

**TOWN OF WINCHENDON
BOARD OF SELECTMEN MEETING MINUTES
MONDAY, NOVEMBER 9, 2015
Town Hall, 2nd Floor Auditorium
109 Front Street, Winchendon, Mass.**

Present:

Michael Barbaro, Chairman
Barbara Anderson, Vice-Chair
Amy Salter

Bernard Lynch, Acting Town Manager
Linda Daigle, Executive Assistant
Sheryl Wright, Finance Assistant

Austin Cyganiewicz
Audrey LaBrie

Donna Allard, Town Accountant
Debra Dennis, Recording Secretary

List of Documents Presented at Meeting:

- Draft Special Town Meeting Warrant (attached)
 - Conservation Commission Letter of Interest– Anthony George (filed)
 - Library Trustee Letter of Interest – Richard Ward (filed)
 - Boot Drive Permit Application – Sat. , Dec. 5, 2015 Winchendon Pop Warner (filed)
 - Christmas Tree Permit Application – Little Anthony’s, 678 Spring St. (filed)
 - Christmas Tree Permit Application – Byron Beauregard, 80 Old Center (filed)
 - Lodging House License Application – MVOC, 258 School St. (filed)
 - Entertainment Permit Application – United Parish Church Annual Holly Bazaar (filed)
 - Collector/Treasurer Bond Authorizations (filed with Treasurer)
 - o Vote of the Board of Selectmen (attached)
 - Winchendon Cash Reconciliation Issues Summary FY15 by Eric Kinsherf, CPA (attached)
 - Municipal Aggregation: Community Choice Power Supply Program Updates (attached)
 - Report of the Acting Town Manager (attached)
 - o FY16 General Government Budgetary Changes Spreadsheet (attached)
 - o Standard and Poor’s Bond Rating dated Nov. 3, 2015 (attached)
 - o Agreement between Town and Public Employee Committee (PEC) to transfer Health Insurance Subscribers to the Group Insurance Commission eff. 7/2/16 (attached)
 - o Agreement between Town and Public Employee Committee of Contribution Rates to Specific Health Insurance Plans (attached)
 - Congratulatory Letter to re-elected Gardner Mayor Mark Hawke – (filed)
 - Minutes Approved:
 - o Wednesday, October 28, 2015 Regular Meeting
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Chairman Barbaro called the meeting to order at 6:30 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.

personally this hits home for him. His father is a Veteran and this care is needed. **Selectman Cyganiewicz moved for the applicant; Selectwoman LaBrie seconded.**

**BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(Y)**

Mr. Byron came forward regarding his already approved Christmas Tree Permit. He said it was his fifth year doing it and he is located across from the Church on the common at Old Center.

Entertainment Permit – United Parish Church Annual Holly Bazaar, Dec. 5, 2015 - There was no one present for the application. **Selectwoman LaBrie moved for the application; Selectwoman Salter seconded.**

**BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(Y)**

Class I License Salvadore Jeep, 10 Gardner Rd. - Consideration of Expiration Date/Fee – Ms. Daigle explained this was before them to just consider the expiration date to be the end of 2016. The license is on hold due to septic and potable water issues and they will most likely not get the license issued until the end of the month or in December. **Selectwoman LaBrie moved to extend it to December 31, 2016; Selectwoman Salter seconded.**

**BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(Y)**

BOARDS/COMMITTEES/DEPARTMENT HEADS:

