

**HOLLISTON FINANCE COMMITTEE
MEETING MINUTES
AUGUST 6, 2013**

The Committee convened in Room 105 at the Town Hall at 7:35 PM. Present from the Committee were Chairman Ken Szajda, Clerk Charles Kaslow, Dan Alfred, Bill Dowd and Beth Liberty. Absent were Vice Chairman Michelle Zeamer and Michelle Johnson.

The Committee met with the Board of Selectmen.

1. Welcome – Ken Szajda welcomed new FinCom member Elizabeth Liberty to her first meeting having been appointed on July 16 and sworn in by the Town Clerk.
2. Minutes – Moved by Dan Alfred to approve the minutes of July 16, 2012. Seconded by Bill Dowd. Four in favor, one abstention (Liberty).
3. Recording Secretary – Ken Szajda reported that there are still no candidates, and the opening remains posted.
4. Town Accountant Communication – Ken Szajda reported that he had received a communication from the Town Accountant regarding closing out Article appropriations. Ken agreed to circulate the memo to the full FinCom. Ken also reported receiving a communication from the Town Accountant regarding the fact that the Building Inspection revolving fund had overspent its established limit of \$50,000. Authorization to exceed the limit requires the approval of both the Board of Selectmen and the Finance Committee. Ken will circulate the memo to the full FinCom and the FinCom will await action by the Board of Selectmen.
5. Financial Reserves – The Town's financial reserves are primarily made up of the Stabilization Fund and the Capital Expenditure Fund. These reserves are an important part of the Town's financial structure and play an important role in our bond rating by credit rating agencies. The Finance Committee has a published target of having reserves at 5% of the Omnibus Budget. Recently, there has been talk of increasing the reserves. The Committee held a discussion on this subject. Dan Alfred reported on a conversation with Apple Low, a rating analyst at Standard and Poor's. Her position was that reserves should be between 8% and 15%. According to her calculations, the Town's most recently measured reserves were at 8.6% of the Available Fund Balance, inclusive of the amounts set-aside for OPEB, and were considered adequate. She also noted that the rating outlook is stable and while there are no plans to consider an upgrade, the Town's rating is trending positive. It was noted that using Available Fund Balance instead of Omnibus Budget as the denominator in that calculation produces a different result than obtained by using the omnibus budget. Mr. LeBeau reported that bond ratings are a function of a number of factors: collection rate for taxes and other revenues, the community's tax base profile, the economic situation in the surrounding area among others. Dan agreed that the rating process was

multi-factored. Bill noted that the issues of reserves is going to be an active issue approaching fall Town Meeting in October, and that it is going to be important that the Committee have some basis for making decisions about finalizing the FY14 budget. Bill suggested that perhaps Paul LeBeau could prepare a recommendation for the Town's reserves for consideration by the FinCom. Paul pointed out that he had done just that back in July of 2012 and recommended at that time moving to 6.5% in combined Stabilization and Capital Expenditure Funds as a percent of the Omnibus, exclusive of OPEB set-asides. He said that while he could revisit it, based on all he knows, he'd still be at 6.5%. Paul noted that while OPEB is not yet a huge issue, it is moving up the list. He believes that at this point, the Town's moves to begin funding are not so much viewed as a big positive as it is the absence of a negative. Bill suggested that the 6.5% target be adopted by the FinCom as a planning guideline. Dan asked to hold off on that until after he prepares an analysis of the bond rating, and has a chance to examine the potential for an improvement in the Town's bond rating. All agreed to wait until Dan has had a chance to do that with an understanding that it will be needed in order to act on October Town Meeting issues beginning in September. Bill Dowd inquired of Paul LeBeau the rationale for how the amounts in Stabilization and Capital Expenditure are determined. Paul explained that spending out of Stabilization can be for anything and requires a 2/3 majority vote of Town Meeting. Spending out of Capital Expenditure fund is limited to capital needs and also requires a 2/3 majority vote of Town Meeting.

