

**TOWN OF WINCHENDON
BOARD OF SELECTMEN MINUTES
JOINT SELECTBOARD, SCHOOL COMMITTEE, FINANCE COMMITTEE MEETING
MONDAY, OCTOBER 27, 2014
Town Hall, 2nd Floor Auditorium
109 Front Street, Winchendon, Mass.**

Present Board of Selectmen:

Fedor Berndt, Chairman	James M. Kreidler, Jr., Town Manager
Elizabeth R. Hunt, Vice-Chair	Linda A. Daigle, Executive Assistant
Robert O'Keefe	Donna Allard, Town Accountant
Keith Barrows	

Present School Committee:

Mike Niles, Chairman	Dr. Salah Khelifaoui, Supt. of Schools
Susan Burdsall, Vice-Chair	Mark Chapulis, School Business Office
Mike Barbaro	Judy Houle, School Business Office
Andrea Suchocki	Barrie Martin, Recording Secretary
Dawn Harris	

Present Finance Committee:

Thomas Kane, Chairman	Ulysse Maillet
Christian Orobello	Ottmar Rau
Cyndi Leroy	Darlene Rossi
Deb Dennis, Recording Secretary	

List of Documents Presented at Meeting:

- Stop the Pipeline Statewide Summit Flyer Nov. 15, 2014 (attached)
- Pipeline Review Committee Report (attached)
- October Vacancy List (filed)
- Poppy Sale Application – VFW Auxiliary, Nov. 7, 2014 (filed)
- Entertainment Permit – United Parish Bazaar, Sat., Nov. 1, 2014 (filed)
- Entertainment Permit / Special 2-One Day Liquor License – Immaculate Heart of Mary Church Fall Festival Nov. 15-16, 2014 (filed)
- Sunday Hours Change Application for Section 15 Alcohol License Holders (filed):
 - o Central Supermarket IGA, Inc., 49 Central St.
 - o One Stop Plaza Convenience, Inc., 16 Main St.
 - o S.K. Raj., d/b/a William's Package Store, 50 Spring St.
- Vasta, Inc., d/b/a Kwik Stop Liquors, 16-18 Railroad St. - Application for New Officer/Director, Transfer of Stock for the All Alcoholic Beverages Package Store Liquor License (filed)
- Proposed Deficit Reduction Memo from Town Manager dated Oct. 27, 2014 (attached)
 - o Request from Finance Committee that Board of Selectmen authorize a forensic audit to be conducted on the Town's financial transactions for FY13 and FY14 (attached)

- CDBG Refinance – 36 Emerald St. (filed)
- Attorney General’s Sex Offender By-Law Review Extension letter from Kopelman & Paige (filed)
- Minutes for Approval: (filed)
 - o Monday, September 22, 2014 EXECUTIVE SESSION
 - o Monday, October 6, 2014 Regular Meeting
 - o Monday, October 6, 2014 EXECUTIVE SESSION
 - o Wednesday, October 15, 2014 EXECUTIVE SESSION

Chairman Berndt called the meeting to order at 6:22 p.m. with the Pledge of Allegiance to the Flag of the United States of America. The meeting aired live on local cable access channel 8. The auditorium was filled with the public in attendance.

Announce audio/video recording disclosure - No one announced they would be audio or videoing taping this meeting.

SELECTMEN’S COMMENTS:

Reminder: Trick or Treat from 5:30 p.m. – 7:30 p.m. Friday, Oct. 31st - Chairman Berndt announced Halloween Trick or Treat hours.

Reminder: Real Estate Tax bills due by Nov. 1st. Berndt reminded folks the real estate taxes are due. The deadline is Nov. 1st.

Barrows had some comments to make. First, there was an article written and a comment attributed to him in one of the local newspapers regarding an issue where there was an incident involving the school and a member of his family. The report out was the issue involved several members of the school community. It’s important to him that folks understand this was not several members of the school but one individual only and that he has nothing but great things to say of the Winchendon Public School system. This was certainly not a reflection of the school.

Next he asked to address two more issues that he is affectionately referring to as “rumor patrol”. Unfortunately, lots of rumors are running rampant and he calls them out as absolutely ridiculous. Some will have good people believe that somehow he grew up with the Town Manager, that he’s related and it went so far as stating that he was partners in business with the Town Manager. These rumors are categorically false in all fronts. The first time he met Jim Kreidler was when he came to interview for the position as Town Manager. He’s not related in any way and certainly not in business with him in any way.

The last thing he wanted to address was that he is now being associated with Mafioso type activities by going downtown and shaking down local businesses in an event to try to stop a recall. Anyone who knows me knows that could be the furthest thing from the truth. He said he’s had the privilege by being elected by the voters of this community, he is in favor of the democratic process and would never do something like that, nor does he have the time or the inclination to do something like that. In an effort to put those rumors to rest, he wanted to make those statements.

PUBLIC COMMENTS AND ANNOUNCEMENTS:

Stop the Pipeline Statewide Summit, Sat., Nov. 15th - Berndt announced the Statewide Summit will be held on Saturday, Nov. 15th from 9:00 a.m. to 1:00 p.m. at Monty Tech in Fitchburg. Flyers are available at Town Hall.

BOARDS/COMMITTEES:

Pipeline Review Committee - Members of the committee, Jane LaPointe, Vice Chair and Audrey LaBrie, Secretary came forward with their detailed report and recommendations of actionable items to the Selectmen. With FERC (Federal Energy Regulatory Commission) recent approval of Kinder Morgan's pre-filing, things will start to move fast. They put the list of recommendations together and a list of appendixes on how people can follow up recognizing there are time sensitive responses from the Town. The biggest recognition they have is given the breath of topics that are going to be addressed by FERC in the process of evaluating and approving the pipeline. In accessing and evaluating this, it was clear to them that the Town already has departments, committees and boards who are dealing with many of the topics that will be coming up in evaluating this pipeline. The committee is not dismantling with a role for them to continue to track what's going on and doing research and making this available. It seems there are responsibilities even though committees are busy and recommend adding the proposed pipeline to their list. Some committees have already become involved, the Board of Health, the Conservation Commission and the Historical Society; but there are still other areas. When we get into scoping and things we will want informed people in the Town commenting on to become a part of the environmental impact statement that will fall under some of the committees we already have. She asked if the Board had any questions after a review of their material. O'Keefe commended the Review Committee for the level of detail that has been provided and appreciated their hard work. He asked the Town Manager if he has looked at the recommendations and if he sees any problem with the Board accepting them. Kreidler said he has reviewed them and does not see a problem. Berndt agreed the report is laid out nicely and supports it. O'Keefe moved to accept the recommendations as actions of the Board of Selectmen; Hunt seconded. Barrows also commended Audrey and Jane for their hard work and passion on this issue. He said he is also a member of the committee but hasn't been able to attend as many meetings as they have but there has been great discussion and great concern for the Town in which direction to go in at the meetings he has been present at looking at the issue as a more objective way until facts become known. Barrows wanted to take heed to the statement at the end of the document where this is a fluid process and the need to engage and the actionable items identified are crucial. Support of those actionable items we can take, not just as a Town but as individual departments as leadership, as individual members of the community is important. O'Keefe asked the Town Manager and staff to follow the recommendations on Page 2 by passing out all the information to all the committees referenced in Recommendation 1 and all the items listed in recommendation 4 be put up on the website and that the Town Manager do the application specified in Recommendation 3 on behalf of the Board. Hunt asked how other boards would get all the information and should they be here in the same room. She loved the report and thanked them for their hard work. Kreidler said obviously you can put everyone in the room, but recommends instead the minimum of the Chair of each group in a room with others attending in the audience if they can with this being a more manageable group. Ms. LaPointe said they would be reviewing posted minutes of these boards and committees so they can be kept up to date and perhaps serving as the Project Manager. She suggested the Pipeline could be put on the agenda of the Board after certain events for updates. There is going to be a period of time where we will need to comment on the environmental impact statement. They will continue to inform the Board of dates and make recommendations. Kreidler offered setting up a group email list so they are all in one electronic document. O'Keefe pointed out the nearest Open House that has been scheduled will be Nov. 20 at Oakmont Regional High School in Ashburnham from 6:00 p.m. – 8:00 p.m. Ms. LaPointe thinks its important to attend the program at Monty Tech on November 15 stating even if you don't have an opinion or are in favor of it, you, Boards and Committees will learn a lot how to intervene in the process and it can be an opportunity to network with peers and an important source of information. By a vote of all aye, the motion carried unanimously. Ms. LaBrie asked and it was agreed to have the document put on the website and possibly other documents so the community and general public can also know what was going on. The two the ladies were thanked.