Collector/Treasurer - Bond Authorization - Donna Spellman explained borrowing for the fire truck and also for the police station. She said the interest rate is 2.47%. Selectman Cyganiewicz recused himself as he is a member of the Fire Dept. Chairman Barbaro said this borrowing was voted at Town Meeting and the payment schedule was before them. Selectwoman Anderson asked how are we borrowing now with this authorized in 2012 and the fire truck already purchased. Mr. Lynch explained the Town does short term borrowing first, and then you do a long term bond. He said you don't know exactly when you need the money. He said you do short term low interest rate borrowing, small chunks and at the end fold in to a long term bond which saves money. Selectwoman Salter asked about the first payment of \$220,000 wondering if it was included in the budget already. Mr. Lynch said yes. Selectwoman LaBrie asked if there was a document that showed all of the bonds we currently have with the expiration dates. Ms. Spellman said she can get this for them. Mr. Lynch said to look at the monthly reports, in the debt section, it should designate official various bonds. It won't necessarily tell you amount remaining, but will tell you how much has been paid. He talked about a capital plan explaining when debt drops off; you fold in new debt constantly investing into the town. **Selectwoman LaBrie moved to approve the sale of the \$3,600,000 State Qualified General Obligation Municipal Purpose Loan of 2015 Bonds of the Town dated Nov. 16, 2015 (the "Bonds"), to Roosevelt & Cross, Inc. at the price of \$3,728,886.65 and accrued interest, if any, is hereby approved and confirmed. The bonds shall be payable on December 1 of the years and in the principal amounts and bear interest at the respective rates, as listed, and further vote as listed here on this certification; Selectwoman Anderson seconded.**

BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)

At 7:12 p.m. the Board took a five minute recess to execute the bond documents and reconvened at 7:26 p.m.

NEW BUSINESS CONTINUED:

FY15 Audit Update

Mr. Lynch said he has talked about this current issue before and thought it would be good to ask our auditor, Mr. Tony Roselli, to attend a meeting. This is not the full audit but a piece. When the full audit is complete, it will be presented according to the bylaw. Mr. Roselli came forward and was introduced. He said the good news is he hopes to have a draft tonight to be able to forward tomorrow. He is working on it after he leaves tonight and will have finals by Friday as he has promised to the Department of Revenue. He said he has a letter he forwarded to Linda that all the financial people will have to sign off on. With the finalization by Friday, it will allow for Town Meeting to do what it needs to and also whatever the Department of Revenue wants to do.

He talked about one thing in last year's management letter about systems breaking down, not enough information, and turnover of people, which everyone is aware of. In the management letter, he wrote a statement he didn't think problems would be resolved at the end of FY15 without help. He hoped the town would have kept Mr. Eric Kinsharf, the CPA on a couple more months helping reconciling books on a monthly basis. He said when he was told cash was balanced and was surprised thinking we had accomplished a lot, but found out cash was not in balance, but off a significant amount. You have a memo by the Town Manager about a report the consultant provided. Mr. Eric Kinsharf came in to see if he could help address the problem. Mr. Kinsharf said he reconstructed the year and went through everything. He said there were errors in payroll, errors in withholdings, errors posting in wrong period, errors transitioning from self-insurance to premium based; a number of errors contribute to this. He said once errors were adjusted back, it started kicking out deficits. The self-insurance deficit went from \$320,000 to \$530,000. The insurance appropriation ended up \$120,000 to \$130,000 in deficit. He said in a nutshell, that is where we are. He said he has done the financial statement with that. He hasn't done the complete management letter, but this was one issue the Town Manager thought was important to get out sooner than later. He asked if anyone had any questions.

Selectwoman Anderson asked whose responsibility was it to keep reconciliation person in place. He replied monthly reconciliations are done between Treasurer and Town Accountant by examining records they both keep. They should sit down monthly comparing the two. He said it never agrees, because they don't always happen the same period. He said it is not money anyone stole or walked out the door with, its entries made in the general ledger.