6. Liaison Assignments – Ken Szajda asked if there were any comments or questions about his draft of liaison assignments that he had circulated. (Attachment I) Charlie Kaslow circulated a graphic showing the assignments. (Attachment II). Bill Dowd asked why Ken had so many and the rest of the Committee so few. Ken said he was trying to be as balanced as he could keep in mind the time commitments these involve. Bill noted that the assignment was clearly not balanced noting Ken's 22 to the 6 to 9 for all others. Ken said he had a large number because they were in a group that gets reviewed with the Selectmen and he typically handles all of those. Bill noted that many of Ken's assignments are very large budgets and with all the new members on the Committee, it would be good to get more people familiar with those budgets and assist in developing a more thorough understanding of the Town's operations. Bill suggested adding other members to any of his on which he was the only one. Dan Alfred said he was just fine with his assignments. Charlie Kaslow said he was fine too, but that if there was going to be a second look, he'd be open to sharing the work. Bill said he'd be open to being added to as many as Ken thought useful, and Ken said he'd take a look at it.
7. Planning Board Letter – Ken asked if there were any comments or suggestions regarding his draft letter to the Planning Board regarding their Reserve Fund Transfer request of June 27, 2013. (Attachment III) He said he had used much of Bill Dowd's initial draft, but had revised the ending to be

more conciliatory and more focused on correction than scolding. After a brief discussion, the Committee concurred in the use of Ken's letter.

8. FinCom Mail – Bill Dowd inquired about how mail to the FinCom is handled. Ken Szajda said he usually checks the mailbox weekly, but not during the summer. Bill suggested that Paul LeBeau be asked to remind all department heads that any communication to the FinCom should be electronic if possible and sent to the FinCom mailbox that ensures all members receive it. Paul agreed to do so.
9. Fall Meeting Schedule – Ken Szajda said he'd have a proposed meeting schedule for the period beginning after Labor Day at the FinCom meeting on August 13, 2013.
10. Executive Session – At 8:40 PM, Moved by Dan Alfred, Seconded by Bill Dowd to go into Executive Session for the purpose of discussing collective bargaining strategy. Ken stated that staying open session could be detrimental to the Town's bargaining position. Ken also noted that the Committee would not be returning to open session for the conduct of any business. Roll Call: Dowd Aye, Liberty Aye, Szajda Aye, Kaslow Aye, and Alfred Aye.
11. Adjournment – At 10:06 PM the Committee returned from Executive Session and Moved by Dan Alfred, Seconded by Charlie Kaslow to adjourn the meeting. All in favor.

Approved August 13, 2013

**Liaison Assignments
FY 14 Draft**

General Government

Accountant
Assessors
Cable Television
Community Preservation Committee
Conservation Commission
Debt Service
Finance Committee
Historical Commission
Housing Committee
Planning Board
Public Buildings
Selectmen
Technology
Town Clerk
Treasurer/Collector
Zoning Board of Appeals

Culture & Recreation

Agricultural Commission
Council on Aging
Golf Course Advisory Committee
Library
Open Space Committee
Park Commission
Trails Committee
Youth Services

Pensions & Benefits

County Retirement
Health Insurance
Medicare
Sick Leave Reserve
Unemployment Insurance
Veterans' Benefits

Public Safety

Ambulance/Fire
Animal Control Officer
Auxiliary Police/Police
Board of Health
Building Inspector
Emergency Management
Sealer of Weights & Measures

Public Works

Highway
Motor Vehicle Fuels
Solid Waste/Recycling
Street Lighting
Tree Warden
Water Department

Schools

Andrews Building
Flagg Cole Reuse Committee
Keefe Tech
School Department

Finance Committee

Mr. Alfred
Mr. Szajda and Mr. Dowd
Mr. Alfred
Ms. Liberty
Ms. Liberty and Ms. Johnson
Mr. Szajda

Mr. Szajda
Mr. Szajda
Mr. Dowd
Mr. Alfred
Mr. Szajda
Mr. Kaslow
Mr. Szajda and Ms. Johnson
Ms. Johnson
Ms. Zeamer