PUBLIC COMMENTS REVISTED:

Mr. Larry Sardoni came forward and asked why the Town Manager's contract was given eight and a half months early. Berndt replied that, historically, it's always been done at the same time. Also due to the evidence of what's going on we need to have the person leading us, spearheading all of this and with the turmoil, the Selectboard came to an agreement; he accepted it. With that behind them, he can concentrate on the facts before them and work on

the detail minus all of that other stuff. O'Keefe added it's actually not eight months early. The contract would auto-renew on January 1st. They did this two months before they hit that date, far from being premature. Sordoni asked why the four Selectmen and not three approve the contract. Why the super majority asking if it was against the Charter. Kreidler said the Charter does say the Town Manager can be terminated by a majority vote. If you look deeper in the Charter at Section 7.7 subsection g, it defines what a majority vote is. In that section it defines a majority vote is a majority of those members seated or a higher quantum of vote if established by the rules of the Committee. The contract under 101 N. of the General Laws is a rule of the Committee pursuant to that rule they have established the quantum at 4/5ths.

Mr. Ray Radar came forward and said several weeks back he presented six questions and an answer sheet with information and he is still waiting on a response. He became very rude, not allowing the Board to respond and after his speech walked out of the auditorium.

Ms. Audrey LaBrie came forward and asked for a clarification that the Board of Selectmen in our Charter and various statues of the Town prohibit the Board of Selectmen from getting involved in the day to day running of the Town. That was confirmed.

APP OINTMENTS/RESIGNATIONS:

October Vacancy List – Berndt announced the current vacancies on committees and boards under the Board of Selectmen. He asked for those who have some time to dedicate on any of these Boards to contact the Town Manager's office.

PERMIT/LICENSE APPLICATIONS, HEARINGS:

Poppy Sale – VFW Auxiliary, November 7th and 8th, 2014 - Ms. Alice McGovern came forward on this application. She has two letters of permission and will be seeking the third from the Post Office. Barrows moved for the applicant; O'Keefe seconded. By a vote of all aye, the motion carried unanimously.

Entertainment Permit – United Parish Bazaar, Sat., Nov. 1, 2014 - Mr. John Walker came forward on the annual Holly Bazaar. O'Keefe moved for approval; Barrows seconded. By a vote of all aye, the motion carried unanimously.

Entertainment Permit / Special 2-One Day Liquor Licenses –Sat., Nov. 15-16, 2014 - Immaculate Heart of Mary Church, 52 Spruce St. – Fall Festival – Mr. Don Cuomo came forward representing the Church. He thanked them for the Chicken Barbeque permit saying it was a great turnout. He described the Fall Festival. Hunt moved to approve; O'Keefe seconded. By a vote of all aye, the motion carried unanimously. Hunt asked about the timing of the liquor license and the 2-Day permit. It was explained the alcohol would be received on Friday and served on Saturday. There is never any left over to return. The Special One Day Permits would be for Friday and Saturday. Hunt moved to approve; O'Keefe seconded. By a vote of all aye, the motion carried unanimously.

Sunday Hours Change to 10:00 a.m. for Section 15 Package Store Licenses – Daigle explained the new Advisory from the ABCC allowing Section 15 Off-Premise Retail Licenses to begin selling alcoholic beverages at 10:00 a.m. on Sunday mornings. O'Keefe added by right they can open at 10:00 but they must notify this Board. He moved to approve the three applicants below; Barrows seconded. By a vote of all aye, the three applicants listed below were approved:

Central Supermarket IGA, Inc. – 49 Central St.
One Stop Plaza Convenience, Inc. – 16 Main St.

PUBLIC HEARING:

Vasta, Inc., d/b/a Kwik Stop Liquors, 16-18 Railroad St. – Application of New Officer/Director, Transfer of Stock for the All Alcohol Beverages Package Store Liquor License – Berndt opened the Public Hearing by reading the notice into the record at 6:59 p.m. Anastasia Halkiadakis, of Kwik Stop Liquors, was sworn in. Hunt inquired about the Business Certificate. Ms. Halkiadakis said they should have it filed from last year. When asked she said she would be the Manager and that they would be operating with shorter hours until a full staff was on board. All staff will be TIPS certified. O’Keefe explained for those watching that the liquor license for this business has been restored and now we are acting on a request to a change to transfer stock and new officer/director. O’Keefe moved for the applicant; Hunt seconded. By a vote of all aye, the motion carried unanimously and Ms. Halkiadakis was welcomed back. She stated she will be open on November 1st.

At 7:06 p.m. a five minute recess was called for to prepare for the joint meeting.

JOINT MEETING with BOARD OF SELECTMEN, SCHOOL COMMITTEE and FINANCE COMMITTEE: The Joint Meeting was called to order by Finance Committee Chairman Kane at 7:11 p.m. Opening Statements were offered by each Chairman.

Finance Committee Chairman Thomas Kane:

The purpose of this meeting is to have the Town Manager present a proposed plan to cover the deficit that as occurred. We all understand this deficit has created a challenge for us and essentially the Finance Committee sees three objectives in terms of solving this challenge. First we need to develop as a Town a plan and submit to the Department of Revenue next Friday in detail of how to cover this deficit. Second goal that we won’t address tonight is to develop an understanding for the Town’s people of how we got into this mess and call another forum together in the future with this additional information; and third, is to develop policies and practices and implement these practices and identify resources we need to ensure the Town goes forward in a manner that we never again find us facing this unexpected deficit. The purpose of tonight’s meeting is to share ideas, share opinions and share information. He informed everyone that they are getting their first look at the plan just being received this evening.

We clearly have a short timeline and decisions so as we conduct our meeting let’s stay focused on the plan. At the end of the evening, there will be the opportunity for comments and questions limited to clarification or commentary on the plan presented tonight.

Board of Selectmen Chairman Fedor Berndt:

Quoted an inspirational quote from Williams Wordsworth: “Life is divided into three terms; that which was, that which is and which will be. Let us learn from the past to profit by the present and from the present to live better in the future.” He thanked the Finance Committee, School Committee for the tri-meeting tonight showing we can and need to work jointly. He hopes this evening to come to a mutual ground to work as one to solve the current issues and move forward to a brighter better future for Winchendon. “We need to put the negativity, personal agendas, propaganda aside so we can concentrate on the facts before us to bring the townspeople correct and accurate facts to all issues related.”

School Committee Chairman Mike Niles:

Read his statement, “The past few weeks have been difficult for everyone sitting here tonight, everyone in the audience and in the community. We each have our version of what the facts are, our opinions, theories which unfortunately have created a certain level of distrust. The Dept. of Education tells the schools it has been

under-funded, as a result we disagree with each other. The Dept. of Revenue tells us we have a significant deficit. We all agree there is a problem but disagree on how we got there and assign blame. We have lost focus on doing what is best for our schools and our Town. Sadly, the recent headline in the newspapers and topics of discussion on social media are not concentrated on the good things going on in Winchendon but more on the claims and accusations and adversarial relationships. Lost in the shuffle are all of the good things going on in the Town and in the schools. This past Thursday at the School Committee meeting, the auditors told us a truth that I think we can all agree with. Winchendon has a communication problem. I agreed so last week I asked the Chairman of both the Board of Selectmen and Finance Committee to meet with me to prepare for tonight's meeting. Together we agreed on an agenda and what the purpose of this meeting should be and also what it should not be. With a November 7th deadline looming, tonight we hear a proposed plan to satisfy the Dept. of Revenue (DOR), satisfy the community and, if accepted, solve an imminent deficit problem. Resolution of this deficit will allow for an opportunity to reset, not only addressing the current financial issues but perhaps and importantly an opportunity to move forward. Together with the help of the suggestions from the DOR and our auditors we must all agree that changes must occur on how we interact with each other and to define roles to prevent the disharmony and personalization of our differences. There should be monthly meetings with the Town's finance team and the school's business office to assure accounts are reconciled. There should be quarterly financial reports shared with all parties and presented to both Board of Selectmen and School Committee meetings. The Finance Committee should have a stronger role in all town matters related to our town funds. And finally, when a concern arises that affects either the Town or the schools, it should be discussed at the appropriate level with the single goal of resolving the issue together. However, it is also just important to understand just how the town found itself in this position, what transpired, and learn from our collective mistakes, no finger pointing, no blame games, no more Town vs. School posturing. We are a community and this community expects its leadership to act in the best interest of Winchendon." The audience applauded.

