

**CITY OF NORWALK
BOARD OF ESTIMATE & TAXATION
SEPTEMBER 7, 2010**

ATTENDANCE: Fred Wilms, Chairman; James Feigenbaum; James Clark; Michael Lyons; Mayor Moccia; Michael Kolman; Leo Mellow.

STAFF: Ellen Wink, City Clerk; Thomas Hamilton, Finance Director.

OTHERS: Frank Zullo & Dominick DiGangi, First Taxing District; Michael Stewart, Tax Assessor.

The meeting was called to order at 7:30 p.m. by the Chairman.

APPROVAL OF MINUTES

AUGUST 2, 2010 REGULAR MEETING

**** MAYOR MOCCIA MOVED TO APPROVE THE MINUTES AS SUBMITTED.**

**** MOTION PASSED WITH 3 ABSTENTIONS (CHAIRMAN, FEIGENBAUM, MELLOW).**

SPECIAL APPROPRIATIONS AGENDA

FISCAL YEAR 2010-11:

\$65,000 FROM CONTINGENCY TO THE FIRE DEPARTMENT TO COVER THE REINSTATED FIRE INSPECTOR POSITION

Mr. Hamilton reviewed Donna Castracane's memo and recommended approval.

Mayor Moccia said this will bring the inspection department up to full steam. They had no one who was qualified or wanted to take this position, so they defunded it, and the union grieved it. The new Fire Dispatcher was sworn in today.

Mr. Hamilton said that the Fire Department is working on the issue of fire inspection fees, which he met with Fire Marshal Iannaccone to discuss. This will be discussed by the Ordinance Committee at their meeting this month. He noted all of the services that are provided by the Fire Inspector which could generate significant fees. Mayor Moccia said that the Common Council may be reluctant to charge for the first inspection but might be amenable to charging if they have to go back a third time.

**** MR. CLARK MOVED:**

RESOLVED, THAT A SUM NOT TO EXCEED \$65,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM CONTINGENCY TO THE FIRE DEPARTMENT TO COVER THE REINSTATED FIRE INSPECTOR POSITION. (ACCOUNT NO. 01-3130-5110)

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

FISCAL YEAR 2011-12:

\$8,000 FROM INCREASED ESTIMATED REVENUES TO THE RECREATION AND PARKS DEPARTMENT TO DEFRAY THE COST OF THE SUMMER CONCERT SERIES

Mr. Hamilton reviewed Donna Castracane's memo and recommended approval.

**** MAYOR MOCCIA MOVED:**

RESOLVED, THAT A SUM NOT TO EXCEED \$8,000 BE AND THE SAME IS HEREBY TRANSFERRED FROM INCREASED ESTIMATED REVENUES TO THE RECREATION AND PARKS DEPARTMENT TO DEFRAY THE COST OF THE SUMMER CONCERT SERIES (ACCOUNT NO. 01-6021-5258).

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

TRANSFER AGENDA

Mr. Hamilton said these are year end transfers for relatively small amounts of money.

Mr. Kolman asked about the hydrant rental. Mr. Hamilton explained that the City pays for fire hydrants to the First District and the Second District.

**** MAYOR MOCCIA MOVED TO APPROVE THE TRANSFERS FOR THE TAX ASSESSOR'S OFFICE, THE FIRE DEPARTMENT AND THE TAX COLLECTOR'S OFFICE AS LISTED.**

**** MOTION PASSED UNANIMOUSLY.**

OTHER BUSINESS

RESOLUTION AUTHORIZING A SPECIAL CAPITAL APPROPRIATION IN THE AMOUNT OF \$8,585,000 FOR THE FIRST DISTRICT WATER DEPARTMENT

Mr. Hamilton reviewed his memo and the memo from Mayor Moccia. The First District is asking to piggy back on the City's AAA bond rating and the ability to borrow at very favorable rates. They have a significant Capital program that they are undertaking. The District has a small amount of money out through a bank but has no general obligation

bonds. If they were to issue on their own, his guess is that they would get an A rating and pay a premium as a new issuer, probably 150 to 200 basis points higher than the City.

