

**CITY OF BRIDGEPORT  
BUDGET AND APPROPRIATIONS  
SPECIAL MEETING  
JUNE 25, 2013**

**ATTENDANCE:** Angel dePara, Co-chair; Susan Brannelly, Co- Chair;  
Council President McCarthy, Lydia Martinez

**STAFF:** Anne Kelly-Lenz, Finance Director; Council Member Andre  
Baker; Council Member Michelle Lyons; John Stafstrom,  
Bond Counsel; Mr. Banoff, Jewish Home for the Elderly

**CALL TO ORDER.**

Council Member Brannelly called the meeting to order at 6:20 p.m. A quorum was present.

**APPROVAL OF REVENUE BONDS - JEWISH HOME PROJECT, SERIES 2013.**

Mr. Stafstrom said that the group had met with the Committee previously regarding the City acting as a vehicle for the Jewish Home Project. He reviewed the details and said that at the last meeting, the Jewish Home was not asking for approval because there were still some outstanding items that needed to be finalized. Some of the letters from the banks who are willing to purchase the bonds have been received. A discussion was also held about the ongoing Capital Campaign. Mr. Stafstrom said that the campaign was very successful. He added that there was a 20 million dollar backstop for the Capital Campaign through the Jewish Home Foundations.

A joint zoning venture regarding the actual building has been agreed to by both Bridgeport and Fairfield. Mr. Stafstrom said that he was satisfied that the project could be completed and the financial aspect was solid. The construction contract is a fixed price contract, which means that there will be no cost over runs. It also is insurance against the contractor defaulting.

Mr. Stafstrom said that he felt that the due diligence had been done for the project. There will be some additional details that will be reviewed. He said that he and Ms. Kelly-Lenz were prepared to recommend the Committee approve this.

Ms. Kelly-Lenz said that Total Financial Management, TFM, the City's financial advisors, has been involved in the process and they are satisfied with this proposal. Mr. Stafstrom said that the point was to analyze any risk to the City. He reminded everyone that the banks also are thoroughly examining this proposal as part of their due diligence.

Council President McCarthy asked about the three phases of the project: the bonding, the Capital Campaign, and the value of the parcel where the current building is located. He asked if the Capital Campaign and the real estate value were being secured by the Jewish Home Foundation.

Mr. Stafstrom explained that the banks were looking for a guarantor. Mr. Banoff said that about 20 years ago, the Jewish Home set up an endowment, which is a Jewish Home Foundation. Any funds that the Jewish Home Foundation raises is to be used for any projects for the Jewish Home. Mr. Banoff reviewed the details of this financial arrangement with the banks.

Mr. Stafstrom said that it was important to understand that whatever is done on the Bridgeport side of the Jewish Home for the Elderly will be separate from whatever future projects the Jewish Home for the Elderly considers for the Fairfield location.

Council President McCarthy asked what would happen if something catastrophic occurred and everything failed. Mr. Banoff said that People's United Bank would own a nursing home and be responsible for finding an operator. The City would not be responsible for any debt.

Council Member Baker asked about the Jewish Home Foundation. Mr. Banoff said that while the Jewish Home Foundation was totally separate, it was the fund raising arm for the Jewish Home. Donors make their gift to the Foundation and the Home has access to those funds through the Foundation.

Council Member Baker asked about using the Fairfield property as a loan guarantee. Mr. Stafstrom reviewed the details and reminded everyone that any failure would be on the Fairfield parcel. He added that the banks would not lend money to the Jewish Home unless they were positive the value was there. Mr. Stafstrom said that the Jewish Home was working very hard to keep the two projects separate. The Fairfield parcel will not be used as surety for the Bridgeport building project.

Council Member Baker asked if there was a letter or report from the TFM about this venture. Ms. Kelly-Lenz said that there was a conference call with about 30 people regarding this project. Mr. Stafstrom added that the TFM typically does not issue a report in this type of situation. Council Member Baker asked for the list of the questions that were discussed during the conference call. Mr. Stafstrom said that he had mentioned the questions already. Ms. Kelly-Lenz said that she would send Council Member Baker a copy of the list of questions discussed.

Council Member Brannelly asked about an earlier statement that the Foundation would be backing the project until the newly built facility started to produce revenue. Mr. Banoff said that he hoped that the Foundation would not be needed at all.

Council Member dePara asked how the Medicare rates would be used as a COBRA. He asked what would happen if Medicaid was discontinued. Mr. Banoff said that about 80% of the clients are served by Medicaid and if Medicaid was discontinued, the Jewish Home would be out of business. Having Medicaid discontinued would also affect every other nursing home in the State. Mr. Stafstrom said that this would be addressed in the final contract and would provide for this type of scenario.

Council Member dePara said that he had worked out the projections of the payments the Home would be giving the City and wondered if the Jewish Home could be more generous to the City. Ms. Kelly-Lenz pointed out that the voluntary payments to the City were tied to the Medicaid rate. As a non-profit, the Jewish Home does not need to pay anything to the City. Ms. Kelly-Lenz said that there was an escalator cost included in the voluntary payment formula. She added that there was another avenue that the Jewish Home could have used that would be cheaper and the City would receive nothing at all. Mr. Stafstrom agreed and said that if the Jewish Home had decided to finance through the Connecticut Health and Education Finance Association, they would have saved money. Mr. Banoff said that from the start of this conversation, the Jewish Home wanted to be a good partner with the City. The City will receive nothing but revenue from the proposed contract.

Council Member Brannelly said that the City would also like to be a good partner to the Jewish Home, but the Council has an obligation to the taxpayers of the City.

Council Member Lyons asked if the JCC paid taxes. Atty. Epstein said that the JCC was tax exempt. Council Member Lyons asked if there were any liens on the JCC property. Atty. Epstein said that there were two mortgages on the JCC property but when the Jewish Home buys the property, the liens will be satisfied in full.