Meeting Ground Rules:

Kane again mentioned the ground rules that the focus needs to be around the plan tonight. Mr. Kreidler will go through his plan, go through each section and then will stop for any questions through the Chair. When the Board of Selectmen last met, the auditors gave a thorough review of the FY13 audit. Since that time, the auditors have been conducting an audit on FY14 and while it may not be finalized at this time it certainly has progressed a lot. He asked Mr. Kreidler to update them on the FY14 audit.

Update of FY14 Audit and Deficit:

Kreidler talked about the auditors, the Town Accountant and our special auditor being hard at work this past week. Financials are nearly complete and now the auditors are set to work on the draft management letter. They have said they could have the draft report available by the end of this week. That was their hope but they didn't guarantee it.

Kane asked if there is a ball park number specific to the deficit. Kreidler replied as he goes through the draft document, he will get to that number pretty quickly. Kreidler said one piece he has talked about with Mr. Kane was the expectation the Selectboard as the Chief Elected body pursuant to the Charter and the law is the town for matters such as this. The DOR expects a report from the town and his document is crafted as a Board of Selectmen response and he didn't want anyone to take offense. The intention behind tonight's meeting and the next week coming is to illicit any comments, response, questions you may have as members of the School Board or Finance Committee. Ultimately the Selectboard is probably going to schedule a meeting to finalize the plan in order for it to be timely in getting it submitted to the DOR.

Deficit Resolution Plan Discussion:

The Town Manager read through his memo dated Oct. 27, 2014 to the Board of Selectmen and copied to the School Committee, Finance Committee and Town Accountant. It is titled, "Proposed Deficit Reduction Financial Plan," and is included in its entirety as an attachment to these minutes. The following discussions took place:

- The Town Manager wanted to be clear that we are talking about the numbers as they existed that evening. Work was still being done by the auditing firm that may yet tweak the number. This is a DRAFT document that needs to be made final.
- The total cumulative FY13, FY14 and FY15 cumulative deficit is \$3,857,283.34. \$1,378,231.68 is the General Government side and \$2,514,543.19 is the school side.
- Without the certification of the tax rate, the Town would be precluded from issuing the next real estate tax bills
- Director of Finance – Kreidler spoke about this new position that was first brought to his attention years ago by Finance Committee member Ulysse Maillet. He said it is likely to be a recommendation that comes from our auditors and the management letter for FY14. He has had some discussion with Supt. Khelfaoui about it. This would address one of the issue we have, when you have decentralized offices dealing with financial information even working with the same set of data, without one position, one body having the obligation, the authority over everybody in the financial team beneath, you could have people go in a thousand different directions believing they are going in the same direction, believing they are reading the same reports. He said the auditors said at the School Committee meeting last Thursday that it is possible today and we know it has happened, to print a report from either the Town Hall or the School Dept.'s Business Office from our system with the same title, the same data set, same date range and have it be an entirely different report depending on if you clicked on a search box differently than the other person did. Without one person having the ability to say this is how we are going to move forward and to compel action, we are going to continue to have a system that doesn't allow for us to move forward on one page even if we all mean to and want to. It is just too decentralized and the lines of authority too disparate.

Niles asked how the position would have control over the School Committee. Kreidler replied the School Committee does have authority over the School Budget and the Dir. of Finance would not change that. However, the School Business Manager currently has the obligation statutorily to make certain the budget is squared away and to perform certain tasks throughout the year. Some of those tasks are work that is related to the general government side of the house referencing the end of year report. There is a current issue with some believing the report is done and others not with having to get the auditors involved. A Finance Director could compel the work be done and done by a time certain taking care of the matter. Right now the Town Accountant cannot compel the School Business Manager to do this by a time certain. It causes difficulty in the organization because we are not allowed to move forward with the next issue because we have things left open. He drew their attention to the Town of Harvard who was one of the first in the Commonwealth creating this kind of structure twenty-five years ago.

Barbaro had questions reading through the Director of Finance position asking if it would be under the Finance Committee and that wouldn't it be more prudent for them to expand their role. Kane replied with his opinion that moving their role from advisory board to a staff function would require education background and work experience that members of the Finance Committee don't necessarily have. They think as a Board a series of financial policies would be very helpful in developing budgets. They want to ensure good transparency and good communication. As a member of the Finance Committee, discovering the Town had a deficit pretty close to \$4 million, he does ask himself if there was something he should have known that he didn't know. Looking towards the future, he understands there are practices in place that he is going to know what he needs to know that something like this doesn't happen again.

Kreidler added saying something that appears later in his document that the position would be created by a joint appointment of the three Boards sitting here tonight wishing to give the School Dept. some level of comfort that the person does have some idea of what you do and the Finance Committee should be more involved like an arbitrator. Mr. Kane sees the issue around a Finance Director is germane and a topic to defer until they reach that phase of the whole process.

- The insurance plan is set to have an effective date of January 1st. The target is to come to an agreement with the Insurance Advisory Committee (IAC). Request For Proposals are on the street and responses are due back at the close of business today. He said it's possible the IAC will say no, we are not going to do this voluntarily. If they don't agree, it will trigger other actions under the law. He would have to go to the Board to ask to be empowered to do this unilaterally. His preference is to do it together. If not agreed upon 25% of the project savings must be put back on the table to each union group and he would have to cut that much deeper to meet the gap. He said he had talked with the group last spring about this and what a GIC plan looked like.

Barbaro asked about the health insurance changes and if he had contacted the Insurance Advisory Committee. Kreidler said they met about a month ago and advised he would be going out with an RFP and made it clear that at all cost they would avoid going to the GIC proper. Once in this state plan, you're stuck for a minimum of two years and they can make changes at any time. Barbaro asked about the cost differential both by the employees and the town affecting the budgets. Kreidler said he would defer to the RFP's. He mentioned he is seeking to reduce the level of benefit and increase the co-pays to leave at least clear where we are with existing rates. No guarantees on how that will be.

- Hunt asked about the reduction of hours and how it will impact service to the community. Kreidler said obviously it will have an impact. What he has targeted primarily are things that they saw last year getting increases. This is almost exclusively a roll back to where we were last year.
- The Accounting system was discussed and whether or not to replace it with simpler software. The current system is MUNIS. Kreidler explained it is a great system with lots of bells and whistles, but if you don't need them, you shouldn't be paying for it. Worse yet, if you don't know how to use it, you'll get in trouble which is what we have seen a lot of. He has not used the system, but has been advised that when it was originally configured, it wasn't done well. A lot of the functionality that should be there may be there somewhere but you can't get to it. There are several other software programs that have been developed, without all the bells and whistles, and you can do it for the same price we are doing it now for \$36,000.
- Ulysse thanked Kreidler for including the Director of Finance. It has been on his back burner for the last five years. He asked about the carry over funds in the self-insurance program to help reduce some of this cost. Kreidler replied yes there is an amount on hold with BCBS that is currently the amount of \$568,000, he believed. It is held for the time we stop using the program and go back to premium. They hold that money for the run-out or tail of claims. Possibly we see some money back, but not likely with what we know the claims experience has been.
- Ulysse asked about the personnel reduction affecting public safety, fire, police, and public works. Kreidler said he has sat with employee groups and they have the same question. If they give, is everyone else going to give? His response to each group under his supervision has been asked to give and it's his hope each group will give. He is then asked as he always is what about the school side. Is the school's teachers union, clerical union going to give that up? He can't control that and can't answer it was his response to them. He's not going to look at reduction in force in the Fire Department. We run 24/7 medical service which requires staffing. We would go below that staffing requirement and put our ALS certification in jeopardy. Also it jeopardizes revenue through ALS calls. The Police Dept. has not been fully staffed for a number of years. There has always been somebody in the academy, or someone injured, or someone resigned. Within the next three months we could be fully staffed with someone in the Academy. It looks that this unfilled position will remain unfilled.

