

**TOWN OF LAKEVILLE**  
**Joint Meeting of the Board of Selectmen and the Finance Committee**  
**Meeting Minutes**  
**August 25, 2016 – 6:30 PM**

On August 25, 2016, the Board of Selectmen held a meeting at 6:30 PM at the Town Office Building in Lakeville. The meeting was called to order by Chairman Hollenbeck at 6:39 PM. Selectmen present: Selectman Hollenbeck, Selectman Powderly and Selectman Burke. Also present: Rita Garbitt, Town Administrator, and Christine Weston, Recording Secretary. LakeCAM was recording the meeting. Mike Petruzzo, George Vlahopoulos and Daniel Holland (enter at 6:48 PM) of the Finance Committee were present. Ryan Trahan and Joseph Flemming were absent.

**Meet with Selectman Hollenbeck to review Financial Policies**

There was discussion regarding the Financial Management Policies dated August 24, 2016. Selectman Powderly noted the current tax rate and the impact of a 2.5% increase. The effect of the 2014 override was reviewed. Chairman Hollenbeck stated that there has to be a plan for the future fiscal management of the Town and whether or not debt should be financed.

Selectmen Burke expressed his opinion on the 2014 override. The balance of the School Department Excess and Deficiency (E&D) account was reviewed. The Town cannot govern the fiscal policies of the Regional School District, but we can provide the resources that are in the best interest of the Town, the Schools, and the children. All the services provided by the Town and the Schools are in the best interest of the children, and Mr. Burke stated that the residents should understand the needs of the community and the rationale behind the decisions.

There was a question as to whether a long term capital project should be a debt exclusion. The town-wide focus needs to be determined. During transitions, the Selectmen and Finance Committee are looking into each Town Department to ensure they are being operated properly and hope the School Department will follow suit.

Chairman Hollenbeck noted two (2) priorities: financial management for the Town and fiscal responsibility with the Schools. The Board's current focus is to finalize the Financial Policies. There was discussion on the override procedure. The process for working with the School Department will be addressed between the Selectmen and the Finance Committee in the near future. The methodology and policies need to be clear so that future Town Officials will be able to understand a clear plan of action. The current Board has worked together for three (3) years and has a good working relationship with the Town of Freetown.

*Chairman Michael Petruzzo called the Finance Committee meeting to order at 7 PM.*

Chairman Hollenbeck said the Superintendent of Schools, Richard Medeiros, is aware of the joint meeting with the Finance Committee.

Ms. Garbitt drafted the Financial Management Policies, which will also help the Town to keep its AA+ bond rating. Internal controls will be put into place with the new technology upgrades.

**Reserve Policy:** There is an A, B, C, and the potential of a C2. We need to make sure that the Town is not spending all the money it is bringing in and saves toward future expenses.

**A. Free Cash Policy:** There is \$1.9 million in Free Cash at this time. There was a question as to whether the Town was over budgeting expenses or under budgeting revenues. The Town works toward maintaining 2% of the General Fund/Operating Budget as Free Cash. Based on a \$25 million budget, 2% would be \$500,000. It was felt that \$500,000 would be set aside for the Reserve Fund, various Stabilization Funds, the Five-Year Capital Plan, the OPEB Trust Fund and extraordinary deficits. However, \$200-300,000 has been allocated to the purchase of Capital Items. Selectman Powderly would like to pay down some of the current debt. The ambulance revenue is a significant amount of the Town's Free Cash. Chairman Hollenbeck noted that the amount contributed to the Snow and Ice account has doubled to \$100,000, because it always exceeds the amount budgeted. The Stabilization Fund receives \$100,000 each year. The Five Year Capital Plan has been using approximately \$300,000. The Town has been funding OPEB at \$50,000, but there is a \$17 million liability. There are some funding mechanisms that can help to lower that amount, such as the establishment of a management fund. A separate policy should be developed for OPEB. It was noted that funding OPEB also helps the Town's bond rating. Chairman Hollenbeck recommended establishing an OPEB fund, and the funding policy will be listed as "D", separate from Free Cash. Selectmen Burke mentioned the need for transparency and stressed that OPEB is a huge liability being faced by all communities. Selectman Powderly stated that an amount should be agreed upon by the Board. \$130,000 has been allocated for the OPEB Trust Fund this year.

**B. Finance Committee Reserve Fund:** \$200,000 was allocated for this fund at Town Meeting. There was a question as to whether this sum could be capped. Ms. Garbitt explained that the amount varies depending on the size of the community. Selectman Burke stated that the intent would be to set aside \$100,000 - \$300,000 as the budget allows.

**C. Stabilization Funds:** There was a review of the minimum and maximum funds allowable for the Stabilization Fund. Chairman Hollenbeck noted that generally the Town will not exceed 10% of the budget, or \$2.5 million. It was stated that while it is good to set a maximum, the Town may not want to have a minimum and explanation was given regarding other possible expenditures. There was discussion regarding the prioritization of funding. The advantage of establishing policies for future reference was mentioned. Mr. Vlahopoulos asked if these policies could become more permanent through a by-law at Town Meeting. Chairman Hollenbeck suggested the policies be used as a guideline. Selectman Burke recommended the policies be reviewed and modified yearly, possibly after Town Meeting. It was noted that there is no established guideline for the withdrawal of money from the Stabilization Fund. Chairman Hollenbeck stated that the Town must include the OPEB Trust Fund and suggested language to establish the funding policy. It was noted that a minimum allocation would allow the Town to fully fund the account by a set deadline.

#### **E. Capital Budgeting**

Chairman Hollenbeck stated that the Town is currently following the Capital Budgeting Policy.

#### **F. Debt Management Policy**

Chairman Hollenbeck reviewed the policy. Ms. Garbitt noted that the Department of Revenue suggested the language regarding the law (MGL Chapter 44), and it was decided that it will remain. There was a brief discussion regarding funding purchases with a threshold of \$25,000 and the use of short term borrowing and long term bonds. Chairman Hollenbeck stated that she did not want to go out to bond, unless there was at least \$1 million needed. Selectman Powderly stated that looking at the short term debt (debt schedule dated 7-26-16), the Library and the Fire Pumper Truck are the largest items of debt. Financing the new Police Station was discussed. Ms. Garbitt noted that she

had included policies of similar size communities. The Board can determine what they want to maintain as the annual debt service. Chairman Hollenbeck stated that she was fine using the Debt Service Stabilization Fund to stabilize all debt. Chairman Hollenbeck stated that the Town would want to take out notes for pavement management. Selectman Powderly stated that his one priority is that he wants the Selectmen to do a better job fixing the roads.

Further revisions: #3 under 'Next Steps' it will now read "The Town will strive to maintain level debt service." Under the bulleted items: it will show a reduced figure, \$2 million to \$1 million and correct the wording to read "Proposition 2 ½". Selectman Burke suggested elimination of the last bullet, "The Town does pursue...".

The Selectmen and Finance Committee agreed that these policies should be a shared document between both groups.

Upon a motion made by Selectman Burke; seconded by Selectman Powderly it was:

VOTED: To adjourn the Board of Selectmen at 8:40 PM.  
Unanimous in favor