

MINUTES OF SPECIAL MEETING - MONDAY, FEBRUARY 24, 1992

22ND BOARD OF REPRESENTATIVES

STAMFORD, CONNECTICUT

A Special Meeting of the 22nd Board of Representatives of the City of Stamford, Connecticut was held on Monday, February 24, 1992, pursuant to a "Call" issued by Mayor Stanley J. Esposito, in the Legislative Chambers of the Board of Representatives, Government Center, 888 Washington Boulevard, Stamford, Connecticut. The Call was for 6:45 p.m.

The meeting was called to order at 6:50 p.m. by Richard L. Lyons, President, Board of Representatives.

The "Call" of the Special Meeting was read by Mayor Stanley J. Esposito. A copy of the Call is attached to these Minutes.

"Pursuant to Section C2-10-4 of the Stamford Charter, I hereby call a Special Meeting of the Board of Representatives to order." At this time, Mayor Esposito turned the meeting over to President Lyons.

ROLL CALL was taken by Clerk Annie M. Summerville. There ^{were} 28 members present and 12 absent. Absent were Judith Evanko, Thomas Pia, Bobby Owens, Frank Mollo, Joseph Lovallo (excused), Fred Johnson, W. Dennis White, Garry Clemmons, John Zelinsky, Ellen Bromley, Joan Rinaldi (excused) and David Martin.

The President declared a quorum.

(Further in the meeting, Rep. Zelinsky joined the meeting; making 29 members present and 11 absent)

PRESIDENT LYONS quoted from the Mayor's letter dated February 20, 1992. The letter is attached to the Minutes. There was a change in the dollar figures in the letter: The certain capital projects totaling \$18,008,070 was changed to read \$17,932,968, therefore making the General Obligation Bonds totaling \$22,081,251 to finance certain capital projects.

1. APPROVAL OF RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS TOTALING \$22,081,251 TO FINANCE CERTAIN CAPITAL PROJECTS. Submitted by Mayor Stanley J. Esposito, 2/20/92. Approved by Board of Finance.

MR. BOCCUZZI made a Motion to consider the Board of Representatives as an informal Committee of the Whole. Seconded.

PRESIDENT LYONS called for a vote on Mr. Boccuzzi's Motion. APPROVED by voice vote with no dissenting votes.

MACHINE TEST VOTE: Test votes were taken by the President and the machine was in good working order. Note: There were no printouts on the test votes.

PRESIDENT LYONS called on Commissioner James Carr to address the Committee.

COMMISSIONER CARR said that the Internal Revenue Services issued new regulations on January 31, 1992, affecting municipalities' flexibility in issuing tax-exempt debt.

COMMISSIONER CARR said that the regulations cover capital projects that do not need certain time tests; capital projects that were not identified as being funded by debt and projects that were not, by definition, capital projects. Commissioner Carr stated that the new regulations do not affect projects that have already been designated as being funded through the issuance of debt.

Commissioner Carr stated that in order for the City to continue and to be able to issue tax-exempt debt, the three following conditions must be met:

1. For capital projects completed prior to September 9, 1989, debt must be authorized and issued prior to March 2, 1992.
2. For capital projects completed between September 9, 1989, and March 2, 1992, the debt must be authorized and issued within one year of the completion of the project or by March 2, 1992, whichever is later.
3. After March 2, 1992, all capital projects must be appropriated and designated as being funded through debt prior to any expenditures on these projects.

Commissioner Carr said that specifically, in the City's case, there are currently nine (9) capital projects that are grants, and accordingly, have never been designated as being funded by debt. He stated that because of the new regulations, if any of these projects, for any reason, become less than 100% reimbursable, the City would not be able to issue debt to fund the shortfall, but would have to be paid for from the General Fund of the current year tax dollars.

Commissioner Carr said that the resolution before the Committee this evening, would enable the City to issue Bond Anticipation Notes to cover the current possible shortfall of \$2,663,000 and also protects the City up to the potential total shortfall of \$4,148,000, all this resulting from the nine (9) issues of grants that the City has.

Commissioner Carr stated that the issuance of BANs does not preclude the City from receiving grant funds. He said that when the City replaces the BANs with long-term financing, the financing will only be for that portion not covered by the grants.

