

**HOLLISTON FINANCE COMMITTEE
MEETING MINUTES
October 15, 2013**

The Committee convened in Room 105 at the Town Hall at 8:00 PM. Present from the Committee were Chairman Ken Szajda, Clerk Charles Kaslow, Dan Alfred, Bill Dowd and Beth Liberty. Vice Chairperson Michelle Zeamer joined the meeting at approximately 8:15 PM.

1. Minutes – Ken Szajda indicated that a reference in the Minutes of October 1, 2013 to reposting of the Recording Secretary position should be revised to indicate that the position was reposted because the deadline for responding had passed. The Committee agreed. Moved by Dan Alfred, Seconded by Charlie Kaslow to approve the minutes of October 1, 2013. Six in favor, none opposed, no abstentions. The motion passed. Moved by Dan Alfred, Seconded by Bill Dowd to approve the minutes of October 8, 2013. Three in favor, none opposed, Ken Szajda and Charlie Kaslow abstaining.
2. Reserves. Ken Szajda reported that based on the recent Department of Revenue visit, it appeared that Free Cash would be certified at approximately \$1.358 million. This is considerably more than had been anticipated. Ken also pointed out his concerns with recent communications and actions that gave the appearance that a larger than expected Free Cash was the basis for a spending spree. The Committee then turned to the issue of financial reserves. Ken reported that while the Committee had been working off a target of 5% of the Omnibus budget in combined Stabilization Fund and Capital Expenditure Funds, bond rating agencies had shifted in their assessment of reserves. The new basis is Stabilization Fund plus Free Cash. The Capital Expenditure Fund no longer counts in the reserves calculation. Paul LeBeau said that Standard & Poor had reviewed their public sector rating criteria starting last year and concluding this year. He said they now use at least 7 criteria. The reserve ratio is calculated by determining what percentage of spending is represented by the combined total of Stabilization and Free Cash. He said a reserve ratio of 8% to 15% is considered strong and that is our current status. However, more than \$3 million of our Stabilization balance is earmarked for OPEB. He said we should strive to get the Stabilization balance up to 8.1% of expenditures, net of OPEB, and not rely on the unpredictable Free Cash for our reserve ratio. This could be done as quickly as 12 months if we put the \$858,000 "excess" Free Cash into Stabilization, sweep old articles and "excess" revolving account balances and put any "excess" Free Cash next year into Stabilization. He said there would be a cost to this fiscal discipline and that cost is worthy of serious discussion. He said the Capital Expenditure Fund is a factor in our liquidity rating of strong. He said we could trend the Capital Expenditure Fund balance down to \$1.5 million. Paul LeBeau then reviewed his reserves recommendation of July 2012 in the context of this new standard and

recommended that the Town get to the 8% - 12% reserve level under the new standard. After a review of the factors impacting bond ratings, Moved by Bill Dowd, Seconded by Ken Szajda that the Committee adopt a reserves target of 8.1% of the Omnibus budget in combined Stabilization and Free Cash. Dan Alfred suggested adding a time frame to achieving the target. Bill Dowd and Ken Szajda pointed out that more work was needed to determine the proper time period over which to get to the target. Six in Favor, none opposed, no abstentions. The motion passed. Moved by Bill Dowd, Seconded by Charlie Kaslow to place all excess Free Cash over the assumed \$500,000 in the budget model in the Stabilization Fund. Dan Alfred thought that some of the Free Cash was needed to meet Capital needs at Town Meeting. Moved by Dan Alfred, Seconded by Michelle Zeamer to amend the motion to place \$400,000 in Stabilization and the balance of Certified Free Cash in the Capital Expenditure Fund. Four in favor, two opposed (Kaslow and Dowd), no abstentions. The amendment passed. On the amended motion, four in favor, two opposed (Kaslow and Dowd), no abstentions. The motion passed.