Attorney Zullo introduced Mr. DiGangi and explained the history of the various taxing districts and the City. In 2013, the infrastructure of the First Taxing District will be 100 years old, which concerns them. They have also been under order from the State of New York to repair their reservoirs. The total budget for their Capital projects is \$2,000,000 for the two dams and infrastructure improvements.

Mr. Hamilton said that the District is willing to pledge its full faith and credit to the City. They will be drawing down by approximately \$2,000,000 per year. They have agreed to an administrative fee of 35 basis points or \$300,000 over the 20-year life of this issue. The security that the District has agreed to is:

- A full faith and credit pledge
- Put up a debt service reserve fund in an amount equal to one year's principal and interest
- Establish an intercept mechanism

The Chairman asked if the intercept was a lock box; Mr. DiGangi said their payment will take the 1/12th payment and the revenues come in, move them to the third party bank until they satisfy the requirements. The Chairman asked the impact of this on the City's debt capability. Mr. Hamilton said their financial advisor does not feel there is any concern that \$8,600,000 will have any impact on the City's rating or capability.

Mr. DiGangi reviewed the Capital budget related to public safety, water quality and reliability. He said that their reservoir system is a linear system that starts in New York, containing the following reservoirs: Scotts Dam, Browns Dam, Milne Dam and Grupes Dam. The capacity is 1 billion gallons of water. He explained the process they are going through in terms of doing the work in both states.

Mayor Moccia said this would be positive for the City in terms of infrastructure. He appreciated the cooperation with Attorney Zullo. This is important to the rate payers of the First District. This will help keep those rates reasonable. The Chairman agreed and said they are nipping possible problems in the bud.

Mr. DiGangi noted that everything seems to be approximately 100 years old.

**** MAYOR MOCCIA MOVED TO APPROVE THE RESOLUTION AUTHORIZING A SPECIAL CAPITAL APPROPRIATION IN THE AMOUNT OF \$8,585,000 FOR THE FIRST DISTRICT WATER DEPARTMENT.**

Mr. Kolman asked Mr. Hamilton to explain the resolution. Mr. Hamilton said it was an appropriation and a bond resolution. What is different is that it specifically, in section 2, says that prior to the issuance of any notes or bonds...a loan agreement or security

agreement...the District agreement is being secured. Basically, there has to be a loan agreement with his signature and that of the Mayor.

Mr. Kolman said that, conceptually, this is the right thing to do. His question is approving a resolution with a loan agreement where everything is not specified. Mr. Hamilton said that the final loan agreement is not yet drafted but he and the Mayor are able to sign the agreement. Mr. Kolman said that was fine, but they don't know the final terms of the agreement. Attorney Zullo noted the benchmarks that will be in the agreement. Mr. Mellow asked the proposed maturity of the debt and Mr. Hamilton responded that it will be a maximum of 20 years.

Mayor Moccia said he was not sure that they can incorporate a bond agreement into the authorization, but the Council can vote on the agreement separately. Attorney Zullo said they can make it contingent on the second agreement that lists the contingencies.

Mr. Hamilton said that the electors of the First District have to approve the resolution. Mr. Kolman said that the resolution should come with the terms of agreement. Mayor Moccia said this has to be voted on by the Council but it is not the purview of the Board of Estimate & Taxation.

Extensive discussion took place on the resolution and the agreement. Mr. Kolman said he wants to read the loan agreement before he votes for the resolution.

Mr. Clark asked the time frame. Mr. Hamilton said they have to obtain four approvals – the Board of Estimate, the Planning Commission, the Finance Committee and the Common Council at the end of September.

Extensive discussion took place on whether a one-month delay would be a problem.