Commissioner Carr also stated that the Board is being asked to approve the authorization of bonds to finance the 1991/1992 capital budget for \$17,932,968, and also authorization to meet any portion of the cost of the Hope Street Interceptor Project. He said the authorizations are necessary prior to March 2, 1992, in order for the City to have the ability to issue tax-exempt debt to cover the projects.

Commissioner Carr told the Board that Ernie Lorimer of Robinson and Cole, the City's Bond Counsel, and Ken Pennoyer, the City's Treasurer, were with him this evening and if anyone had any questions, they would be glad to accept them.

PRESIDENT LYONS asked if any members of the Board had any questions?

MR. JETTA asked if approving the resolution, commits the City to the projects?

COMMISSIONER CARR stated that the 1991/92 capital budget has been approved and appropriated. He said that the only thing that has not been done, is to say that all these projects can be covered by debt. Commissioner Carr said that we can authorize them to be paid by debt, then back-off and not pay by debt but we cannot go the other way; we can't say nothing and then fund by debt later on.

MR. DeLUCA referred to the "58 Precipitator." He said that he read that the 58 incinerator is going to be shut down, therefore, why would the \$154,000 be a part of the computation?

COMMISSIONER CARR stated that the project was appropriated in the 1991/92 budget. He said that the resolution doesn't mean the issuing of debt; it means that authorization will be given to the City to issue debt if and when the time comes. Commissioner Carr said that if the project is not a viable project, the City would not go forward with the funding.

MR. DeLUCA asked if it were possible to reduce the \$18,000,000 by \$154,000?

COMMISSIONER CARR said that the figure could be reduced as time evolves and more is known of what the projects will be.

MR. DeLUCA said that he did not like to approve \$18,000,000 knowing that the "58 precipitator" is going to be shut down, coming up later with an extra \$154,000 that could be used for something else.

COMMISSIONER CARR stated that as the time for bonding comes, projects would be looked over to see what is still a viable project. He said that the \$17.9 million would be looked upon as a maximum number. The Commissioner said that we can back off that number but cannot get back up to the number once it is cutback.

MR. DeLUCA requested the Commissioner to note the item in view of the fact that the 58 incinerator will be shutting down.

COMMISSIONER CARR stated that Mr. DeLuca's request will be noted.

MRS. MAIHOCK wanted to know the total of the City's present bonding debt? She said that in order to approve any more bonding, she needed the information.

PRESIDENT LYONS stated that Mrs. Maihock's question was not within the limits of the "Call of the Meeting" but would allow an answer.

At this point, someone was speaking whether it was the Commissioner or someone else is not audible on the tape; perhaps, the person was not speaking at or near a microphone. *See corrected text, last page of these Minutes.*

MR. LAROBINA asked if he was correct in understanding that the Board is authorizing for the capital projects to be financed through debt service?

COMMISSIONER CARR stated that Mr. Larobina was correct.

MR. LAROBINA asked if capital projects were not always financed through debt service?

COMMISSIONER CARR said that 98% has been through debt service.

MR. LAROBINA asked if the 98% has not already been authorized to be financed by debt service?

COMMISSIONER CARR said that as he understood, the authorization would be done in May and now it has to be done before March 2nd because of the new IRS regulations.

PRESIDENT LYONS stated that the Charter places responsibility with the Board of Finance; they can chose taxation or bonding for the projects. He said the Board of Finance has the option and they declare each year when the mill rate is set, what portion will be done by bonding or taxation.

MR. LAROBINA said that if the projects are already bonded, he did not understand what was to be done now.

COMMISSIONER CARR said that there were three actions on the capital budget; the approval of the capital budget, the appropriation to allow spending on a capital budget and the funding vehicle for the expenditures, which would either be debt, taxes or grants. Commissioner Carr said that the first two were done on the '91/92 budget, the third, the funding vehicle, has not been done.

MRS. MELLIS asked what the rates would be to service the debt?

COMMISSIONER CARR said that in January, the City issued \$20,000,000 of Bond Anticipation Notes and \$16,000,000 were sold at 2.4% interest and \$4,000,000 were at 2.5%, averaging 2.42%. He said that maturity was 9 months and the interest rates did not change much.

MR. LOGLISCI asked if money is saved on one project or the project is dropped, would the money be attached to another item without coming back to the Board?