Selectwoman Anderson asked why somebody wasn't in here if it had been recommended. Mr. Roselli replied he didn't know. He thought it was an inexpensive way to make sure that things would be in balance. The last time it balanced was September 2014, coincidentally Mr. Kinsharf left around October, November of last year. He believes if that control had been left in place, things would have progressed differently. Mr. Lynch pointed out that Mr. Kinsharf is in place now for the remainder of the fiscal year. He is not sure what happened either but it was a good idea to do that. The decision was made by someone not to move forward with that. Town Accountant, Donna Allard, pointed out that in October that was the last time that they had payroll posted. They went through a dry period of payrolls mentioned in Mr. Kinsharf's Cash Reconciliation report. He points out they didn't have school payroll until the end of January. There was no reason for him to come in and try to reconcile cash. We didn't have it in our general ledger. Without it being in the general ledger they went through all that period of time. Also we

had the school's payroll dump in February and March. We weren't looking to have him come in with cash reconciliation until we got into April because they were waiting for the payrolls to actually enter the general ledger which did not happen in a timely fashion. This also led to what happened with the reconciliation with the health trust. Payrolls were put in that were not separated. When Mr. Roselli mentions there were issues with not having the correct time period put in, that is because we had lump sum payrolls that were dumped into the system that were dated with one date. They were nearly impossible to separate until the year was ended and we took all of the information, set it up in a template and separated it all out. All of the problems dealt with payroll issues.

Selectman Cyganiewicz asked if reconciliation consisted of more than just payroll. Yes, Ms. Allard said issues derive with withholdings, they have to go in to a general ledger format, and Mr. Kinsherf was working on closing the prior year. She said we had payroll up until that point, once we got into November, payroll was not in the general ledger. Payroll is a complicated issue with it being broken out many ways in the general ledger. It's impossible to reconcile without the information. Selectwoman Salter asked where the information comes from. Ms. Allard said it would come from the School and didn't receive it until the end of January. She asked about Harper's providing a report every payroll. Ms. Allard replied that is not a general ledger report at this point. This was when the school was running dual payrolls. They ran it through Harpers that had no general ledger attachment to it at that time and why they ran a dual payroll through Munis. It was the holdup of the Munis payroll that they were waiting for for the general ledger. Without that, they had no idea where the entries were hitting. The way it works now is the proper way with Harper's now hitting the general ledger for the school and the town. At the time this was occurring, we only had the town side. Ms. Salter asked who was in charge of the general ledger and Ms. Allard replied, she was.

Chairman Barbaro asked is reconciliation resolved. Donna said for FY14 yes but we still have issue with FY15. Mr. Lynch said the important thing is moving forward with Mr. Kinsherf on board we will identify on month to month to address them.

Chairman Barbaro asked if the reconciliation issue has been resolved. Ms. Allard said FY15 has but they still have some FY16 issues with the timeliness of getting the school payrolls as noted in Mr. Kinsherf's report. Mr. Lynch said what is important with Mr. Kinsherf on board is they will identify those on a month by month basis.

Mr. Barbaro asked when the management letter would be coming to them. Mr. Roselli said he dropped everything and has put in a 100 hours in Winchendon. He needs to take a break and work on his other clients. They understood Winchendon was an emergency. He is looking at the beginning of January for the completion of the management letter. Chairman Barbaro said he wants to see his recommendations put in policy. He just experienced a \$3,000,000 debt and another \$130,000 has been thrown in on top of this. Errors were made all over. We need to right the ship. Three years in a row we have had problems. He said he would like the management letter as soon as possible so we don't go into another year with unanticipated costs. Mr. Roselli said you have established an audit committee which should help the process, have a monthly meeting with financial people, looking at management letter and see where we stand. He said we need to prioritize the comments in the management letter, high, medium and low priority and schedule a timeline to be fixed. Every month you go to the Audit Committee and report what was fixed and where we are at.

**BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(Y)**

Article 5 – Mr. Lynch said this lays out budget changes. **Selectwoman Anderson moved to recommend: Selectwoman LaBrie seconded**

**BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(A)**

Article 6 - Mr. Lynch said it's not huge money, there was nothing budgeted for the Animal Control Health Inspector. He said it's covered within the existing budget; Article 7 – Mr. Lynch said this is the same thing assessment not put through the budget.

Selectwoman Anderson moved to recommend: Selectwoman LaBrie seconded

**BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(Y)**

Article 8 – To cover deficits in Special Revenue Accounts. Selectwoman LaBrie asked about special revenue accounts being monitored and reviewed on a routine basis. Mr. Lynch replied yes. Selectwoman Anderson asked school board members if all seniors were tested this year. He said yes.

