

Town of Lunenburg

Finance Committee:
Mark Erickson, Chairman
Terri Burchfield, Vice-Chairman
John Henshaw, Secretary
Jay Simeone



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Lunenburg Finance Committee **Minutes June 9, 2016**

Location: Town Hall
Present: Mark Erickson, Terri Burchfield, Jay Simeone, John Henshaw
Absent: None
Also Present: Karen Brochu, Director of Municipal Finance
Hannah Anderson

1. Mark called the Finance Committee meeting to order at 7:00 pm and welcomed Hannah Anderson who is sitting in on the meeting. Hannah had completed a Talent Bank Form and indicated an interest in joining the committee.
2. Comments:
 - a. Public: None
 - b. New Communications:
 - Hanna said she was pleased to attend the meeting. She has lived in Lunenburg for three years and her children attend the Lunenburg schools.
 - Mark gave a brief overview of the role of the committee and the roles committee members have.
 - The Town Planning Board will meet June 27 to discuss a revision to the Board Rules and Regulations for Special Permits and Site Plan Approvals.
 - Mark will write a letter to the editor of *The Lunenburg Ledger* describing the Finance Committee and its role in the Town and saying that there are currently three vacancies on the committee.
3. Town Manager's Report:
 - a. Kerry was unable to attend and Karen had nothing to report on her behalf.
 - b. Mark said Kerry had sent out Schedule 19 which shows the percent of Town Budget that went to the school and shows that the Town has met its required net school spending, which is a factor in the amount of Chapter 70 funding the Town receives.
4. Revision of the Town's Policy on Debt Service Costs:
 - a. There is a disconnect between the Town's policy on the amount of regular debt service cost the Town may incur, and the broader interpretation of that policy by a bond rating agency.
 - Total debt service costs increased as a result of the high value of excludable debt the Town assumed in order to finance the construction of the new Jr.-Sr. High School. This caused the Town's bond rating agency to conclude that the Town had exceeded the limits of debt service costs set by the Town's own financial policies.
 - The debt service policy does limit regular debt service costs, but does not address the amount of excluded debt the Town may incur. The Town has not exceeded the limit of regular debt set forth in the financial policies.
 - The revision to the debt policy will include a policy on excluded debt as well as, but separate from, the policy on regular debt, and will:
 - Define regular debt and excluded debt, emphasizing salient distinctions between the two.
 - Establish separate metrics and limits on regular debt and on excluded debt. These limits should be easy to measure and interpret.

- o These limits must be prudent, but also provide the Town Manager and Treasurer requisite latitude for *ad hoc* management of the Town's debt levels.
 - b. John explained the way he has organized the information he has pulled together for the committee to show the committee the direction he was going and to elicit comments and questions. The sources John used for historic and future debt service costs were annual Town Reports and a spreadsheet on debt service costs which did not include the most recent changes. So it was limited to being indicative of how he had approached the issue, but not for quantifying current or projected future levels of debt service costs.
 - c. Next Steps:
 - Update the debt service data by listing all Capital Improvement Projects over \$300,000 in the capital improvement plan and all potential projects that may need to be put before the voters as candidates for debt exclusion overrides.
 - Town's Financial Advisor has yet to give his take on crafting a policy on debt service that includes excluded debt.
5. Review of minutes:
- a. Minutes of the May 26, 2016 meeting: Terri moved to accept the minutes; Jay seconded the motion, and the motion was approved by a 4-0 vote.
6. Committee and Department Updates:

<u>Committee/Department</u>	<u>Update</u>
Public Access Cable—John H.	This year the PACC has invested in replacing and upgrading equipment. Revenues are a bit higher than the previous year. The unspent balance is about \$300,000. There are plans to set up a studio in a new, larger space in TC Passios.
Capital Planning—John H.	The goal is to develop a more comprehensive and detailed capital planning process.
Dept. of Public Works—John H.	No Report.
Library—Terri B.	
Public Safety—Terri B.	No Report.
Schools, Monty Tech, COA—Karin M.	No Report.
Green Task Force—Jay S.	No Report.
Sewer Commission Task Force—Jay S.	No Report.
Building Re-use – Mark E.	This committee has not met since the last Finance Committee
School Bldg. Comm., Building Re-use--Mark E.	The school building is substantially complete. Phase 2, the transition to the new Junior-Senior High school and tearing down the old school has started. The committee approved change orders of \$31,842 for supplemental heating, additional electrical outlets, relocating convectors, some floor changes and changing the height of a retaining wall. Change orders total \$1,002,162 and most of the unspent contingency—a bit under \$3,000,000—will be applied to the balance the Town owes on the project.

7. Next meeting: Thursday, July 14th, at 7:00 PM at the Town Hall.
8. Adjournment: Jay moved and Terri seconded a motion to adjourn. The committee approved the motion 4-0 at 8:35.

Respectfully submitted by John Henshaw July 26, 2016