminated. There are numerous reasons why the old method is preferred by the administration and city staff. It allows the bond proceeds to be used for the projects that are ready; it allows the City to address situations that arise unexpectedly, etc. The Financial Committee felt that the decision to use project-specific bonding should be left to the BOR.

7. Mr. Panico reviewed the actual changes proposed:
  - a. C8-20-6 – This is merely a style change.

- b. C8-20-7 – These changes remove approval authority from the BOF, as discussed earlier. This would allow the BOR to increase the amount of a previously-authorized project.
- c. C8-50-1 – These changes remove the BOF from Step 2 in the process.

The Commission held a lengthy discussion regarding c. above, questioning the clarity of the language. After much discussion, Commission members agreed not to consider these changes and to retain the current language (8-20-7).

- d. C8-50-1 (first sentence) – The Commission agreed to consider the amended language, as it is simply a codification of the City’s current practice.
- e. C8-50-1 (second sentence) – Mr. Panico explained that this clarifies conflicting language in the charter; he also noted that they freshened up the definition of “capital projects.”
- f. C8-50-1 (third sentence) – This is the change that removes the BOF authority to establish the amount of the bonding.

The Commission asked Mr. Panico to again explain the entire capital budget process. A lengthy discussion took place, and attached hereto is a [photo of a flow chart](#) that was created explaining the process.

Currently, the BOF decides sets the amount of the bonds that are going to be issued. The BOF can go over the “Safe Debt Limit” if it so chooses as the Safe Debt Limit is merely advisory. If the proposed changes are adopted, these powers (including the ability to go over the Safe Debt Limit), would transfer to the Mayor and the Director of Administration.

Mr. Sherer explained that the BOF will still do all of the preparation and will retain control over the process. The only thing the administration will be able to do is “pull the trigger” (i.e., when interest rates are favorable; when projects are ready to begin; when staff is available to oversee a project).

Mr. Sandak stated this will give the Mayor a considerable amount of power in deciding the projects funded, if any at all. Mr. Panico stated that there is an implicit requirement that the Mayor finance the projects that have been approved by the BOF/BOR.

Mr. Sandak noted that there are a lot of approved projects that have not been funded or undertaken.

Mr. Williams requested that Peter Privitera be invited to next week’s meeting to discuss this further.

The Commission took a 5-minute break.

The Commission and Mr. Panico then discussed Stamford's methods for issuing BANs. (BANs are used as a buffer for when a grant is involved and the municipality does not know when it will receive the grant money.) Mr. Panico stated that because Stamford has a one-year time limit to turn BANs into bonds (unlike other cities), it is not always able to take advantage of the most favorable rates. He recommends extending the period of time that Stamford can roll over BANs by adding two two-year periods to the existing one year term. State statute allows BANs to be rolled over for up to 10 years, although it requires principal payments begin after the 2<sup>nd</sup> year.

Mr. Panico went on to discuss a debate that Stamford has been having for the past couple of years as to whether it can even bond short-term capital items (e.g., computers, cars). The BOF recently increased the threshold to \$50,000 from \$25,000, and the BOF allows grouping several cars or computers into a single bonded entity.

Stamford is well aware of the issue of a bonded item having a shorter useful life than the bond, and, for example, the BOF required (during the last bond offering) that short-lived items be "paid off" sooner in the payback schedule by requiring higher payments in the earlier years.

Mr. Panico left the meeting.

Minutes – Upon motion duly made and seconded, the minutes of March 14, 2012 were approved unanimously. Upon motion duly made and seconded, the minutes of March 21, 2012 were approved unanimously.

### Other Business

Co-Chair Sandak reported on his and Co-Chair Freccia's recent meeting with the BOR Charter Committee. In short, the burden of what will be on the ballot falls on the BOR. The Charter Commission's responsibility is to report back on the items it was charged to consider. The Commission will stick to the May 15<sup>th</sup> deadline to issue its draft report to the BOR. Exact language will not be outlined in the draft report.

Co-Chair Freccia added that at the same meeting, they discussed whether the Commission could continue on after the deadline. This will be a decision of the BOR. The Commission can recommend bifurcating and continuing on, but it is ultimately the decision of the BOR.

Mr. Grebey noted, in light of the partisan nature of national politics and what is going on today (and because the Commission has been working in a completely non-partisan manner), that the Commission may want to ask him to draft an op-ed piece.

Chair Sandak brought up the issue of allowing the members to vote by absentee ballot if unable to attend a meeting where votes are recorded. Ms. McManus moved to accept votes by absentee ballot; said motion was seconded. The Commission held a lengthy discussion debating the pros and cons.

Mr. Freccia stated that he was adamantly opposed to absentee voting; for example, there are items that have yet to be discussed by the Commission. Mr. Grebey agreed with Mr. Freccia; if people can call in, they should do so. Ms. Okun suggested holding all votes during the last two meetings of the Commission. Mr. Williams was also of the opinion that a member should be present to vote.

The motion failed by a vote of 4-9-1 (Commissioners \_\_\_\_\_ in favor; Commissioners Freccia, Williams, \_\_\_\_\_ opposed; Commissioner \_\_\_\_ abstaining).

#### Adjournment

Upon motion duly made and seconded, the meeting was adjourned at 9:25 p.m.

Submitted by,

Jay Sandak & Vincent Freccia, Co-Chairs

*This meeting is on video – [Part 1](#) and [Part 2](#)*