

**MINUTES OF MEETING
FINANCE COMMITTEE
February 22, 2023**

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A meeting of the Finance Committee was held on Wednesday, February 22, 2023. This meeting was held electronically via Zoom. The meeting was called to order at 6:41 P.M. by the Chair, Jeron Alston.

MEMBERS PRESENT: Jeron Alston, Chair; Sarah Gallagher, Vice-Chair; Cory O'Brien; Lesley DeNardis; Bob Anthony (Mr. Anthony joined by phone until 7:00pm)

ALSO IN ATTENDANCE: Dominique Baez, LC President; Adrian Webber, 7th District Councilman; Curtis Eatman, Finance Director; Rick Galarza, Deputy Finance Director; Carol Hazen, Manager of Grants & Capital Projects; Barry Bernabe, Managing Director, Phoenix Advisors LLC

MEMBERS ABSENT: Justin Farmer; Betty Wetmore

PUBLIC INPUT: None

The following items were addressed:

1. Resolution adopting Fiscal Structure and Policy Manual

-- Moved by Ms. Gallagher, seconded by Mr. O'Brien.

Mr. Eatman started explaining parts of the manual as he started reading through sections.

Mr. Galarza explained Section 1.3 and how the Town operates under a modified accrual basis.

Mr. Anthony pointed out that the document refers to the Pension Board as a Pension Commission and that it's incorrect because they're a Board not a Commission. Mr. Eatman said he will have that corrected.

Mr. O'Brien asked if this would be reviewed on a periodic basis. Mr. Eatman said yes, the intention is every year at budget time.

Ms. Gallagher wondered if they should make mentions of Charter provisions. Mr. Eatman said he will mention that to the Town Attorney and see what she thinks. Mr. Alston thinks Charter mention is good.

Mr. Bernabe stated this whole process is good credit for the Town and he thinks it will help the Town out a lot. He agrees it needs to be reviewed periodically for changes that may need to be made.

After going through **Section 3: Capital Improvement Fund Policy**, Mr. O'Brien asked Mr. Eatman to make the language clear in section 3.4 that a capital project does not need to be funded or done with borrowed money. Mr. Eatman said he'll work with the bonding attorney and financial advisor for some language.

Ms. Gallagher wonders how section 3.4 is different from 3.3 (2) and wonders if 3.2 should be a bullet under 3.4 and call it "Sources of Funding". She also wonders if in 3.1 it should say who is creating that capital and should we add that it goes to Council? Mr. Eatman said he would work with legal on that and that maybe it's a Charter reference. Mr. Alston said he likes the points that Ms. Gallagher just made but likes bullet number 2 in section 3.3 being there. He said he would like to have all of those items expanded upon in section 3.4. Mr. Alston said he'd also like to see in 3.3 is another bullet of the interrelation between capital projects and how when one project finishes we don't have a mention of funding getting rolled over to another project. Also, the issuance of bonds and how do we close them out? He thinks these are things new Councilors might need to know. Mr. Eatman said he would work with bond counsel and the financial advisor.

Mr. Eatman clarified it was more expansiveness and a little more detail of section 3 that they were looking for. Mr. Alston said yes, explain more on the sources of funding, but also how does this process work. Maybe a bullet 5 interrelation between projects and funding.

Ms. DeNardis said she would like to see more elaboration on the budget process mentioning the steps of the Mayor giving it to Council and so forth, for both the budget and capital projects. She also thinks the public should have a say in the capital process. Mr. Eatman said he would look into it. Mr. Galarza mentioned the Charter lays out the budget process step by step. He said this document is not intended to be 150 pages, but just a summary document saying they don't want to get into the weeds of explaining every step in this document and thinks sighting the Charter and audit in places is better.

Ms. Gallagher said she thinks they should add an annual review (or other time frame) of bonds and funds to close out projects and roll them over or the ordinance that was mentioned might be something we want to reference. Mr. Eatman said okay.

Mr. O'Brien stated he noticed section 5.5 covers a lot of what they talked about. He said he understands the concerns of Mr. Galarza on keeping it high level but it is also a statement of the Town and how we want to operate, what our priorities are, and what we feel is important, so he does think there is additional language they want to keep included in here even though they don't want to be cumbersome. He said he's not going to say anything should be here right now but is still mulling over his thoughts.

Mr. Eatman then went through **Section 4: Cash Management/Investment Policy**.

Mr. Alston said he doesn't see the fiscal policy discussed about fund balance. Mr. Eatman said it's referenced in another section. Mr. Alston said he thinks it's a key portion of this it should be included and referenced to point that out.

