



**CITY OF NEW HAVEN
BOARD OF ALDERS**

..letter

June 25, 2019

Honorable Tyisha Walker-Myers
President, New Haven Board of Alders

Dear President Walker-Myers,

We would like to respectfully submit to the Board of Alders as a Communication, the attached Order calling for a public hearing before the appropriate alder committee, to discuss amending Appropriating Ordinance #3, in order to restore the role of the full Board of Alders in approving or rejecting any proposed refunding of bonds that would impose long-term costs on the City.

Appropriating Ordinance #3 deals with the circumstances in which the Board of Alders and the administration may authorize refundings and the process for approving them.

In 2008, a provision was added to the budget whereby the full Board of Alders gave up their right to vote on these bond refundings, leaving the power to vote on refundings to the Bond Sale Committee, made up of three alders in leadership, the mayor, and the city controller. The change was made during the national financial crisis, in response to the belief that the City's financial team should be able to act quickly on refundings, in case a good deal arose that would save the City money - and that having to go before the full Board for such approval could slow the process down, resulting in the City missing out on a chance to save money.

This issue came to our attention in August 2018, when the City refinanced \$160 million in bonds, adding a projected \$11 million to our City's debt repayment costs. Because of the current language in Appropriating Ordinance #3, the Bond Sale Committee, rather than the full Board of Alders, voted on the refinancing decision. While we appreciate the time and care the three alders in leadership spent last summer deciding if they should approve the refinancing, we believe that a refinancing that will impose a long-term cost on all the residents of our City is something that the full Board has a responsibility to vote on - so that all residents can be directly represented.

We introduced an amendment as part of the budget process to address this issue. While the proposed amendment was not incorporated into the final budget, it was suggested that we have a deeper conversation about essentially returning the process to how it was pre-2008, when seeking approval of refundings with long-term costs on the City. And if a refunding really would save the City money and not have a long-term cost, then it wouldn't change the process at all from what it is currently - and the mayor's team could still quickly just get approval from three alders in leadership, the mayor, and the controller.

We think it would be valuable to have a more detailed conversation about this both to: (1) see if alders agree this change would be positive; and (2) if so, learn from experts about how to draft the change most effectively, in a way so that it does not have any unintended consequences. Our proposal during the budget hearing had been to remove “or to restructure debt service payments” from Section VI: Refunding Bonds, but perhaps there is a better means for doing this.

Thank you very much for considering this request to conduct a public hearing.

Respectfully submitted,

ABIGAIL ROTH
Alder, Ward 7

STEVEN WINTER
Alder, Ward 21

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ORDER OF THE NEW HAVEN BOARD OF ALDERS CALLING FOR A PUBLIC HEARING TO DISCUSS AMENDING APPROPRIATING ORDINANCE #3 REGARDING BOND REFUNDING AUTHORIZATION.

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WHEREAS: Appropriating Ordinance #3 deals with the circumstances in which the Board of Alders and the administration may authorize refundings and the process for approving them; and

WHEREAS: in 2008, a provision was added to the budget whereby the full Board of Alders gave up their right to vote on these bond refundings, leaving the power to vote on refundings to the Bond Sale Committee, made up of three alders in leadership, the mayor, and the city controller; and

WHEREAS: this change was made during the national financial crisis, in response to the belief that the City's financial team should be able to act quickly on refundings, in case a good deal arose that would save the City money and that having to go before the full Board for such approval could slow the process down, resulting in the City missing out on a chance to save money; and

WHEREAS: this issue came to our attention in August 2018, when the city refinanced \$160 million in bonds, adding a projected \$11 million to our city's debt repayment costs, and due to the current language in Appropriating Ordinance #3, the Bond Sale Committee, rather than the full Board of Alders, voted on the refinancing decision; and

WHEREAS: while we appreciate the time and care the three alders in leadership spent last summer deciding if they should approve the refinancing, we believe that a refinancing that will impose a long-term cost on all the residents of our City is something that the full Board has a responsibility to vote on; and

WHEREAS: we feel it would be appropriate to have a discussion about potentially returning the process to how it was pre-2008 when seeking approval of refundings with long-term costs.

NOW, THEREFORE, BE IT ORDERED that the New Haven Board of Alders conduct a public hearing to discuss amending Appropriating Ordinance #3, in order to restore the role of the full Board of Alders in approving or rejecting any proposed refunding of bonds that would impose long-term costs on the City.