

**Banking & Audit Committee Meeting  
September 19, 2008**

A meeting of the Banking & Audit Committee of the Board of Finance was held on Friday, September 19, 2008. The following were in attendance: Commissioner Ron Messier, Chair; Commissioner Mark Peterson; Commissioner Cheryl Thibeault; Commissioner Mark Peterson. Also present Comptroller Glenn Klocko.

The meeting was called to order at 8:05 am.

**1. Discussion of the appointment of the Financial Advisor and take any necessary action.**

Glenn Klocko gave a brief summary of the history of financial advisors for the City and the current situation. The City's current financial advisor, People's Bank, is no longer offering financial advising services. People's Bank has been the financial advisor for the City since Glenn has been here. Recently, Matt Spoerndle, who was with People's Bank moved on to the Managing Director at Phoenix Advisors, LLC. People's has not officially notified their three large clients, including Bristol, that they are no longer offering their services. Glenn found out through the grapevine and contacted Dave Weber at People's Bank and he confirmed the rumor. The City has had three main financial advisors over the years which included Valerie Arch, Matt Spoerndle and Dave Weber all from People's Bank.

Glenn is bringing this topic to the subcommittee to make a recommendation to the full board. The request is to ask for a bid waiver to hire Matt Spoerndle at Phoenix Advisors as the Financial Advisor for the City of Bristol.

Glenn continued to explain the role and importance of a financial advisor. The City wants someone who is familiar with the City, loyal, knowledgeable and credible. Given the past relationship Glenn has had with Matt he feels comfortable with him. Matt knows Bristol. If the City was to go out to bid Glenn would have to spend days, weeks or months to explain the operations of the City to them. The City needs to be confident with their advisor; the advisor needs to know the community. When issuing debt, the City must give a presentation to the Bond Agencies. At this meeting several questions will be asked of Management and they must know the answers. The financial advisor preps for this presentation, but the actual presentation is done by City officials.

A financial advisor handles the issuance of debt including the preparation of the bond document, official statement, and rating agency presentation. The financial advisor watches the market and other issuance and suggests the timing to issue.

The pricing structure for financial advisors is pretty standard throughout the industry as follows (percentage of the actual issue):

Under 10 million:	2%	10 – 20 million:	3%
20-40 million:	4%	40 million and above:	5%

If the City was to go out to bid there may be a fraction of a percent difference in the categories lower than 40 million, but the 5% of the issue for over 40 million would not change. The next debt Bristol is going to issue will be over \$40 million including the schools and outstanding but not issued debt.



Commissioner Thibeault asked if we do not issue debt, and everything else stays status quo, what will affect our bond rating. Glenn stated that management plays a big roll in our credit rating. Management has control of the financial statements. Cheryl questioned if having a COO would help. Glenn commented a COO would help because of the consistency of supporting good practices and not as political as a Mayor. Commissioner Moylan commented that having a COO doesn't always help because if they don't know the answers to the questions being asked the rating agencies will know. They need to know about the financial aspects of the City as well.

The Committee discussed the next issuance of debt and how it will affect the City as well as the advantages and disadvantages of going out to bid for a financial advisor.

Commissioner Peterson asked what the timeline was for making a decision. Glenn stated the earliest the City would issue debt would be late spring. However, we are going to wait until the timing is right. Also, the fate of the schools will play a roll in issuing the debt. Even though time is not of the essence, the City is currently without a financial advisor.

Commissioner Thibeault stated since our next issue of debt is going to be between \$55 and \$65 million there is not going to be a tax savings to the citizens by going out the bid. The standard 5% rate is going to apply to our issue since it is such a high amount. Since we are able to change final advisors per issue, we will be able to change advisors if we are not happy with Matt.

On a motion made by Commissioner Moylan and seconded by Commissioner Peterson, it was unanimously voted to:

"To request the following item be placed on the October Board of Finance Agenda: request a bid waiver for Matt Spoerndle of Phoenix Advisors LLC as the financial advisor for the City"

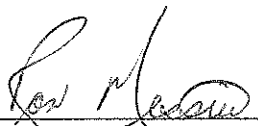
**2. Another other matters to come before the committee.**

None

**3. Adjournment.**

On motion of Commissioner Thibeault and seconded by Commissioner Peterson, it was unanimously voted to adjourn at 9:06 a.m.

Respectfully submitted,

  
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Commissioner Ron Messier  
Chairman