Selectwoman LaBrie moved to recommend: Selectwoman Anderson seconded.

**BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(Y)**

Article 9 and Article 10 – Mr. Lynch said these two articles are the same thing, take up at the same time. Mr. Lynch said there is money in both accounts for those transfers.

Selectwoman Anderson moved to recommend: Selectwoman Salter seconded.

**BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(Y)**

Article 11 – Mr. Lynch said this came to him late but it was apparent we need to do something with the Fire Station roof. It's in bad shape.

Selectwoman Anderson moved to recommend; Selectwoman Salter seconded.

**BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(A)**

Article 12 - Mr. Lynch said this is a housekeeping type issue. He said there is a lot of money to authorize to borrow just sitting on books. He said it doesn't reflect well on the overall financial picture and we just want to clear away rescinding authorizations.

Selectwoman Anderson moved to recommend: Selectwoman LaBrie seconded.

**BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(Y)**

Article 13 – Superintendent Haddad explained they are turning back the use of Marvin school to the Board of Selectmen. Superintendent Haddad said the building is empty. He said they took everything out. He said the boilers are running and it is a minor expense. He said we didn't budget for it.

Mr. Lynch has some ideas about this property but will speak about in executive session at the next meeting. Selectwoman LaBrie asked how we are going to pay for it. Mr. Lynch said we can use staff to

changes. She thanked Selectwoman LaBrie for her input. She mentioned her and Selectman Cyganiewicz have a proposal change to the way we post for the Selectmen meetings. They don't feel just posting the agenda is enough information and would like the paperwork attached as well. Selectman Cyganiewicz reviewed online with other towns and some put the agenda and packets on the website. They intended to have ready for tonight and will have ready for next meeting. They will mail out prior to meeting.

ACTING TOWN MANAGER'S REPORT:

1. Financial Updates-

- a. FY15 General Government Budget-** Mr. Lynch said the audit remains nearly complete with a few loose ends. We will have the auditor in for the meeting to discuss the transaction reconciliation issues which were identified during the audit and which will be addressed at the STM in order to complete the necessary reports to the state.

- b. FY16 General Government Budget-** Mr. Lynch said no additional information to report from last meeting. He said he will discuss the budgetary changes that will be presented to Town Meeting. He said he has included with his report a spreadsheet which outlines the budgetary changes that will be occurring, both voted and non-voted.

- c. Bond Rating-** Mr. Lynch said we recently went into the market to borrow \$3.6 million for the police station project and various capitals. Unfortunately, but of little surprise, we were downgraded by Standard and Poor, moving from AA to A- with a stable outlook. He said we did make a real push to note the positive changes and developments that are occurring and the credit analysis did note the efforts underway to improve financial management. However, they focused on FY14 performance which is finalized and audited in assessing the Town's finances and apparent management deficiencies. He anticipates that the rating will move upward within a couple years of improved financial performance and fully instituting many of the management initiatives that are underway. He said he has attached the credit report for your review.

He said the bond rating is downgraded. He said ratings are important, credit analysis did identify weaknesses but in terms of what they looked at they did notice progress being made.

Bond Sale- Mr. Lynch said the Treasurer will be attending the meeting to finalize the bond sale. In spite of the downgrade by S&P we did do well in getting a rate of 2.47%, which was certainly due in part to these bonds being part of the state's Qualified Bond Program.

- 2. Health Insurance-** Mr. Lynch said negotiations are completed and we will be moving to the GIC on July 1st. There will be substantial savings to the Town and the employees by this move. The final numbers will not be known until we get a BC/BS renewal rate, the FY16 GIC rate increase, and final enrollment numbers by specific plans so that we can see how employees migrated from the BC/BS plans. The employees are entitled to 25% of the Town's first year savings in order to provide some mitigation. It has been agreed to provide this in the form of a one-time payment in September of 2016. The Town's savings in subsequent years remains 100% with the Town. We did also agree in a separate side letter to increase the Town's percentage contribution on the lower

cost plans from 60% to 65%. This mitigates the impact of higher deductibles and co-pays and provides incentive for employees to choose the lower cost plans. I have attached a copy of each agreement. He said he would like to thank the employees and retiree who served on the Public Employees Committee. They were strong on behalf of their members but cooperative in working with us to reach an agreement.