Ms. Johnson
Mr. Kaslow and Ms. Zeamer
Ms. Liberty
Ms. Johnson and Mr. Szajda
Ms. Liberty
Mr. Kaslow and Ms. Zeamer
Ms. Liberty
Mr. Szajda

Mr. Szajda
Mr. Szajda and Ms. Zeamer
Mr. Szajda
Mr. Szajda
Mr. Szajda and Mr. Alfred
Mr. Szajda

Messrs. Szajda and Kaslow
Mr. Dowd
Messrs. Szajda and Kaslow
Ms. Zeamer and Mr. Dowd
Ms. Johnson
Messrs. Szajda and Kaslow
Mr. Dowd

Mr. Alfred and Ms. Zeamer
Ms. Zeamer
Ms. Liberty
Mr. Szajda
Mr. Szajda
Mr. Dowd and Ms. Johnson

Mr. Szajda
Mr. Szajda and Ms. Zeamer
Mr. Szajda, Ms. Zeamer and Mr. Alfred

Selectmen

Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden

Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden

Mr. Marsden
Mr. Conley
Mr. Marsden
Mr. Marsden
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Mr. Marsden

Mr. Leary
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Mr. Leary
Mr. Leary
Mr. Leary
Mr. Leary
Mr. Leary
Mr. Leary

Mr. Conley
Mr. Conley
Mr. Conley
Mr. Conley
Mr. Conley
Mr. Conley

Mr. Marsden
Mr. Marsden
Mr. Leary
Mr. Leary

July xx, 2013

Holliston Planning Board
Town Hall
703 Washington St.
Holliston, MA 01746

Gentlemen,

On June 11, 2013, the Finance Committee took up consideration of a Reserve Fund Transfer Request from the Planning Board related to legal expenses incurred in connection with the defense of Planning Board decisions. At that time, the request had just been received, and the Explanation section of the request form was blank. I informed the Finance Committee that the request was not unexpected since a.) the Planning Board budget is not funded with any Professional Services amounts and b.) the Planning Board had advised the Finance Committee previously that expenses had been incurred and Reserve Fund Transfers requests would be coming.

Since the form was incomplete, and more detail was needed on the circumstances surrounding these expenditures, the matter was tabled to our June 27, 2013 meeting.

Prior to the FinCom meeting on June 27, I had occasion to speak with Paul LeBeau. It was at that point that I learned that these legal expenses had been incurred by the Planning Board based on a position taken by it that was contrary to the recommendation of Town Counsel. While this action was within the statutory authority of the Planning Board, this was new information and is somewhat troubling as we obviously expend significant amounts every year for Town Counsel and would have thought his guidance would have been more compelling.

In addition, on June 27, the Reserve Fund Transfer Request form was still incomplete.

Further, the attached documentation was a billing summary from the law firm reflecting \$650 due, and the request was for only \$400.

Based on the new information, the incomplete form and the confusing documentation, the FinCom initially failed to move for approval, particularly without anyone there from the Planning Board or Department to enlighten the Finance Committee and answer questions. However, after Selectmen Leary pointed out that the result of failing to approve the request would be that a vendor retained by a Town Board and who served in good faith would now have to wait until October Town Meeting to be paid, a motion was made, seconded and voted 2 in favor, 1 opposed, 1 abstaining to approve the request to pay the bill.

The Finance Committee is sending you this letter to alert you to the issues with the recent request, and to insure that future requests from the Planning Board are complete, consistent, and appropriately documented. In the future we expect that all pertinent circumstances will be disclosed, the request form will be fully completed, and that an appropriate representative from the Planning Department will be available to answer questions. We would also encourage the Planning Board to contact their Finance Committee liaison as soon as possible should financial issues arise since that is the most efficient way to keep the Finance Committee apprised of a developing financial situation. Proper communication allows the Finance Committee to effectively execute its fiduciary responsibility and helps to make the reporting burden on the Planning Board more efficient.

Thank you.

Sincerely,

Kenneth Szajda, Chairman
Finance Committee