Mr. Barrows asked if his plan contemplated any reduction of hours or position layoffs. Kreidler replied he reserves the right to alter the plan based on any numbers that might change, but this plan involves no reduction in hours but vacant positions not filled. No layoffs.

- Supt. Khelifaoui asked if the Town Manager was getting help with an Insurance Consultant in analyzing the Request For Proposals (RFP). Kreidler replied, yes, the group is called EBS Foran, and they specialize in transitioning municipalities for self-insured back to premium. They drafted the RFP and are doing all of the analysis. Supt. Khelifaoui asked if he planned on calling a meeting of the Advisory Committee to go over the RFPs. Kreidler replied yes he would call the IAC in for a bilateral discussion; but it may be at the end of the day, a unilateral decision as previously discussed. He wanted to be clear, ideally he wants to come to an agreement together moving the plan to premium putting the risk outside of town; but ultimately, this is a decision that must be made.

Mr. Niles asked about the RFP for the health care wondering if they will have a choice. Kreidler said it does contemplate a number of plan choices.

- Supt. Khelifaoui asked what happens if some of the union groups turn him down on the 3%. Kreidler said he has had some responses with groups saying yes. He hasn't received them all yet and if a union group says no, that's their prerogative. Supt. Khelifaoui said their union leaders are hearing him tonight and will hear him tomorrow. Supt. Khelifaoui said he is in favor of a Finance Director but that the position not only be appointed by the three Boards but report to, the very least, the Finance Committee or the Board of Selectmen and School Committee. It's important to have a Director to fall under authority of two boards or an unbiased Board like the Finance Committee. He's looking for an unbiased person. Kreidler said he suggested it be jointly appointed but the need to have joint supervision or having the Finance Committee being the one to report to, can be discussed at a future time.
- Mr. Maillet asked about the freeze on travel expenses and if he was identifying the MMA Annual Conference in January. Kreidler replied he wouldn't propose to cut Boards/Committees not under his control but his expectation is everyone across the board would do the same leaving the money in the budget and put toward the deficit.
- Mr. Orobello asked about the unemployment claims over expenditure if tightening of HR policies might prevent that from occurring again. Kreidler said his understanding, after reviewing a year to date history, that they are all legitimate claims.
- Kreidler explained the E911 Grants listed on Attachment A reflects a manner in which the Police Dept. was allowed to function under these grants in prior years and is not being allowed now. Money being expended is for a grant not yet received. To correct that is to recognize a deficit currently showing on the books. It has been historically there and allowed with the historic receipt of pending funds. He explained the number you see here, \$35,491.53 is not the total deficit showing on the books. It is higher but there are funds that have been committed in writing and some of them come in December. He said the DOR will have the final say on this.
- Kreidler talked about the Transfer Station Enterprise Fund Deficit. Fees remained relatively status quo. The sticker and bag fees haven't changed. Moving forward in budget planning for FY16, this will be addressed.
- Mr. Orobello asked if it's been considered that we look at our Veteran's services wanting to keep a high level of service but do so in a most efficient way wondering if MVOC could assist. Kreidler said yes, that

has been looked at. Statutorily we are required to have a Veteran's Service Agent, and to provide a certain number of level of benefits provided to Veterans whether we have MVOC or someone else. Mr. Orobello wondered if MVOC could raise funds for this. Kreidler said he'd be happy to talk to him about that and could do a joint call with MVOC.

- Dr. Khelifaoui commented that he's happy to see that they didn't have a \$2 million dollar deficit from the school right now. This paperwork shows \$702,950.93 from what he is seeing and includes the insurance. He is not happy about the way the news media has handled it. Looking at the plan later on, improving going forward is not only the system but the way we communicate with each other. Much could have been avoided simply by talking with each other.
- Kreidler pointed out the total accumulated deficit for FY13, FY14 and FY14 is \$3,857,283.34 with \$1,378,231.68 on the General Government side and \$2,514,543.19 on the school side. He noted no expectation, no belief, no posturing that this is something that should be paid by the school department but it should be understood and clearly on the table that that is an amount that the Town of Winchendon has spent over the last couple of years on education that is net school spending eligible.

It was clarified that the FY14 amounts on the spreadsheet were the accumulated deficit for FY13 and FY14. Kreidler also clarified that the special revenue deficit amounts listed were the ones that we are required to raise.

Under "The Options:" discussion was the following:

- Stabilization - Kreidler said any money that is used out of stabilization, the plan is to replenish it as soon as possible. He mentioned the Tax Title auction with \$1.1 million in receivables the Town currently has. His plan is to replenish with proceeds received from tax title auctions.
- Kreidler talked further about the \$250,000 suggested FY15 School budget indirect cost adjustment saying this is not the full \$308,000 FY15 increased Health Insurance expense. This is an amount that the Town Manager had spoken with Chairman Kane and Supt. Khelifaoui when this first became realized. He said this isn't asking the School to give up the override voted this past summer or reduce their total budget; it does though result in a net reduction in what is available for school expenditures adding it to the indirect costs which then reduces all other available. The bottom line stays the same under net school spending which is met plus the \$300,000 override. It's just the allocation between indirect costs and available for all other educational purposes which would be changed over by the \$250,000. He said Dr. Khelifaoui and Chairman Niles have said this is something that is back on the table but that no one could give a commitment; they could support this and it is his strong hope that given the fact on Attachment A there is a real FY15 DOR imposed additional indirect cost expense, that Town Meeting could without the School Committee's support, if the voters chose, could make the move to adjust the indirects. That is not what is being asked, Kreidler continued. What's being asked is to match the \$250,000 on the General Government side. A lot has taken place between then. A very public session of the School Committee in which it was determined that this is a town deficit and not the schools and that they could empathize but they didn't have a moral or legal obligation. We have seen a lot since then including the realization that a portion of this deficit is driven by the school, not just Town proper. A lot of that calculus has got to go away. It is yours, mine, our cumulative total deficit and everyone should do what they can, he suggested, in contributing towards it what they can. He hoped the School Committee would take it up within the next number of days to a week and come to the conclusion that it makes good sense to contribute to the \$250,000 in the indirect switch. Doing this together than being in an adversarial position where the numbers still need to be met and other actions need to be taken that put us at odds with one another.

Niles said it's premature to consider tonight the \$250,000 cut to the Schools without conferring with the Superintendent as to how it would impact the schools. However, if they came back and said there is no way they can make these cuts without impacting programs and students directly, is it correct the number will just go up to by that amount in the borrowing. Kreidler replied not necessarily; one option is that the number at the bottom of the chart will grow to \$250,000; another option, to be completely honest, is an article on Town Meeting floor seeking to change the number of indirect cost attributable to the School Dept. voted in the May 2014 Town Meeting. He is trying to do things bilaterally; but ultimately, it will be a decision that will go beyond him. The Selectboard set the agenda and the warrant and it is a possibility that the Selectboard put forth a warrant article, even if you don't vote to support it, to make that switch. If the warrant article fails and the School Committee said no, then yes the number would grow. Dr. Khelifaoui asked to clarify something not being seen here. He said looking back at Attachment A, the \$702,000 is made up of system errors or balances reported to us with monies we thought we had and money we didn't have causing the same inaccurate balances for FY15. Reports were generated by someone not there anymore that didn't know what to do; the auditors here last Thursday saw how the school was getting the wrong figures. Those figures were used in FY15 and it has caused them to go back and they have already cut close to \$264,000 from FY15. Last week, the School Committee voted and amended the FY15 budget. He wanted it to be clear that they have already cut for FY15 and didn't want it to look like the school isn't giving their share. He spoke about the request from the Town Manager in his plan for the school's to cut \$250,000. Anything non-salary related we have missed the opportunity to cut as most purchases are done in the beginning of the year. When it comes to salary, he said he has a real moral difficulty to go back to a teacher, a teacher's aide and say I need to cut you down in the middle of the year and then he would have to restructure the classroom in a different way and disturb the flow of the classroom mid-year because it was nothing they had anything to do with. It was system errors, wrong balances, etc. and thinks they should be very careful of. It's easy to say the school can cut their share but if we can cut it anywhere that is not going to disturb the classroom, they will be more than happy to help; but if we can't figure that one out, he doesn't have the luxury to be making those kind of changes mid-year. His last comment related to the School Committee in what happens if they cannot vote for this simply because they can't and the response that it would be an article on Town Meeting floor seeking to change the number of indirect cost attributable to the School Dept. He said we started this meeting saying that we need to work together and he doesn't feel this is a solution to working together. The effect is the same whether we are going to increase Indirect Costs or we agree, it's going to lower available cash and we will have to make the cuts. If we say no, it's not because we don't want to, it's because we can't. Whether you make us through a Town Meeting vote or you force us now, we still can't. You could be forcing a situation where they end up with another deficit. He asked to be careful talking about the second solution because the Schools cannot in December be told to cut that much. You can tell us in June and we would be happy to do it because we still have a lot of purchases that haven't been done. But once we cross that three to four month period, it's a real disservice to the classroom. We'll do our best to identify sources that will not disturb the classrooms but he didn't want to mislead anyone here at this point in time, it's highly unlikely to happen. He ended saying they are recognizing the \$308,000 in Indirect Costs is a legitimate expense by the Town on behalf of the School.

