

Town of Lunenburg



Mark Erickson
10/16/14

Finance Committee:
Mark Erickson, Chairman
Terri Burchfield, Vice-Chairman
John Henshaw, Secretary
Karin Menard

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Lunenburg Finance Committee Minutes of September 11, 2014 Meeting

Location: Town Hall
Present: Mark. Erickson, Terri Burchfield, Karin Menard, John Henshaw
Absent: All Members Present

1. Meeting called to order by Mark Erickson at 7:00 pm.
2. Communications:
 - a. Public:
 - i. Tom Bodkin conveyed to the Fin Comm his concerns that a potential increase of interest rates between now and 2016 would raise the cost to the Town of financing the High School/Middle School project.
 - ii. Main points discussed:
 1. Voters approved the school construction project and the structure and duration of financing it by a 2-1 margin.
 2. It is not certain if, when, or how much interest rates may increase, but financing costs to the Town will be higher if interest rates increase before we issue bonds (borrow) to finance construction costs.
 3. The standard practice is to bond when construction is complete--the Town will not know the final total cost of construction until then; cash flow is uncertain at the beginning of the project.
 4. There are risks to issuing bonds prior to completion:
 - a. A slight risk that the project will not be completed.
 - b. The Town may end up borrowing more money than we need, or borrowing for a longer period of time if bonding is done up front to lock in rates.
 5. The Town does have the opportunity to refund bonds as the situation warrants.
 6. Arbitrage may be one way to lessen the expense of borrowing early.
 7. It would useful to know what options the Town has to mitigate the potential risk of higher interest rates before the end of the construction project in 2016, and to find out what other towns have done or are doing to address this.
 - b. Committee:
 - i. Mark passed around the recent issue of *The Beacon*.
 - ii. The ATFC Annual Meeting and Workshops will take place Saturday, October 18 at Tri-County Regional High School in Franklin, MA. John will attend and Karin may.

3. Town Manager Updates:

- a. Chapter 44 § 33B transfer of \$10,033.44 from Health Insurance to Legal Expenses.
 - i. The transfer of these funds from Health Insurance to Legal Expenses is to cover the shortfall in legal expenses in FY 2014.
 - ii. Karin moved that the Town Transfer \$10,033.44 from Health Insurance to Legal Expenses and Terri seconded the motion. The Finance Committee approved the motion 4-0.
- b. Summary of FY 2014 final accounting:
 - i. Actual revenues exceeded budget by about \$275,000 or 0.9%
 - Fines and forfeits, Local Option Meals tax, Motor Vehicle excise tax, and Misc. Non-recurring revenue were the main contributors to exceeding budget.
 - ii. Total Expenditures were \$216,700 below the revised budget.
 - iii. Undesignated Fund Balance (Revenue + Free Cash + underspends) for the year was \$562,731.
 - iv. *Estimated* Free Cash is \$483,320, pending DOR certification.

4. Review of Minutes: There was an error and an omission in the minutes of the August 21 meeting. John will correct them and re-submit the minutes for approval at the next meeting.

5. Finance Policy Document:

- a. Action Item: John will submit the Financial Policies to Stephen Malandrinos to be posted on the Town web site.

6. Committee Updates:

Committee/Department	Update	Reported by:
Building Re-Use	Building Re-Use will meet on September 15 to discuss the Charrette presentation, Scheduled tours, and property lines.	Mark Erickson
School Building	<ul style="list-style-type: none"> • A meeting of abutters affected by the construction went well. • There is a \$50,000 variance for planning. • Site work has begun. • The next construction package to go out for bid is structural steel. • Instead of the web cam which is very expensive, the SBC is considering documenting progress by taking aerial photos. • The official ground breaking will be Saturday, October 18th, which is Homecoming Day. 	Mark Erickson

Schools	No news to report.	Karin Menard
Monty Tech	The salary of the new principal at Monty Tech is \$3,000 less than the prior principal's salary was.	Karin Menard
Council on Aging	Nothing to report.	Karin Menard
Public Safety	Chief Marino discussed capital needs and the dispatch center.	Terri Burchfield
DPW	Nothing to report.	John Henshaw
Library	The library is concerned about the projected increases in electricity and natural gas may have on the FY 2015 budget. Next steps are to get a better handle on potential increase in costs and what actions the library can take to mitigate the costs. The Board of Trustees meet on Sept. 18.	John Henshaw
Public Access Cable	Nothing to report.	John Henshaw
Note: There was nothing to report on the Sewer or Agricultural Commissions or the Green Community.		

7. Budget Opportunity:

- a. Turf Field Policies/Fees: Mark Erickson will set up a meeting between this committee and current and former members of the Parks Commission to get a better understanding of the history and decisions that led to the policies and fee structure.

8. Future Agenda Items:

- a. Review the updated Pavement Management Plan
- b. Set Expectations for Budget Presentations
- c. Meeting with Parks Commission on history of the Turf Field and Track.
- d. Mark will add a review of the school construction project financing project to the future agenda item list.

- 9. Meeting Adjourned: Karin moved to adjourn the meeting; her motion was seconded by Terri. The board voted 4-0 in favor; the meeting adjourned at 9:12.

Minutes respectfully submitted by John Henshaw September 23, 2014