Ms. Gallagher said section 4.6 feels out of place to her. Where is the transparency in reporting on investments and should that be mentioned here? Mr. Eatman said the Town does not have cash on hand but are getting to that point. He can add language if the Council wishes. Ms. Gallagher recommends it

be divided into 2 sections. Mr. Alston said the order of receiving cash and then how it's invested. It should flow that way.

Mr. Eatman went over **Section 5: Debt Management Policy** which he said was mostly crafted by bond counsel who is still on vacation. Mr. Bernabe explained the overlapping of debt. Ms. Gallagher wonders if they should reference under Debt Management Policies (5-3), as talked about in section 3, adding that reference to the Capital Project, Review and assessment of remaining funds balance that could be used to pay down or reduce it.

Under 5.4 Sale of Debt Obligations she said she was going to recommend adding a review of alternate sources of financing but sees that section 5.5 talks about "Whenever possible, capital costs should be financed by means other than borrowing" and is wondering if they should lift that up under something considered upfront with these other considerations, 1 through 4. She said it feels important that they look at borrowing as last resort. Mr. Alston said he would support that and does think that this 5.5 could be supported by the 3.4 inclusion that was talked about or expanded upon either way. Mr. Bernabe said the Town may want to consider adding a bullet point that any borrowing for a project the project should be amortized over its useful life. He said he would send something for them to consider. Mr. Alston said they would take this as a note to consider. There was some discussion on fixed assets. Mr. Eatman asked if they should add a fixed asset section. Mr. Alston said we're not going to amortize a capital project until it's in use, and at that point it becomes a fixed asset, but he's thinking we must have a fixed asset policy already because Mr. Galarza started to speak about it. Mr. Galarza said they can incorporate something in there relating to that and said they can do a little schedule or something. Mr. Alston said think about that and whether it's incorporated in full writing or a reference to internal depreciation of fixed asset type of policy or whatever.

Mr. O'Brien said knowing our history with the way we borrowed/bonded money for projects, he would like a reference, wherever appropriate, stating that we are not going to use unfinished project money swept into debt service. He said it's a shell game and was a terrible financial practice. Mr. Eatman said this is better discussed with bond counsel. Mr. O'Brien would like Mr. Panico to go over this with Council and find language for this.

Section 2: Americans with Disabilities Act Policy – Building Official and ADA Coordinator Carlo Sarmiento said the main thing here is to do an evaluation and make sure all main Town buildings are ADA compliant. He said he'd be able to give a better update at the next meeting. Mr. Eatman stated the Town Attorney has seen his policy and that it's been reviewed and falls under the ADA Act. Ms. Gallagher asked if this applies to our website and other materials to make sure our website and materials are ADA compliant. Mr. Sarmiento said he will make sure the website is ADA compliant, as well as the meetings and signage. Ms. Gallagher said on page 4 it talks about identifying accommodations and asked provided by who? Mr. Sarmiento said reports come to them and they go and establish the problem. Ms. Gallagher said she would like Town Attorney Gruen to look at this and clarify who identifies the accommodation. Mr. Alston asked if there are any significant that the Town has face that isn't listed here. Mr. Sarmiento said he'll review that with Ms. Gruen. Mr. Alston then stated he also wants feedback on Ms. Gallagher's request of who establishes.

Section 6: Expenditure Policy - Mr. Eatman went through this section saying it was written by the Finance Dept. and reviewed by the Town auditor who provided feedback. Mr. O'Brien said he likes reference of an internal policy and asked if the procurement policy has been updated. Mr. Eatman said

yes, it's been updated and is in the book as well. Section 12, page 39. Mr. Galarza said they can add a reference to section 12 here.

Ms. Gallagher said under 6.3 (2) it says purchases can only be made in line with the adopted budget, etc., and she wonders if they should add "and approved contracts" because sometimes there are contracts and grants expended outside the budget. She asked if those are covered here. She's also not sure how reimbursable expenditures are handled and wonders if they need to name that differently, do we want to delineate between types of expenditures. Mr. Alston said it should not only say adopted budget items because there are other items that happen outside of budget. He thinks the language should include additional expenses that are non-budgetary all together. Mr. Eatman asked in number 2 under 6.3? Mr. Alston said yes. Mr. Eatman said he'd look into expanding it.

Mr. O'Brien thanked all who have been working on this. Mr. Alston agrees and said he appreciates all the work put into it.

Mr. Alston thinks March 8th will be their next meeting on this.

There being no further business Mr. Alston adjourned the meeting at 839 P.M.

Respectfully submitted,

Kim Renta, Clerk
for Jeron Alston, Chair