Kreidler wanted to be clear with what he said responding to Mr. Niles that one option was yes that the bottom number would grow by \$250,000 and it was also an option that an article could be placed on the warrant by the Selectboard. He recognizes the school has a different deliverable. If the potholes don't get filled as soon, that's bad, it's a quality of life issue. If we don't get postings or mail done on time, that's an inconvenience; obviously public safety is another issue and he won't speak lightly of that. He does understand in the school's budget, a rough number of \$15 million, with grants added it is closer to \$19 million and hears him. He understands Dr. Khelifaoui to say the difficulty he would have in cutting \$250,000 is because the majority of non-personnel expenditures are made in the beginning of the fiscal

year therefore they are off the table leaving just salary. There are people on the General Government side of the organization, clerks at desks at Town Hall, DPW guys, and others who didn't contribute to this problem but who willingly offered to give up part of their salary to help. It doesn't take a lot of consideration of employees on your side of the ledger to get to that \$250,000. People are willing to do it in the General Government side; I'm willing even though I didn't get a 3% raise. He asked Dr. Khelifaoui if he would be willing to put it out there in an effort to be sitting at the table with their groups and saying that everyone should give a little to make this work. Dr. Khelifaoui said he will leave those discussions for the group because they are contracts negotiated made three years ago. They are hearing this discussion tonight and will hear him tomorrow. They will make up their minds. For them \$250,000 at this point without having those groups making any other decision requires them to cut people unless he can find it somewhere else. That is the part that is not easily done.

Dr. Khelifaoui then turned to the Selectmen and implored them to not even think about putting something on the warrant. We are trying to become allies and work together and didn't want them to start something that would further divide the two by putting something on the warrant in December that is going to reduce their expenditures in mid-year by \$250,000.

– General Operating Override

Kreidler said with all of his conversations he has had with the DOR it has been clear from them that the Town should go forward with a Town operating override request at the Special Town Meeting. Other communities in this situation and involved with the DOR have put forth an override request. Some have passed, some have not. Suggestions have been made in other communities that if you are going to put an override forward you need to make the prospect of failure really scary and painful. He doesn't believe with that approach. If the Town is not going to be required to make painful and ugly cuts if the override fails, we shouldn't be suggesting that's what we are going to do walking into it. Everyone is keenly aware of the prospect, not guarantee, of deficit legislation. For the Town of Winchendon to go forward with an override and say if it does not pass, the school's going to close their doors, etc., is not fair. What he has structured in the document is a general operating override request or deficit legislation in the amount of this presently uncovered deficit and leaves it to the people in the community to make the choice at Town Meeting that "Yes" I am willing to voluntarily raise my taxes to cover this remaining residual piece of the deficit and in so doing keep the state out; or I'm not willing to raise my taxes and am willing to have the state in and all that is intended with that.

Mike Barbaro asked whether this would be a debt exclusion override or an override which is permanent. Kreidler explained that would not comport with the law. Debt exclusion is to pay the debt service for a capital purchase. You cannot have debt exclusion for operating expenses. If the community heard from its collective leadership that this be put forth as a general government override, recognize it is a one year deficit, we could put forth an argument that this is an operating override and the following year we can put in an operating underide. There is the ability to have an underide vote which is to go back to Town Meeting and reduce what was raised the prior year.

– Stabilization Funds:

Kreidler explained we fully expect from our revenue projections and past history to pay back stabilization before June 30, 2015. DOR can take the position that effective on Dec. 31st, if stabilization is not paid back; it doesn't exist and can't be brought to bear against this deficit. He expects to hear from DOR that he should add \$1.59 million to the deficit seeking that much more from the state having the assurance that if something unforeseen or catastrophic occurs that would make it impossible for us to pay ourselves back, at least it is there and in the note and available. We are not required to borrow everything we are authorized to borrow. The recommendation may well be that the \$1.59 million in stabilization needs to be

added to the \$778,000 number. If on January 2nd, revenue exists to pay ourselves back, we pay the note off. DOR has great discretion on how they view all these numbers at the end of the day.

– Override:

Kreidler explained the tax rate increase pertaining to this override and what it could look like for the Town of Winchendon taxpayers.

– Revenue Deficit Bond:

Kreidler read through this section of his plan on page 6. A requirement for borrowing from the state is the drafting and passage of a piece of legislation. It is Attachment C of this plan and modeled after the Town of Orange's legislation that had passed. Ultimately, it is DOR's decision and could be something different.

Another point referenced is the draft legislation is the creation of a Finance Director position. This position has been discussed for a number of years in town and has never gotten traction. This is the opportunity to get that done and if it is something the DOR would look favorably on, we all should be willing to do it. He said there is some time still to review this and discuss.

COMMENTS:

O'Keefe wanting to understand the figures and putting it in a slightly different way said for both the override and revenue deficit, we see a figure of \$778,207.99. However, there are two big "ifs" on that. If the School Committee chooses not to support the \$250,000.00 and if the DOR says we can't use stabilization, we would have to add that \$250,000.00 and stabilization to the figure bringing it then to the required override or revenue deficit bond to \$2,618,207.00. He asked the Town Manager if that was accurate. Kreidler replied he didn't have that number in front of him but trusted his calculation. The reason he didn't put that number in the document is because he believes what you put in front of you, you visualize, what you visualize you actualize. He didn't want to see that number because he believes better in them than that. Lastly, if it comes to pass that we are not allowed to use stabilization, he would not put that forth as an override because he has every reason to believe that we are going to pay that back within this year. He recommends a potential companion article for a \$1.59 million debt authorization that we never use. It's there, it makes DOR happy, we pay ourselves back internally as we predict and that it just sits there and never gets touched.

Ms. Burdsall asked if any other options have been considered or discussed with the Board of Selectmen or the Finance Committee other than the two presented this evening. Kreidler replied that he has discussed no other options with anyone. He was tasked to put together a plan, a path that minimalized the impact locally, to minimize the amount we would need to either override or borrow and that's what the document reflects. It's at this point that it gets rolled out to all of you, publicly, transparently; any other options that people want to discuss can be discussed. Someone could say we should not cut our budgets at all and we should just borrow the full thing from the state and hope that happens. Conversations he has had with DOR led him to put it out the way he did with that not being a realistic option. Other options, like what Mr. O'Keefe said, putting the \$1.59 million and the School Committee doesn't choose or is not able to put the \$250,000 on the table, it could be a combination then of some deficit revenue bond and some override. There are a number of ways to slice this up but this is the one, having been charged with the Board to do it with having as little impact to service but with as little need to rely on the state as possible; this is that plan.

O'Keefe said the option exists to change. Let's say we chose no cuts. That \$525,000 is back on. In reality, we are still going to have to have cuts by potentially borrowing money from the state. The following three years our annual payment will be much higher and in the next three years we end up with much larger cuts. Also, alternately we could say this year we have greater cuts and next year less. Either way, we have to come up with a way to fund all of this. The choices are either override or cuts. The cuts either happen this year or future years in order for us

to be able to make the payments on this loan. The end result is still the same for us. The Town Manager and some of his staff have helped in trying to balance this over the next few years.

