

**Town of Sudbury
Finance Committee
Minutes of Meeting
Monday, November 17, 2014**

The Town of Sudbury's Finance Committee (FinCom) Meeting was held in the Flynn Building and was called to order at 7:30 PM by Chairman Susan Berry.

FinCom Attendance

- Present: Jeff Barker, Susan Berry, Joan Carlton, Adrian Davies, Fred Floru, Jose Garcia-Meitin, and Mark Minassian
- Absent: William Kneeland and Andrew Sullivan

Item 1: General Business

Minutes approval: Motion to approve the minutes of the 10/20/14 FinCom meeting was made by Jeffrey Barker. Seconded by Jose Garcia-Meitin. The vote was unanimous.

Transfers and other business:

Transfer: The Town Manager, Maureen Valente, presented a transfer request of \$15,000 from Reserve Fund to Planning-Contract Services account #011722/522550 for a consultant to do design work re the MA Central Rail Trail. The current balance in the Reserve Fund was \$269,710. The budget appropriation for Planning Services is only \$5,000.

The design work needs to be complete before the 2015 Town Meeting in order for there to be a possibility for an article for money to begin work. Besides the rails to trails study, this amount will cover an initial study of the Raytheon property potential if the Town receives \$5,000 in a grant from the Sudbury Foundation to partially fund the design consultant.

More details about what this study will cover were asked by Adrian Davies and Jeffrey Barker. Motion to approve the transfer was made by Fred Floru. Seconded by Jeffrey Barker. The vote was unanimously.

Other Business: Susan Berry noted the meeting of BOS on Nov 18 at 7:55pm. Tax classification will be discussed followed by an OPEB presentation. Adrian Davies asked if this meeting is televised; Susan Berry responded affirmative.

Item 2: Special Town Meeting Articles; Hearings, Deliberations and possible Votes

a) Nixon School Renovations

Craig Blake from the Permanent Building Committee showed a power point presentation of the history of the Nixon building and repairs that have been done and areas still needing work. The project for Nixon roof and windows repairs was forwarded to MSBA (Mass School Building Authority) in Feb 2014. In June 2014 the MSBA invited Sudbury into the Accelerated Repair Program for Nixon School. In Nov 2014 the final approval came in. The project will be presented to the town during the special Town Meeting on Dec 3rd and bonding for the project will be put to a town vote on Dec 9th.

Estimated cost is \$1,096,258 plus the cost of the debt issuance. Sudbury receives back about 37% from the total approved costs. The cost to the town is approximately \$700k. The impact of the debt is \$13 on average for 10 years.

The power point presentation showed pictures of the existing 1-pane windows at Nixon school, deteriorated caulking (not part of the state refund) and damaged roof. The project has 5% contingency and the final cost will be known after the actual bids are received.

Discussion followed about whether the project would go forward if there were no MSBA money, whether there will be energy savings, whether using Free Cash to fund the project had been considered, and which committee will ultimately decide the funding mechanism.

Scott Nassa, SPS Committee member, noted that the Sudbury School committee is in favor of this project, but he would recommend using Free Cash.

Adrian Davies made a motion to recommend approval of the article with the understanding that bonding would be the method used to finance the project. The motion was seconded by Jose Garcia-Meitin. The vote was 5 in favor, 2 opposed.

b) Johnson farm Purchase

Discussion of this article was scheduled for 8:45 so was skipped until then.

c) Rail Trail Design Funding

Since the transfer from the reserve fund was approved at the beginning of the meeting, this article will be indefinitely postponed at the Special Town Meeting,

Item 3: Free Cash Policy Discussion Continued

Susan Berry suggested that the committee decide on a policy skeleton. Do we want to reserve a percentage to fund to be used only in the event of lower revenues than expected? What are the uses the committee might recommend beyond the reserve?