COMMISSIONER CARR stated that the resolution approves the dollars intact and not item by item.

MR. BOCCUZZI said that all bonded issues are line items and the bonds are sold specifically for the line items. He said that bonds cannot be taken from one line item and put to another one. Mr. Boccuzzi said that if the bonded line item comes in less then only that amount of bonds will be used. He said that the money cannot be moved around and must be for the line item in the capital project. He said that money can be transferred out of capital projects if a change is made in the line items by going through the Board of Finance and the Board of Representatives. Mr. Boccuzzi said that it was not at the pleasure of the Commissioner of Finance or the Mayor.

MR. ZELINSKY wanted the record to note that he was present at the meeting.

MR. HOGAN wanted clarification on the capital projects. He said that the first two steps have already been done and now the IRS says that prior to March 2, the City must reaffirm approval of the bonding on the projects.

COMMISSIONER CARR replied that Mr. Hogan was correct.

MR. HOGAN stated that approving the resolution was more of a technicality than approving the projects. He said that the projects have been approved by the Board and now the IRS is saying that they want assurance in regards to the projects.

COMMISSIONER CARR said that it was the acceleration of the process approving the method of funding the capital budget.

MR. HOGAN asked if this had anything to do with arbitrage?

COMMISSIONER CARR replied that it did but the answer is involved. He said that it was the IRS's way of simplifying the arbitrage rules but also creating other issues elsewhere.

MR. BOCCUZZI Moved that the question be considered under the regular rules of the Board of Representatives. Seconded.

PRESIDENT LYONS called for a vote on Mr. Boccuzzi's motion. APPROVED by voice vote with no dissenting votes.

PRESIDENT LYONS called for a vote to approve the resolution authorizing the issuance of general obligation bonds totaling \$22,081,251 to finance certain capital projects. APPROVED by voice vote with 27 yes votes and one no vote, Mrs. Maihock.

ADJOURNMENT: Upon a motion duly made and Seconded, and Approved by a voice vote, the meeting was adjourned at 7:18 p.m.



Anne A. Kachaluba, Administrative Assistant
and Recording Secretary
21st Board of Representatives

APPROVED:



Richard L. Lyons, President
22nd Board of Representatives

RLL:ak
Enclosures

(For the record, the Administrative Assistant was not present at the meeting)

STAMVOTE - ATTENDANCE

NO	NAME	NO	NAME
1	N/P EVANKO, JUDITH	21	PRS DE PINA, GLORIA
2	PRS NAKIAN, MARIA	22	PRS DOMONKOS, CARMEN
3	N/P PIA, THOMAS	23	N/P CLEMMONS, GARY
4	N/P OWENS, BOBBY	24	PRS LAURIE, MARGGIE
5	PRS LOGLISCI, RALPH	25	PRS PERILLO, MILDRED
6	PRS KOSBOB, WILLIAM	26	PRS PAVIA, NICHOLAS
7	PRS LADESTRO, GREGORY	27	PRS MITCHELL, ELAINE
8	PRS RYBNICK, GERALD	28	PRS SHERER, DONALD
9	N/P MOLLO, FRANK	29	PRS MORRIS, SCOTT
10	N/P LOVALLO, JOSEPH	30	PRS HOGAN, JOHN J.
11	PRS MAIHOCK, AUDREY	31	N/P ZELINSKY, JOHN
12	N/P JOHNSON, FRED	32	N/P BROMLEY, ELLEN
13	PRS DE LUCA, ROBERT	33	PRS LAROBINA, MICHAEL
14	PRS GERGLE, JOSEPH	34	N/P RINALDI, JOAN
15	PRS STORK, PHILIP	35	PRS LEYDON, JOHN F.
16	PRS BELCHER, WILLIAM	36	PRS JETTA, KURT A.
17	PRS RUBINO, JAMES	37	PRS RINALDI, MARY LOU
18	PRS MELLIS, ELLEN	38	N/P MARTIN, DAVID
19	N/P WHITE, W. DENNIS	39	PRS BOCCUZZI, JOHN
20	PRS SUMMERVILLE, ANNIE	40	PRS LYONS, RICHARD

NOT PRESENT 12

PRESENT 28

Note: Mr. Zelinsky joined the meeting while it was in progress; 29 members present and 11 absent.