Kane commented on the override saying it makes sense to ask the town for an operational override. We know we have structural deficits in the budget projecting a half million dollars in FY15. It's understood we still need to pay for health insurance, provide veteran's benefits, plow the roads and put salt on the ice. Those three items represent a structural deficit in the budget and it's a logical argument for an override. The balance of that will be the request for the legislative loan. He recognizes this is a timing issue but in the end you won't know what the figure is to borrow until the books are closed, the audits done. His personal recommendation is the override because the reality is we spend a lot more money than we bring in. Kreidler said if we don't have an override, we still have structural issues and still need cuts. We will not only be paying for a loan for the deficit but we will still have the issues of veterans, snow and ice and health.

Dr. Khelfaoui asked about the school's part of the payment to be paid back if the auditors or DOR have stated it could be part of the indirect costs. Kreidler replied he didn't and is thinking solely from a logic and fairness perspective that if there is a deficit town wide with a portion being driven by the School Dept. that any deficit legislation bond for which there is a payment to be made locally, should be a portion that's attributable back to the school department prorata. Dr. Khelfaoui said, going back to what he has previously said, the law would supersede any way. The law is the law. He wanted to remind people why the school department got the \$300,000 override last year. At the time they were doing the budget, the indirect cost estimated for FY15 was \$300,000 higher. They had just finished going through several cuts to accommodate all the contractual agreements that had been signed in the three years prior. They had to cut a minimum of eight positions to keep level funded, not level service. In addition to be able to pay for that \$300,000 in indirect costs, we could no longer do it. He remembered sitting in this room with the Board of Selectmen offering their support in seeking an override to be able to help. As we speak already, FY15, we are working with a level of budget back to FY13. He brought this up because going forward it is a problem. He is not expecting with the situation happening here that the schools necessarily will receive the \$300,000 override year two, three and four. If this is not possible, they understand but it also means that now they have the \$300,000 that was covered by the override that they have to deal with next year and also have a new \$300,000 figure if the DOR is correct for FY14-15 and what is expected to be. We are now talking about \$600,000 from the school's that we have to cut next year and you add the share of the payment for the deficit in there; it is impossible unless the DOR allows us to change the rules of minimum net school spending. We stand today at \$300,000 only above the minimum net school spending. We should be careful of the schools. The minimum net school spending laws will not allow us to help even if they wanted to. Next year, if they don't get the override, they will be at net minimum spending and therefore not able to get even a dollar from them leaving them with having to deal with cutting about \$600,000 of services to be able to fall right with net school spending. What you offered in a solution that we have a structural deficit and look at not only taking care of it this year but looking at it for years to come. Kane said without an override, future budgets are going to be severely impacted with fixed costs. O'Keefe said we can look at what everyone thinks, the Board of Selectmen, the School Committee, the Finance Committee, the people of Winchendon, we all have an opinion. The DOR is very neutral and their opinion matters a lot to him. Their recommendation is an override. There is a structural issue. Every year we've cut to the penny. It's been difficult on both sides. It's time to face the truth. Are we bringing in enough revenue to provide the services that the people want? DOR doesn't want us to borrow money from the state because they know that doesn't fix the problem. It creates another problem when we have to pay this back. DOR's first recommendation is an override. He doesn't want to see taxes raised with another override but he also doesn't want to see a few years from now sitting here with another deficit problem. We accomplished last spring an operating override to help our school system and we did it because we are all working together. It looks like we have to do that again.

Barbaro said the ultimate question the taxpayer is asking is who do we hold accountable and what actions can be taken. He supports the \$700,000 override for the deficit going forward seeing it coming over the years but it still

doesn't excuse the fact that we have a \$3.8 million problem and no one is being held accountable. Like it or not, this is a question the general public is going to ask all of us. Mr. Kane asked to hold that discussion to a different forum saying tonight's purpose is to understand and comment on the plan to cover the deficit. The question that you raise needs to be answered and will be at another forum. Kreidler asked to speak to offer him guidance and said get a tape of your meeting last Thursday night when the independent, outside auditors sat before you and you asked the questions that are similar to what you asked tonight and you were given answers.

Mr. Maillet said no question that an override is needed. It's not easy for him to say, but we have to stop kicking the can down the road, can't pass the buck and hide behind the door. We are all part of the same problem and need to solve it. He's not happy seeing the stabilization fund drain but willing to accept it because we need to solve the problem and need to work together as a group. He hopes we all get behind the override vote. He concluded that the Finance Committee looks at this very seriously and doesn't jump to conclusions and make judgments where it doesn't need to be made. We have a problem that needs to be solved.

Mr. Barrows wanted to put some historical perspective on the override. He has had the benefit and privilege serving in this capacity since 1998 and has been through some depressions. He has seen some good times and been through some bad times in the community. One thing he hasn't seen in seventeen years now is a general government override. Sometimes it's because we are too good with our frugality but we pride ourselves every year in delivering a balanced budget so much so that it has become a requirement that a budget is balanced every year and that its done without overrides. What we have seen here tonight is everyone agreeing that this is something we need to do. It took a situation like this for us to realize that maybe we were living too closely to the edge and giving us time to fix it so we don't find ourselves in a similar situation in a year or two down the road.

The Town Manager went through the "Next Steps" on Page 7 of the plan which included deadlines and meetings to be held with the conclusion of the Special Town Meeting on Nov. 24 and calling for a Special Election in accordance with the DOR's guidance.

Closing Remarks:

Kane said the plan addresses immediate steps to resolve the deficit but said there are a couple items in there that he supports but are outside of that task when you spoke of the concept of a Financial Director. There are some elements in that paragraph that identify some specific practices that probably are good practices. They fit into the category of what do we do so this doesn't happen again and the need for another discussion. His concern is that if it becomes part of this proposal and approved by the Board of Selectmen that it becomes part of the plan. His personal feeling is those elements of the plan that don't deal directly with the deficit should be addressed in a different forum. Kreidler referred to the first page quote from the DOR where they recommend that they provide them with not only revenue enhancements and expenditure reductions but also management efficiencies or consolidations. It was their request that drove this response. Kane understands that and a lot of practice they might impose on us but felt this concept needed more discussion before finalized and a vote to approve the plan.

Director of Municipal Finance:

Mr. Niles is concerned about the language of this position on Page 9 questioning whether one of the current financial employees of the town could hold this position. Kreidler said the language says "may", not "shall" and drafted from the Town of Hopkinton. This language leaves open that one of these people (Town Accountant, Collector/Treasurer, Assessor, School Business Manager) could be it. Niles wanted a better definition of the powers of duty asking if the Director of Finance could direct the School Business Manager to make a change. No, Kreidler replied, no more than the Town Accountant could direct today the Police Dept. The Finance Director is a super powered Town Accountant that can only compel action and hope and pray there is compliance. The wall between the School and the Finance Dept. disappears.

Mr. Barbaro asked about the flexibility to raise the meals tax wondering if an analysis has been done to see how more revenue will be raised. Other cities and towns are doing it. Kreidler spoke about past analysis done statewide and recalled it being an insignificant enough number given the impact it would have on the local restaurants. He thought it fair enough to revisit.

Dr. Khelifaoui realized the Chair didn't want to discuss the very long document (Attachment C) tonight but he has a great deal of concern about some of the language. He asked when they would get the chance to discuss and have input of the school with some of the language for the "draft legislation" affecting the school. He was concerned that the language for the appointment of the Director of Finance was the Town meaning the Board of Selectmen when it was agreed that the position should report to both boards, the School Committee and the Board of Selectmen. There needs to be time to review and edit and asked when knowing they were pressed for time. Kreidler replied this is a draft; it could be something entirely different than this that is ultimately the legislation. Specifically it's not our choice; it is going to be completely in the purview of the DOR. He tried to frame the issue as he heard from the DOR and the Town of Orange's experience. In regards to the appointment of the Finance Director, the legislation would not be tied up in the level of detail that you are suggesting generally; however generally there would be a level of trust locally that what is said here publicly in a tri-board meeting televised and broadcast live for the world would be something that would be abided by. If you feel more comfortable not trusting what has been said here and seeing it in the legislation, he'd be happy to include in the draft moving forward. Dr. Khelifaoui said it is not a matter of trust. He referenced earlier this year in this room and with everyone's good intention to have that override to go every year to the school; but we all know the reality of today is not going to allow us to do that. His experience has told him that to put good intentions into writing.