Chairman Barbaro recused himself. **Selectman Cyganiewicz moved to support the agreements between the PEC and the town; Selectwoman Salter seconded.**

**ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(Y)**

Chairman Barbaro came back.

3. Personnel Updates- None at this time

4. Project Updates- None at this time

5. Miscellaneous Updates

a. Fiscal Forecast/Financial Policies- With the FY16 budget being finalized we are moving forward with the completion of a five-year fiscal forecast. Similar to the forecast we are working to review the draft financial policies that were prepared by the Finance Committee based upon research of other policies gathered from a number of other communities. Mr. Lynch said he expects that these will be completed and ready for presentation by the first meeting in December.

Mr. Lynch said he is working on a 5 year forecast and the Finance Committee is working on policies and he will get back to the Finance Committee because he wants to add to the policies.

Other Policies- Mr. Lynch said he did file a Community Compact application with the state for assistance in the development of a Personnel System/Policies, and assistance with the preparation of our Five-year Capital Plan. He said he expects both of these requests will be accepted. In the meantime we are moving forward in both areas but particularly the capital budget by gathering information on departmental requests for facility improvements and major equipment. –

b. Community Crime Watch- In follow-up to citizen requests we are holding a meeting on November 10th from 7-8 PM in the Community Room at the WHA on Ipswich Drive. The Police Department will be hosting this meeting. While focused upon the Juniper Street area it is open to the community.

TOWN MANAGER SELECTION OF CANDIDATE:

Chairman Barbaro said we have two candidates before them and would like to put both names out and have a discussion. He asked for nominations. **Selectwoman Anderson nominated Keith Hickey as Town Manager; Selectwoman Salter seconded.**

Selectwoman LaBrie nominated Mark Reese; Selectman Cyganiewicz seconded.

Selectwoman Anderson spoke about Mr. Hickey saying he was more positive and noted he already has ties to Winchendon. He said he has been coming to The Winchendon school and golfing, been in town, he's familiar with it. She said in his cover letter, he stated he wanted stability for himself and for the town and found this positive in his favor.

Selectwoman Salter spoke of Mr. Hickey being from smaller town experience what they are looking for, a better fit. She liked his accounting background and more into finances. She liked his management style, hold people accountable, what she is looking for in a Town Manager.

Selectman Cyganiewicz said he noticed in Mr. Hickey's interview he kept saying, I've been watching Winchendon, keen interest, coming to town but following the financial struggles. He noted at CVS in town he saw a guy walk up Central Street in a suit and it was him. He said it seems he has accounting background, would be a great communicator with board, other departments and thinks he will do well here if chosen.

Selectwoman LaBrie said she was also impressed with Mr. Hickey. She echoes what fellow members have said. She said she liked how his comment, if there is an issue, we will hear it from him first. She said he mentioned local access television productions weekly or monthly.

Chairman Barbaro said the one thing that impressed him was he wanted to jump out in public, go to civic events, etc. He looks to get someone in here to give credibility back. He said he liked his open door policy. He said both candidates had finances; he was more focused on that. He is quite content with that.

Selectman Cyganiewicz said speaking about Mr. Rees, notice similarities as well, both strong financial background, brings sense of professionalism, trust from constituents. Mr. Reese knows what he's doing, almost 35 years now. He said he was familiar with how to deal with both candidates working with DOR. Both would do well here. He liked both of them.

Selectwoman LaBrie said with first impression, just his actions, she would choose Mr. Rees. She said he did talk about biggest towns and bringing professionalism back. She asked both candidates, they want a hands-on manager, to be here. She said both candidates in their interview was part of their goal. A detriment to Mr. Rees was where he lives. She said either candidate has the qualifications.