3. Capital Expenditures – Ken Szajda asked for a sense of the Committee on Capital requests to recommend. After a lengthy discussion, Moved by Dan Alfred, Seconded by Michelle Zeamer to, unless otherwise noted below, appropriate from the Capital Expenditure Fund monies sufficient for the following;

- a. \$86,634 for two police cruisers
- b. \$4,000 for police service weapons
- c. \$200,000 for a fire pumper truck, the balance of \$175,00 covered by authorized borrowing
- d. \$37,800 for new computers and software in Town departments
- e. \$64,200 for new MUNIS accounting software modules for the Town Accountant and Town Treasurer/Collector
- f. \$18,200 for a new heating system at the Flagg School
- g. \$317,959 for the following School Capital projects:
 - i. Data server at the high school
 - ii. Switches at Placentino and Miller
 - iii. Fitness gram
 - iv. Desktop computers
 - v. Foreign Language Lab
 - vi. Music Technology Lab
 - vii. iPads
 - viii. iPad carts
 - ix. Notebook cart
 - x. Carpeting
 - xi. Doors
 - xii. Café tables
 - xiii. Office air conditioning at Placentino and Miller
 - xiv. Auditorium lights at the High School

Six in favor, none opposed, no abstentions. The motion passed. Moved by Dan Alfred, Seconded by Michelle Zeamer to further recommend the purchase of a

- new ambulance in the amount of \$190,000 from the Ambulance Revolving Fund. Five in favor, one opposed (Dowd), no abstentions. The motion passed.
4. Warrant review – After discussion, Moved by Dan Alfred, Seconded by Michelle Zeamer to recommend in Article 2 the following changes to previously voted FY14 budgets:
- a. Reduction in the Debt Service budget of \$6,332
 - b. Reduction in the Benefits budget of \$18,757
 - c. Increase in the Board of Health of \$1,283

Six in favor, none opposed, no abstentions. The motion passed. After discussion, Moved by Dan Alfred, Seconded by Michelle Zeamer to reconsider the Committee's prior vote on Article 1 of the Warrant. Six in favor, none opposed, no abstentions. The motion passed. After discussion, Moved by Dan Alfred, Seconded by Michelle Zeamer to recommend in Article 1 the payment of late bills by raising and appropriating \$7,795.39 and transferring from Water Surplus \$184.46. Six in Favor, none opposed, no abstentions. The motion passed. After discussion, Moved by Michelle Zeamer, Seconded by Dan Alfred to recommend in Article 3 that the Committee make its recommendation at Town Meeting. Six in favor, none opposed, no abstentions. The motion passed. After discussion, Moved by Dan Alfred, Seconded by Bill Dowd to recommend in Article 4 the transfer of \$400,000 to the Stabilization Fund. Six in favor, none opposed, no abstentions. The motion passed. After discussion, Moved by Dan Alfred, Seconded by Michelle Zeamer to recommend in Article 5 the transfer of \$458,000 into the Capital Expenditure Fund. Six in favor, none opposed, no abstentions. The motion passed. After discussion, Moved by Dan Alfred, Seconded by Michelle Zeamer to recommend in Article 8 that we appropriate from the Community Preservation \$382,260 for the following projects recommended by the Community Preservation Committee: a.) \$300,000 toward the cost of acquisition of a Conservation Restriction on a portion of the Bullard Farm, b.) \$79,260 for legal and surveying work on the rail trail, and c.) \$3,000 for the placement of signage by the Conservation Commission on land acquired with Community Preservation funds. Five in favor, none opposed, one abstention (Kaslow). The motion passed. After discussion, Moved by Dan Alfred, Seconded by Michelle Zeamer to recommend in Article 9 that the Town appropriate \$85,000 from the Open Space Fund for costs associated with the Bullard Farm Conservation Restriction. Five in favor, none opposed, one abstention (Kaslow). The motion passed. After discussion, Moved by Dan Alfred, Seconded by Michelle Zeamer to recommend in Article 10 that the Committee makes its recommendation at Town Meeting. Six in favor, none opposed, no abstentions. The motion passed. After discussion, the Committee chose to make no recommendation on Article 13. After discussion, Moved by Dan Alfred, Seconded by Michelle Zeamer to recommend in Article 14 that the Town establish a Water Enterprise Fund, contingent on the passage of Article 13. Five in favor, one opposed (Kaslow), no abstentions. The motion passed.

5. Warrant Message – Ken reviewed a revised draft of the Warrant message from the FinCom. Members were urged to get suggested changes and revisions to him as soon as possible.
6. Next meeting – Since the Committee's known pre-Town Meeting work is complete, it decided not to meet on October 22, but to meet at 6:30PM on the evening of October 28, just before Town Meeting to deal with any issues requiring attention at that time.
7. Adjournment – At 11:15 PM, Moved by Dan Alfred, Seconded by Michelle Zeamer to adjourn. Six in favor, none opposed, no abstentions.

Approved __10/22/13_____