

TOWN OF WENHAM

Finance & Advisory Committee
Meeting of November 12, 2014
Town Hall, 138 Main Street

Pursuant to the Open Meeting Law, M.G.L. Chapter 30A, §§ 18-25, written notice posted by the Town Clerk delivered to all Board and Committee members, a meeting of the Finance & Advisory Committee was held on Wednesday, NOVEMBER 12, 2014 at 6:30 PM in the Selectmen Chambers.

- **Call Meeting to Order**

The meeting was called to order at 6:30 PM by Chairman Lucy.

Committee Present: Michael Lucy, Chair; Hilly Ebling, Vice Chair; Ned Flynn; Richard Quinn; Mike Therrien

Also Present: Mark Andrews, Town Administrator; Angel Wills, Town Finance Director/Accountant; Catherine Tinsley, Minutes Secretary

Officials Present but not participating: Selectman Ken Whittaker (A 6:39 PM)

Public Information:

This meeting was recorded with permission by HWCAM.

Agenda; First Southwest Presentation; Reserve Fund Transfer; Minutes- October 16, 2014

Chairman Lucy took the agenda out of order.

- **First Southwest - Presentation**

First Southwest Peter Frazier, Senior Vice President and Abbey Jeffers, Vice President were present to give an overview of Refunding Bonds.

Mr. Frazier provided a written presentation to the Committee members. This document is a part of the minutes.

Mr. Frazier and Ms. Jeffers were present to talk specifically about the benefits to the Town of Wenham to refund existing bond and restructure at a lower rate as allowed by MGL Ch. 44, s. 21 & 21A.

Two of the Town's General Obligation Bonds dated June 1, 2001 and January 1, 2007 are candidates for refunding any or all of the remaining principal and interest.

The Town's Triple A rating, along with interest rates near an all time low rate, a \$3 million bond and a \$1 million dollar bond was analyzed for the purpose of refunding. This information included Debt Service to Maturity and To Call, Escrow Funding Cash flow, Unrestricted Money Cash Flow, Cash Transfers Fund Cash Flow, Escrow Summary Cost, Sources & Uses, Pricing Summary, and a Debt Service Schedule. In refunding the two bonds, the estimated savings to the Town is \$235,000, net cost of expenses, based on net present value savings at the time of the report; savings are interest sensitive and easily impacted. Mr. Frazier noted that this is in the realm of a "worth while refunding" adding that exempt debt goes back to the taxpayers and non-exempt debt goes back to the town.

Mr. Lucy explained procedurally, the Board of Selectmen would be briefed by First Southwest, and then considers any recommendations from the Finance Committee to refund. Mr. Andrews supported that refunding of these two bonds be considered.

Mr. Ebling asked if the Hamilton Wenham Regional School District had a similar analysis done of their bonds. Ms. Jeffers confirmed they did refunding about two years ago.

Mr. Ebling questions with bonds at this low rate what, if any, premium would a "non callable" 30-year bond have in the market place today? Mr. Frazier said these are short-term bonds compared to a 30-year bond, noting there are very few bonds issued with "no call protection". This could be part of the analysis.

- **Chairman and Town Administrator's Reports**

APPROVED 12.17.14

Mr. Lucy reported that Mark Andrews has accepted a Town Administer position with the Town of Pepperell. Mr. Andrews will be in Wenham through December 1,2014.

Mr. Andrews said that he is drafting a detailed transition plan for the Town including the search process for a new Town Administrator and associated costs. The Selectmen approved an Request For Proposal for a search consultant. Mr. Andrews continues to work with the Finance Director to fund the Town Administrator search services through Town Hall Expense appropriation. He noted that the Town Hall Expense Account would be replenished after May 1, 2015 through Interdepartmental transfers according to MGL Chapter 44, Section 33B. Mr. Andrews will provide a copy of the transition plan to Chairman Lucy.

Mr. Lucy read and presented Mr. Andrews with a Finance Committee Resolution of Appreciation, recognizing and thanking Mr. Andrews for his efforts on behalf of Wenham, and especially the Finance Committee.

Mr. Quinn moved, and it was seconded, to adopt the Resolution Of Appreciation for Mark Andrews, dated November 12, 2014. The motion carried unanimously.

Mr. Andrews reported that he and the Finance Director have met with all the department heads and have a sense of the FY 16 departmental budgets. Currently, he and Ms. Wills are working on updating the Capital Plan.

Mr. Lucy reviewed that Finance Committee would receive the Audit Report at their meeting on December 17, 2014. The next meeting is on Tuesday, November 18, 2014. This is a joint meeting with the Hamilton Finance Committee, at the Bessie Buker School; members of the Hamilton Wenham Regional School District will attend at will.

The Board of Selectmen is meeting on November 22, 2014 at 9 AM to hear the Department Heads present the Fiscal Year (FY)16 department budgets. This is an open, public meeting and Chairman Lucy is planning on attending.

The Town's tri-annual revaluation assessment recently was completed. The Assessors will brief the Finance Committee at a future meeting. Mr. Lucy noted that assessments went up to reflect actual real estate values.

- **Reserve Fund Transfer Request(s)**– November 2014

In accordance with MGL Chapter 40, Section 6, the following Reserve Fund Transfer was presented to the Committee for consideration of \$16,075.00 to the Legal Expense Account for unanticipated legal expenses associated with Cross Keys. This expenditure is extraordinary and / or unforeseen at the time of the FY 15 budget preparation, these expenses were not known. The details of the legal expense are being addressed by the Board of Selectmen in executive session and are not public at this time.

If the transfer were approved, the balance of the Reserve Fund would be \$85,793.00.

Vote: Mr. Flynn moved, and it was seconded, to approve the Reserve Fund Transfer of \$16,075.00 to the Legal Fund. The motion carried unanimously.

- **Minutes:** October 16, 2014

*Vote: Mr. Quinn moved to approve the minutes of **October 16, 2014** and it was unanimous to do so.*

- **Next Meetings**

- Tuesday, November 18, 2014 (Joint meeting with Hamilton Finance Committee) at Buker School
- Wednesday, December 17, 2014 Finance Committee meeting

- **Adjournment**

The Finance Committee unanimously adjourned at 7:27 PM.

Respectfully submitted by

Catherine Tinsley
10.21.14