

**Board of Selectmen's Meeting
October 29, 2010, 7:00 AM
Town Administrator's Conference Room
Town Hall, 155 Village Street**

Present: Chairman Dennis Crowley, Selectmen John Foresto, Andrew Espinosa, Glenn Trindade, Richard Dunne, and Town Administrator Suzanne Kennedy.

Also Present: Melanie Phillips, Finance Director, Carol Pratt, Town Accountant, Allison Potter, Asst. to Town Admin., Karen Kisty, Operations Manager.

At 7:02 AM Chairman Crowley called the meeting to order, and the Board recited the Pledge of Allegiance.

Middle School Repair Project – Discussion on Funding

The Board was in receipt of a spreadsheet estimating the cost to the resident for the Middle School project debt exclusion dated October 29; a spreadsheet showing the effect of the refunded general obligation bond and the Middle School project on the average assessed Medway residential property (\$366,000) dated October 29; and a graph showing the tax effect of the Middle School project.

Chairman Crowley stated the School Board was interested in the Board's decision regarding the project, and suggested the Selectmen be prepared to vote to support the article, or leave their support as TBD.

Selectman Dunne asked if there was an available report that would give him information on the rest of the year. Regarding the fiscal year ended June 2010, Melanie stated the books are closed, and the auditors have just been in. He stated he is particularly interested in expenses to date, and is not fussy about the format. He opined that knowledge of expenses is important before telling residents it can or cannot be done. Discussion followed.

Responding to a question from the Board, Ms. Kennedy stated the motion will stipulate the amount to be borrowed, the ballot question needs to mirror the motion, and debt exclusion must be stipulated. The Department of Revenue (DOR) and Massachusetts School Building Association (MSBA) require it. Adjustments cannot be made at Town Meeting. Ms. Kennedy read aloud the ballot question, pointing out that it does not reference a specific amount.

Chairman Crowley asked if the motion can state that an amount can come from free cash or stabilization funds or whatever. Ms. Kennedy responded it cannot.

Selectman Espinosa opined the Town has the flexibility to fund it any way it wants, but the state wants a guarantee that the funding is established and therefore require the amount and source be specified. He stated he would like to add "other funding sources" and perhaps revisit the issue on an annual basis, depending on outstanding balance and funds availability.

Selectman Foresto suggested rolling it all together until such time as some of the existing debt begins to roll off. He stated the Board should be as honest with residents as it can be, reminding them that the Board will continue to look for the best way to fund it with the least amount of impact to them.

Ms. Phillips stated that if the words "other funding" are included, the Town must have that money now in order to be able to define that source. If such funds were available, it would take a Town Meeting vote to authorize the transfer of those funds to the project. If funds become available at a later date, a Town Meeting vote would again be necessary to transfer funds, which could be used to decrease the debt incurred by the project.

Ms. Kennedy stated this particular motion must be certified by Town Counsel before it is submitted to MSBA. She clarified that the Town Meeting vote gives authorization to perform in a particular manner, and the Town can continue to look for other funding sources.

Selectman Foresto expressed concern for possible ambivalence that the school was not initially built as a middle school and voters may not want to support a repair project to remedy its use. Selectman Trindade commented people are always concerned about the money, no matter when a school was built. He opined contractors need work, interest rates are low, and at the time the original building was built, MSBA did not reimburse, and work was not of the quality this repair project will be. He stressed the importance of residents supporting projects such as these even if they do not have children in school. Supporting municipal projects that may not affect them individually but benefit others is the essence of being part of a community.

Selectman Espinosa echoed Selectman Foresto's suggestion to show residents a strategy of how debt will fall off in time, so that citizens understand the process, and that the Board is working to find solutions that impact homeowners the least.

Chairman Crowley suggested finding a way to finance this so that the initial impact could be put off as long as possible. It was noted that if bonding is the option, it should happen quickly to take advantage of the low interest rates as payments of principal and interest will begin almost immediately. Discussion followed.

Selectman Espinosa did not want the Board to arbitrarily bond the full amount, but rather do some additional analysis. Given the information he has today, he would approve going forward with the motion as written, but would like to know that the Board will continue to research other avenues to lessen the impact on homeowners.

It was suggested that presenting it as "worst case scenario" may be an effective way to present it. Ms. Phillips stated that an actual cost depends on cash flow, information that is not available at this time.

Selectman Dunne recommended a two year BAN and then bond the project upon completion in 2013. He opined this would lessen direct impact on taxpayers while showing residents the Board is heavily vested in looking at other sources. Discussion followed.

Ms. Phillips suggested the Board sponsor an article creating the fund that would pay down some of this debt before the bond is secured. Selectman Espinosa opined the Board not ready to make a decision as to specific funds.

Ms. Phillips recommended a “ban” for two years, then going out to bond. If that were the case, the first big hit on taxes would occur in 2013, at approximately \$272. She reminded the Board that the MSBA begins reimbursement immediately instead of waiting until the project is complete.

Selectman Trindade cautioned using the word “ban” as residents will not know what that means. He suggested the Board simply impart what will occur within a specified timetable. Selectman Dunne stated he would like to see both scenarios explained. Selectman Espinosa suggested a comparison graph.

Discussion followed.

Selectmen Trindade moved that the Board go forward with a two-year ban, then reassess situation at that time in terms of financing; Selectman Dunne seconded. No discussion. All ayes, 5-0.

Selectman Trindade moved that the Board approve the motion for Town Meeting as presented; Selectman Foresto seconded. Selectman Espinosa stressed that the residents know it is the Board’s belief at present, but future economic circumstances may change that view. All ayes, 5-0.

There was brief discussion on Town Meeting procedure and protocols.

Selectman Trindade moved that the Board support the article for the Middle School Repair Project; Selectman Dunne seconded. No discussion. All ayes, 5-0.

There was brief discussion on how financial reports are prepared, frequency of reports, audit process, budget forecasting, and other financial issues.

Chairman Crowley stated he is working on the State of the Town presentation and will get it to Ms. Kennedy for review when it is complete.

At 8:45 AM, Selectman Trindade moved to adjourn; Selectman Foresto seconded. No discussion. All ayes, 5-0.

Respectfully submitted,
Jeanette Galliardt
Board Secretary