Niles asked who would pay for this position. Kreidler replied it would be the same way we currently pay for any admin or finance team. The indirect cost agreement before us now that hasn't been amended is a function of what is the total of the amount that is to be raised and appropriated town wide and a percentage of that total that is generated for school purposes is then applied to the budgets of all the finance side of the operation. Dr. Khelifaoui again asked about the timeframe of submitting the document to the DOR wondering if they get a chance to have input or do they just let the two attorneys work it out. He wanted a commitment from all parties to work on the document. Kane asked the Town Manager when we present the article at Town Meeting will it consist of the draft legislation or will it be boiler plate and developed by DOR. Kreidler replied he didn't know. His understanding is DOR will write it and it will most likely be an attachment at town meeting. He'll know more when that meeting takes place with the DOR representatives, the finance offices in Town, and our legislative delegations in town. Dr. Khelifaoui thought they need to be in agreement with the language that is submitted to the DOR whether they use it or not is up to them. Kreidler informed Dr. Khelifaoui that the Board of Selectmen are meeting next Monday. They could meet between now and then giving a forty-eight hour notice and submit any official questions and or comments and individual members of the committee or staff could approach either staff or individual members of the Selectboard. You are correct when a plan is voted and submitted it starts the discussion. What ultimately ends up is DOR's perspective and prerogative but this at least frames the discussion. Dr. Khelifaoui said he is suggesting this is more than just offering input with the document binding the school to function in a different way. The School needs to be part of it and it would be good to have the School Committee support it as well. Kreidler replied he hears him say things like the School Committee needs to play a role to determine what's going forward and what's going to ultimately bind them and things like we need to work together and make certain that we have a document that everyone subscribes to so we don't have one side pitted against the other as we move forward. The part that concerns him is the part he is hearing in how he is going to be held responsible long term by rules imposed by the DOR as a result of deficit expenditures that the data shows \$2.5 million is related to the school with \$1.3 million attributed to the town. What he hears, figure out a way to pay the bill and we may not be able to help but let us have a role in determining what rules we will be held to. He doesn't feel there was a balance to that. Dr. Khelifaoui apologized that's not what concerns him. When you say we don't want to help you that's not what he wants to do, its minimum net school spending law in Massachusetts. If he could convince the legislature to waive it for them, then they could be very innovative. Right now we have minimum net school spending. Kreidler

replied that's not true, Dr. Khelfaoui. Right now we are \$2.5 million in excess of net school spending over the last two years. These funds have been expended for net school spending eligible expenses for education in Winchendon. This means when the FY13 and FY14 year-end reports are revised with the accurate data factored in, we will be \$2.5 million in excess of net school spending. Dr. Khelfaoui said when you characterize the figure as part of indirect cost of FY14 for FY13, we know that is not possible. We have already talked with the DSE when we met in your office and he said you can't count previous expenditures and bring them back.

Kane said the deficit that exists in prior years, is a deficit the town has to take. It's not attributed to any particular department. It's money that wasn't raised and had it been raised then it could have been increased indirect cost but it wasn't raised and so it is not part of the indirect cost. We have to move forward with what we have and we still have the same issue of coming up with a plan to resolve this current deficit. Ms. Burdsall said the School Committee will be making a motion this evening to meet again before November 3rd to have a chance to discuss and draft some input and suggested changes.

O'Keefe asked if a member of the School Committee could be at the Board of Selectmen's meeting to present their feedback and to answer any question. The plan will be finalized that evening with the pending DOR deadline and it would be helpful if a member was present. He agrees that Section 3 needs some review and would like something to work for all of them. Barbaro asked wouldn't it be better if we were together because we will be voting together.

Kreidler replied from his side, absolutely not. It's a Board of Selectmen plan going forward as CEO elected officials of the community. Of paramount importance, it is ultimately their vote. He strongly recommends they take their input but it is their vote. Kane said in his opinion the School Committee needs to have some discussion and offer something that has been thought out to the Board of Selectmen next Monday. O'Keefe suggested Chairman Kane attend their meeting to help either the School Committee clarify a position or help the Board of Selectmen understand the position so that we actually end up with an evening that night that everyone will walk away having an understanding. Kane said he would be unavailable on Thursday but Monday he would be available.

Health Insurance Plan Changes – Niles said we have touched quite a bit on this already this evening and asked where we were on this. Kreidler replied the RFP is on the street and proposals due today. He expects something by the end of the week by the consultant who is doing the analysis. He expects shortly thereafter to have the Insurance Advisory Committee together. As soon as he knows anything, it will be forwarded to the Finance Committee and School Board as well. Niles said they are opening up four separate negotiations this year and would like to bring the information to people.

Request for Forensic Audit:

Maillet said the Finance Committee met and felt what has to happen is a forensic audit to get to the root of the problem. He's not sure what will happen and it may be the same outcome. He said it is the Finance Committee's recommendation and wanted both boards to bounce it around and see if it had any value. He's not an auditor; he takes people's word. Our auditors tell them what the books look like. A forensic audit may dig deeper into the problem. He is not familiar with the process. Berndt said we have been audited heavily by our auditors and we have a private consultant going through it. How much different is the audit going to be compared to what we have done and how much will this cost us? Kane replied he didn't know how much it would cost and would need to be researched. They thought it would be beneficial to have someone independent take a look at the books and assure the town that there have been no illegalities, no irregularities took place, to have a different set of eyes on practices taking place that got us here so we have at the very least confirming information and very possibly additional information to work with as we develop a plan to make sure this doesn't ever happen again. O'Keefe explained his belief the difference between a general audit and a forensic audit. The general audit is looking at a sample of accounts. A forensic audit looks at every single transaction. Does every account need to be reviewed, he

questioned. It would be very cost prohibitive or maybe we have a forensic audit on specific accounts or request a truly independent auditor to do another general audit. He wasn't clear on what they were getting asked. Kane said certainly there are areas that have caused this deficit, certainly the health insurance accounts to be looked at carefully. He doesn't believe there were any illegalities but certainly some irregularities. O'Keefe said with that clarification he would support a forensic audit on everything related to health insurance. His concern was what the scope was and that it would have been too wide open. Kane said the Finance Committee didn't look at those options. Ulysse said it's very important to be clear that we are trying to do the best we can for the taxpayers and we need to be as transparent as we can. He felt maybe they could be more specific with the audit but stated they need to be transparent. Kreidler said absolutely a forensic audit of some sort needs to take place because there are things he has said that some people will believe and some other people will say they don't believe anything he says. This is a serious enough issue that we shouldn't leave it to those who believe it and those who don't. It's difficult to disprove a negative. We can say nothing untoward occurred, but we can't do anything to prove that and instead it's left out there that something must have unless you can prove otherwise. He feels there should be some level of effort made to answer that question because it does none of them good and all of them bad to leave it unanswered. He suggested to O'Keefe's comment that the School Committee, the Selectboard, the Finance Committee identify areas of concern over the last month. There is probably not a lot deeper than the last month that needs to be looked at. We have health insurance with public votes of the School Committee looking for his head because he has absconded with or transferred or went away with their trust fund money; let's have that investigated. In the next couple of weeks each of you put on the table what you feel should be looked at. It definitely won't be the entire town's books in fairness, that's not what is really sought after or areas of concern. For those areas of concern, "let's do it." Mr. Orobello said in part of their discussion they have talked about just that looking at where the problem ensued but always what general practices and policies got us to where we are. He doesn't think they need to look at every dime but to look at policies and practices that guide those dimes so we can go back and write new ones and strengthen the ones that do work. Kreidler mentioned there are peer reviews that have been done in other communities with the DOR coming in doing financial management analysis with reporting recommendations with strengthening policies and systems put in place. He felt this needed to be addressed but not at an hourly rate you would pay a forensic audit.

Barbaro said they talked with the auditors on Thursday night. The general audit that was being done was beginning numbers, ending numbers and snapshots. He suggested the four to five accounts that are being questioned should be the ones looked at forensically. He doesn't want to look at the full books because he knows that's not the issue. That would answer the questions and solve everybody's problems. They voted to support the forensic audit and if they wanted to streamline it to four or five items that's fine. Kane said there seems to be some consensus on doing it just a matter now of putting some parameters on it. Niles said specifically, in addition to the health care issue, the Murdock Trust, Robinson-Broadhurst, the circuit breaker accounts those seem to be identified in the audit as concerns so there is already some information there and flags raised by the existing Roselli and Clark group. They could take it from there and go a little deeper. It would be fairly easy to identify from Murdock Trust for instance what they gave us for the past ten years and go back very quickly and see how it was applied. Just as easily as we could have over expended it, we could have missed an application of a revenue stream in one of those years as well. One of the things he would like to see come out of it specifically to those two funds is the practices and how those funds are handled. Both organizations have reached out to them while this has been happening concerned about how the money is handled and we need to understand how to insulate that money so it goes to certain spots and not mingled with the general funds. O'Keefe asked Chairman Kane if they could request the Finance Committee, the School Committee send emails to the Town Manager listing areas you are most interested in and it could be compiled in a list and get it done. Kane replied a review of the audit again can lead them in the right direction in terms of identifying those areas and they would do that.