Council Member Lyons asked why there were different amounts in the two resolutions; one that was approved by the Budget & Appropriations Committee and a different amount that was presented to Economic Development. Mr. Banoff said that it was simply a mistake.

Council Member Lyons asked about details in the agreements. Mr. Stafstrom, Ms. Kelly-Lenz and Atty. Epstein provided the information for Council Member Lyons. Council Member Lyons asked where the documentation verifying the 90 million dollars was available. Mr. Stafstrom reviewed the financial due diligence and the various additional steps that have to be taken once the City approves the resolution. That will not happen until the financial advisors are satisfied that the funds are there.

Council Member Lyons said that she felt that the Committee members should have had copies of the documentation to review. Atty. Epstein said that the Jewish Home was not playing “Hide the Document” and that he would be willing to show her the documentation. Council Member Lyons said that there had been other projects had been transformed into other projects. She said that she would make an appointment in the coming week to review the documentation.

Council Member Martinez asked why this facility was being built in Bridgeport and not in Fairfield. Mr. Banoff said that when the JCC property was put up for sale, it seemed like a good opportunity for the Jewish Home. She went to say that there were a number of organizations in Bridgeport that were non-profits and the City struggled with the budgets recently.

Mr. Stafstrom commented that he had been in both Jewish Home facilities in Fairfield during the past week. One of the facilities is a senior day care center and the other is the living facility. Both are well run facilities.

Council President McCarthy asked about the number of jobs. Mr. Banoff said that there were about 100 employees and that about 50-60% of that staff live in Bridgeport. He said that the Center is always recruiting.

Council Member Baker asked how much money was in the Foundation. Mr. Banoff reiterated that there was a 20 million balance at the Foundation. The focus of the fund raising has been for the Capital Campaign. In the past, the funds have been used to bring programs to the clients. All the programs that are not covered by Medicaid funding are paid for by the Foundation.

Council Member Baker asked about the Medicaid payments and when the last audits were done. Mr. Banoff said that the audits were done yearly and that the City had the last three year's worth of audits. Council Member Baker asked if he could get copies of the last three audits. Ms. Kelly-Lenz made a note of that.

Council Member dePara said that the Council Members were trying to understand how the project would work. This is a new concept and the Council Members have to have a clear understanding of it.

**\*\* COUNCIL PRESIDENT MCCARTHY MOVED TO APPROVE THE REVENUE BONDS - JEWISH HOME PROJECT, SERIES 2013.**

**\*\* COUNCIL MEMBER MARTINEZ SECONDED.**

**\*\* THE MOTION PASSED UNANIMOUSLY.**

Council Member Brannelly said that this item should be placed on the consent calendar. Council President McCarthy asked if there would be a problem with the Council voting on the issue on the same night as the public hearing. Mr. Stafstrom said that there should not be a problem.

### **GENERAL DISCUSSION REGARDING THE REVIEW OF THE MONTHLY FINANCIAL REPORT.**

Council Member Brannelly said that the March report had been released and that the April report would be filed later this week.

Council President McCarthy said that at the last meeting there had been discussion regarding changing the regularly scheduled meeting to the beginning of the month. Ms. Kelly-Lenz said that her goal was to move the process forward and to release the information sooner.

Council Member dePara asked what would need to be done to speed the process up. Ms. Kelly-Lenz said that it would help having more analysts available to review the figures. Every single

balance has to be checked for the last several years. The accounts now have to be completed monthly. This has never been done before. Once the departments become more accustomed to closing the books monthly, the process will flow more smoothly. She also pointed out that her department was trying to get ready for the annual audit. Ms. Kelly-Lenz said that she had been producing a monthly budget report ever since she had taken over the office and has been working very hard to have the various staff members learn the new processes.

Council Member dePara asked about the various departments accounts. Ms. Kelly-Lenz explained that with the new processes, there were changes. She gave the example of someone who managed the Fixed Assets. Previously the staff member entered all the information at the end of the year. Now this is being done monthly. Also Ms. Kelly-Lenz developed a spreadsheet that outlines what information is required, who has the information and how to get the information.

Council Member Baker has if there was any way to identify the costs associated with a Capital project. Ms. Kelly-Lenz said that there was a capital account set up once a project is approved. OPM does the funding management for Capital Projects. She then outlined how the Capital Project funding was disbursed.

Council Member Baker asked if there had been any progress on getting independent outside counsel for the City Council. Council President McCarthy said that the funding would not be released until July 1st. Council Member Brannelly said that there would need to be a discussion regarding the nature of the counsel would be.

Council Member Baker asked if the co-chairs had done any research on the driveway money. Council Member Brannelly said that this would not be involved in how the funds would be allocated.

Council Member dePara asked about sending a report out in an Excel format. Ms. Kelly-Lenz said that she could send it in Excel but cautioned everyone that the formulas would not be attached. It would just be a database with figures.

Council Member Brannelly asked if Ms. Kelly-Lenz would be the point person for the Jewish Home audits, the various requests made during the earlier discussions and the Excel spreadsheet. Ms. Kelly-Lenz said that she would provide the information to the Committee as it become available.

Council Member dePara asked for a number of documents involving the Jewish Home. Ms. Kelly-Lenz then explained that some of the requested documents were dependant on Council approval. Once the approval is given, the documents will be drafted.

**ADJOURNMENT**

- \*\* COUNCIL MEMBER DEPARA MOVED TO ADJOURN.**
- \*\* COUNCIL PRESIDENT MCCARTHY SECONDED.**
- \*\* THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 7:45 p.m.

Respectfully submitted,

Sharon L. Soltes  
Telesco Secretarial Services