The Chairman cited the Waypointe Project. Mayor Moccia suggested voting approval subject to final review of the terms of agreement presented to the Board of Estimate.

Mr. Hamilton suggested there be a separate motion requiring that the loan agreement must contain the following provisions:

1. Full faith and credit pledge of the First District Water Department;
2. That the First District Water Department put up a debt service reserve fund in the amount equal to one year's principal and interest;
3. That the First District Water Department establish an intercept mechanism (lock box);
4. That the First District Water Company would pay a 35 basis point administrative fee and their share of the cost of issuance.

Mr. Mellow asked if, in reference to the \$10,000,000 in addition to the \$8,000,000, the First District was mandated to do that work; Mr. DiGangi said no. Mr. Mellow asked how

much leeway the First District left itself. Mr. DiGangi said they projected the budget for the next five years. The numbers are very conservative.

The Chairman said they all agree that this has to move forward. Two discussion points are Mr. Kolman's suggestion that they delay voting on this resolution until they look at the loan document and the Mayor's suggestion that they move forward on the resolution.

**** MAYOR MOCCIA MOVED THAT THE LOAN AGREEMENT BETWEEN THE CITY OF NORWALK AND THE FIRST DISTRICT WATER DEPARTMENT CONTAIN THE FOLLOWING MAJOR PROVISIONS:**

- 1. FULL FAITH AND CREDIT PLEDGE OF THE FIRST DISTRICT WATER DEPARTMENT;**
- 2. THAT THE FIRST DISTRICT WATER DEPARTMENT PUT UP A DEBT SERVICE RESERVE FUND IN THE AMOUNT EQUAL TO ONE YEAR'S PRINCIPAL AND INTEREST;**
- 3. THAT THE FIRST DISTRICT WATER DEPARTMENT ESTABLISH AN INTERCEPT MECHANISM (LOCK BOX);**
- 4. THAT THE FIRST DISTRICT WATER COMPANY WOULD PAY A 35 BASIS POINT ADMINISTRATIVE FEE AND THEIR SHARE OF THE COST OF ISSUANCE.**

THIS IS IN ANTICIPATION OF THE SIGNED AGREEMENT WHICH INCORPORATES THE POINTS THEY HAVE AGREED ON, AS SET FORTH IN THE MINUTES.

**** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

**** THE RESOLUTION, AS PRESENTED, PASSED UNANIMOUSLY.**

ELDERLY TAX RELIEF PROGRAMS

Mr. Hamilton introduced Michael Stewart, Tax Assessor, and reviewed his memo.

The Chairman asked if the Common Council had the purview to adjust this program; Mr. Hamilton said that was his understanding. The Chairman said that, respectfully, the Council will make their own independent decisions, but it would be helpful from their end if they could coordinate this with the Council because of the financial impact.

Mr. Stewart said that the application period starts in February.

Mr. Hamilton suggested that perhaps Attorney Maslan should review Section B. Mayor Moccia suggested this move forward through the Council and they can get an opinion from Attorney Maslan. Mr. Hamilton will ask Corporation Counsel for an opinion.

APPROVAL OF FY 2009-10 RESERVE FOR ENCUMBRANCES

Mr. Hamilton reviewed his memo, noting that the amount of the restricted fund balance for the City and the Board of Education is \$2,063,403.60. These are items which have been accrued but not yet paid.

- ** MR. KOLMAN MOVED TO APPROVE THE FY 2009-10 RESERVE FOR ENCUMBRANCES.**
- ** MOTION PASSED UNANIMOUSLY BY VOICE VOTE.**

ADDITIONAL INFORMATION

Mr. Hamilton reviewed the key revenue drivers and the Tax Collector's Report. He then pointed out that the July numbers for Oak Hills are disappointing and that the Police and Fire overtime are in good shape.

- ** MAYOR MOCCIA MOVED TO ADJOURN.**
- ** MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 9:15 p.m.

Respectfully submitted,

Cheryl Telesco
Telesco Secretarial Services