Selectwoman Salter said very nice, well qualified. She said he went from a small town and went up and up to a city. She said she found Mr. Hickey was more small town and felt his experience was more what she was looking for.

Selectwoman Anderson liked Mr. Rees' specific experience with Munis and that he started in Ashburnham both being a huge plus. She said he was positive on regionalization, strong financial background and focused on marketing the town and mill space.

Chairman Barbaro said his finance background is key with him going after some big project block grants. He came across that he knows what we are talking about and he got a calming sense from him. A steady hand. These two candidates are outstanding. He said he is looking at long term and wanted the next one around for a while. He said both have strengths. He found Mr. Hickey to be more charged more energetic to him.

The Board voted their pick for Town Manager:

Selectwoman Salter – Mr. Hickey

Selectwoman Anderson – Mr. Hickey

Selectman Cyganiewicz - thinks both would do well, after interviews thought he had his mind made up but changed it several times, he's thinking longer term, and his vote is for Mr. Hickey.

Selectwoman LaBrie – She said tough call, Mr. Hickey.

Chairman Barbaro – Mr. Hickey

Chairman Barbaro thanked everyone on the Search Committee. He thanked Mr. Rees for putting the time in and for his interest.

Mr. Lynch will call him to inform him. The selection of Mr. Hickey is contingent on him accepting the offer and contract.

Selectwoman LaBrie moved to offer Mr. Hickey the position; Selectwoman Salter seconded.

**BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(Y)**

MINUTES:

Wednesday, October 28, 2015 - Regular Meeting – Selectwoman Anderson asked to change the word community to committee on Page 2. **Selectwoman LaBrie moved to approve as amended;**

Selectwoman Salter seconded.

**BARBARO(Y) ANDERSON(Y) SALTER(Y) LABRIE(Y)
CYGANIEWICZ(Y)**

COMMUNICATIONS:

Congratulatory Letter to Gardner Mayor Mark Hawke - Chairman Barbaro spoke of the letter to be sent to him from the Board congratulating him on his victory being re-elected as Mayor of the City of Gardner.

AGENDA ITEMS:

Meeting Schedule:

November 19, 2015 – Joint Meeting with School Committee 7:00 p.m. – Selectwoman Salter pointed out the posting on the website for the School Committee vacancy had the wrong date. Selectwoman Anderson added that people looking at it might have applied. Mr. Lynch said we are correcting that and it makes sense to push off. Selectwoman Salter and Selectwoman Anderson said they had people say they would have applied if they had known. They would like to have it reposted and redone and asked the School Committee Chair Dawn Harris if agreeable. She agreed. She said she will notify the one candidate that the vacancy notice will be reposted. The Nov. 19 Joint meeting is off. Ms. Daigle was asked to re-post and redistribute the vacancy notice.

November 23, 2015 – Brief Meeting prior to STM - The Board scheduled the meeting to 6:30p.m.

November 23, 2015 – Special Town Meeting at 7:00 p.m.

Mr. Lynch noted they would also need to have an additional meeting regarding the Town Manager's contract.

Selectwoman LaBrie noted that daycare and childcare will be available the night of the Special Town Meeting. Advisor Ms. Fairbanks will handle it.

EXECUTIVE SESSION:

Chairman Barbaro moved to go into Exemption No. 2 to conduct strategy sessions in preparation for negotiations with non-union personnel or to conduct collective bargaining sessions or contract negotiations with non-union personnel: Subject: Town Manager – Selectwoman LaBrie seconded. By roll call vote of all aye, the Open Session adjourned for Executive Session at 9:15 p.m.

RECONVENE OPEN SESSION:

The Board reconvened Open Session at 10:10 p.m.

ADJOURNMENT:

Selectwoman LaBrie moved to close Public Session; Selectwoman Anderson seconded. The meeting convened at 10:10 p.m.

Respectfully submitted,

Debra Dennis
Recording Secretary