Public Questions and Comments:

Kane welcomed anyone who had any questions or comments relating to the plan heard this evening. Ms. Theresa Fifel came forward and thanked the Boards for their discussion this evening with many of her questions answered

and talked about. She liked the talk about a Financial Manager feeling it is crucial. She felt that having an audit, whether full or what they had been talking about, would go a long way in boosting the confidence citizens have in their Board of Selectmen and the major town departments. She asked if the Town employees already agreed to the 3% reduction in salary. Kreidler replied, "to date, some have; others have not yet." She asked if the School Department should be asking their employees to do the same if we are asking the Town side to do it. She doesn't understand why the School would fight that and didn't even want to ask that question to their employees rather than cutting positions; it could be an option to meet in the middle. She felt it was an option that should be brought to the population as a whole to the school.

Secondly, she asked the Town Manager if the tax title was definite or an option to use in place of stabilization towards the deficit. Kreidler said the discussion was we would use stabilization to reduce the deficit and commit to when tax title is auctioned this winter that Town Meeting would authorize to replace the proceeds back into stabilization. There is a \$1.1 million in property value sitting out there with an estimate of receiving about \$700,000 back from the auction.

She asked if some of the stabilization money was gone already with the recent vote to borrow from it. Kreidler explained the DOR has expressed a concern with us using stabilization for the deficit. Their concern is to that point that we have already done an internal borrowing against those dollars and while we believe we will have funds sufficient across the threshold this year to pay that back, the decision that needs to be made regarding the deficit needs to be done by December 31st. It is reasonable for them to believe that we won't have it paid back by December 31st and that is their concern. By law, we have to have it paid back by June 30th.

She asked if we are borrowing funds from stabilization to pay payroll and if DOR had paid one of our recent payrolls. Kreidler replied there has been a misconception of what DOR did. Some have characterized it as bailing us out or giving us a loan or giving us money. What they did was advanced us with money we would have received with two installments of our local aid payments which would have been used for payroll, accounts receivable, etc. They front loaded it because we have a cash flow problem. We have a cash flow problem because we have deficits.

(Note: Mike Barbaro left the meeting at 10:26 p.m.)

Ms. Fifel spoke of a comment Selectwoman Hunt made about health insurance at a past meeting that we were paying 50% of the health insurance for people that are retiring at 55 from the town and if they can afford to retire at 55 may be they should be paying their own health insurance. She asked if there was something that could be done moving forward possibly waiting until they hit the 65 mark to help reduce the health insurance costs. Kreidler said yes, in fact, until recently it was believed it was near impossible to make changes on retirees health insurance. Within the last two months it went before the Supreme Judicial Court and he believes it was determined that the authority to change the percentage doesn't rest with collective bargaining or with Town Meeting but with the Board of Selectmen. It says, however, you can't pay in increments. You are required to give retirees the opportunity to receive health insurance. As he understands it, the choice to come is either to continue at 50% or go to 0% contribution but for it still to be offered as the law requires. The issue about age 55, in local government, in state service the retirement system is such if you have at least ten years invested, you could perceivably retire. You will get little money but you could retire. There is a formula that takes years of service and your age and how to maximize your potential retirement benefit. Age 55 is interesting though with public safety, police and fire are allowed to retire at age 55 and get that potential 80% retirement benefit, whereas regular public employees, school teachers, municipal ground workers, town hall workers, you are seeing 65 before you see that same maximized pension ability. The reason why police and firefighters are allowed statutorily to retire early is because of the nature of the work they do. People are not retiring at age 55 here. They could, but they are not.

She asked if he was planning to submit a primary and secondary plan to the DOR giving them options? Kreidler said he would defer to the Board but his recommendation on Monday night will be one plan and make it as reasonably responsive as possible and contemplate all the things from DOR and in a fashion to be reasonably acceptable by them.

Ms. Audrey LaBrie came forward and commented that the Town needs to think of itself as a business, act as a business and use certain good business practices that are out there. We need to be thinking more professionally how we do things; ideally, for the profit and benefit of our citizens. She said it is fantastic they were all here tonight and encourages all of them to keep the dialogue open and to keep working together even after this has been solved. Her last comment was if this was a business, the Board of Selectmen is the Board of Directors and they are the ones that ultimately make the decisions that the rest of us have to follow. Her opinion is the letter that is going to the Dept. of Revenue should be from the Board of Selectmen as they act as our Board of Directors. As an employee, you can make the best recommendation, the best argument you could, but eventually you have to pass it on.

Mr. Catalado came forward asking again about a security breach committed by the former School Business Manager. He asked about an audit that was going to be done and if impacted parties had been notified. Chairman Kane said this is outside the scope of this meeting. Kreidler informed him the matter was reviewed; there is a reference to it in the FY13 audit which was discussed at both the Selectboard meeting a week ago and the School board meeting on Thursday. This specific point was not discussed in a meeting to his knowledge. The information they got back was there is no belief that there was anyone's data that was actually put at risk. The sharing of credentials was done for work purposes and nothing untoward has come from it. He offered for Mr. Cataldo to call him to further discuss if he felt any personal information of himself or his wife's were impacted in any way during that timeframe. Mr. Cataldo said okay and thanked him

Maillet moved to adjourn the Joint Meeting; Berndt seconded. By vote of all aye the meeting adjourned. The School Committee remained in session while the Board took a short recess. The time was 10:40 p.m.

The Board of Selectmen reconvened their regular meeting at 10:47 p.m.

NEW BUSINESS:

CDBG Refinance – Cynthia Lafreniere - O'Keefe explained this is an opportunity for the individual to refinance their home therefore requesting us to allow the subordination of their mortgage. This is something the Board does regularly when these types of opportunities come up. It does not change what they owe CDBG; it just allows the person to reduce their own mortgage. Hunt moved to approve; Barrows seconded. By a vote of all aye, the motion carried unanimously.

OLD BUSINESS:

Attorney General's Sex Offender By-Law Review - Kreidler explained the Attorney General's office needs more time to review this bylaw based on recent court cases on this subject matter. This letter is seeking a sixty day extension to afford them the time. Barrows said the sixty day extension means we should have a response back on January 2, 2015.

TOWN MANAGER'S REPORT: Heard already this evening.

MINUTES:

Monday, September 22, 2014 -EXECUTIVE SESSION - Barrows moved to approve and release; O'Keefe seconded. By a vote of all aye, the motion carried unanimously.

Monday, October 6, 2014 - Regular Meeting - Barrows moved for approval; Hunt seconded. By vote of Barrows aye, O'Keefe aye, Hunt aye, Berndt abstain due to not being present, the minutes were approved.

Monday, October 6, 2014 - EXECUTIVE SESSION - O'Keefe moved for approval and release; Barrows seconded. By vote of Barrows aye, O'Keefe aye, Hunt aye, and Berndt abstain due to not being present, the minutes were approved.

Wednesday, October 15, 2014 - Special Meeting – Minutes not available this evening for consideration of approval.

Wednesday, October 15, 2014 EXECUTIVE SESSION - O'Keefe moved approval and release; Barrows seconded. By a vote of all aye, the motion carried unanimously.

COMMUNICATIONS:

Hunt asked if Kinder Morgan got the alternative proposed layout for the pipeline from the Town. Kreidler said it was sent the next day to Allen Fore.

AGENDA ITEMS: Monday, November 3rd at 6:15 p.m. was scheduled for the next meeting of the Board of Selectmen. Finance Committee Chairman Mr. Kane will be invited to attend as well as a member from the School Committee.

ADJOURNMENT: Hunt moved to adjourn; Barrows seconded. By vote of all aye, the meeting adjourned at 10:55 p.m.

Respectfully submitted,

Linda Daigle
Executive Assistant