Mark Minassian stated he thought 0.5% - 1% should be reserved. Joan Carlton expressed concern about limiting the usage. Susan clarified that the process will be for the FinCom to agree on a policy that we will recommend that the Board of Selectmen adopt. Mark thinks the most important part of a policy is clarifying the process for deciding the use of Free Cash from year to year. Joan Carlton also mentioned that we might want to include language similar to policies in other towns that we should have sufficient funds to maintain AAA credit status.

In terms of timing, Susan Berry suggested that the committee vote on a skeleton policy at the December meeting. That skeleton can then be discussed with the BoS and then the FinCom would ask for input from the SPS Committee, LSRHS Committee, CIAC, the Strategic Financial Planning Committee for Capital Funding, and the Strategic Financial Planning Committee for OPEB Liabilities. The goal is to vote at the FinCom meeting in January on a policy to recommend to the BoS.

Mark Minassian volunteered to put together the policy skeleton.

Jose Garcia-Meitin cited the Municipal Finance Manual that Free Cash should not be used for funding the operating budget and it should be used for long term capital expenditures. Fred Floru agreed with Jose's point of view.

Item 4: Liaison Check In

Joan Carlton and Fred Floru have met once with SPS. On Dec 3rd they will meet again to go over the questions from the Budget Guidance letter

Susan Berry reminded liaisons that answers to the questions need to be sent to Fin Com members by Dec 8th.

Mike Minassian and Jeff Barker, LSRHS liaisons met with Sudbury and Lincoln representatives and will meet again on Dec 12th to get more answers. They will have the info to committee members prior to our December 15th meeting but not by December 8th.

Adrian Davies and Andrew Sullivan, Town liaisons, need to setup a meeting.

Mark Minassian and Maureen Valente reported on the work of the Strategic Financial Planning Committee for OPEB Liabilities. The committee is drafting recommendations for the BoS, but the liaisons mentioned that one recommendation that will come from the committee is to begin putting the normal cost of future benefits in the budgets of the three cost centers. They will also be recommending that that amount for FY16 come from outside the FinCom requested budget increases of 2% and 2.5%.

The breakdown of eligible employees is as follows:

| | |
|--------|-----|
| Town | 98 |
| Safety | 72 |
| SPS | 359 |
| LSRHS | 207 |
| Total: | 736 |

The committee also received an update on the most recent projection of unfunded liabilities: the Town and SPS is \$36 million, LSRHS is \$22 million, an approx. \$19 million reduction from the last projection.

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b) Johnson Farm Purchase

Jody Kablack informed the committee that the purchase price is \$2.9 million and that the CPC will vote on whether to cover \$1 million of the cost with CPA funds. The Town will request a vote at Town Meeting and then a vote of the Town by ballot for a debt exclusion to cover the remaining \$1.9 million.

The benefits discussed were preserving the open space that connects to a large parcel of SVT (Sudbury Valley Trustee) land and the long term impact on taxes.

Joan Carlton mentioned that SVT fund raising for this purchase is also going on and any money raised will be deducted from the amount of borrowing that the town will need to do.

Chuck Woodard mentioned that for SVT fund raising to have a meaningful impact, it needs to be done by the Town Meeting [Dec 3rd]. This article needs to come before the town now because the developer will not wait until the 2015 Town Meeting.

There was a discussion about whether we needed to wait for the CPC vote on funding \$1M. Mark Minassian stated that we need to vote to let the town know our position. Mark moved to recommend approval of Article 2 as written (assuming 1.9M bonded by the town and 1M from CPA funds); Fred Floru seconds the motion. Voted 6 in favor and 1 abstain. It was noted that the CPC vote will occur at its meeting on Nov 19th.

4. Public Comments

Radha Gargeya (Chair of the LSRHS School Committee) let the FinCom know that the LSRHS school committee did a preliminary budget and it's "tough". There will be further details on Dec 12th when the FinCom liaisons meet with representatives of LS.

5. Adjourn – Susan ask for a motion to adjourn. Jeff Barker made the motion; it was seconded by Jose Garcia-Meitin, and passed unanimously. The meeting adjourned at 9:20.