

Approved 5/30/18
PBT

HAMILTON FINANCE AND ADVISORY COMMITTEE
Minutes of Meeting
May 16, 2018

Members Present: Darcy Dale, John Pruellage, Phil Stearns, Nick Tensen, and David Wanger (Chairman)

Others Present: Marisa Batista (Finance Director)

This Hamilton Finance and Advisory Committee meeting was called to order at 7:00 pm at the Council on Aging Building.

Public Comments

Darcy Dale, as a member of the public, said she noticed that the Board of Selectmen's website indicated that the Selectmen were the chief policy making body of the Town. Ms. Dale thought the website should be modified to include that the Board acted as the human resource/personnel policy making body of the Town. Ms. Dale explained that Town Meeting members were the actually major policy making entity. David Wanger responded that Town Meeting acted upon policies that had been promulgated through the Board. Ms. Dale thought the website was misleading and was concerned that the potential Town Manager might misunderstand. Marisa Batista responded that the Selectmen were the policy makers and that some adopted policies did not go to Town Meeting, such as financial policies. Ms. Dale thought the language should be less strong.

Consideration and development of FinCom recommendations regarding qualifications for the Town Manger position for forwarding to the Town search committee and the contracted search firm.

David Wanger circulated a draft of the statement. Mr. Wanger explained that the background for the statement arose from the last meeting with Shawn Farrell, who indicated that the Selectmen were careful about scheduling Bernie Lynch's time. Mr. Wanger thought it was inappropriate as the FinCom was a body established by By-law with standing. Mr. Wanger noted the he e-mailed Russ Stevens that the FinCom meeting and the Town Manager Selection Committee meeting were at the same time. It was mentioned that perhaps Mr. Lynch could arrive at 6:30 to meet with the FinCom before the Selection Committee meeting. While Chief Stevens was attempting to juggle meetings, Scott Maddern didn't think it would work and asked the FinCom to attend the meeting at Town Hall. Chief Stevens finally suggested a meeting with Mr. Lynch earlier in the afternoon. Mr. Wanger noted it was already on the agenda to discuss the recommendations to be considered.

Members of the Committee agreed that a successful candidate should demonstrate an ability to create a partnership with the FinCom and have a broad understanding regarding citizens and Town government. A partnership was established between the FinCom and Town Manager by statute of the By-law. The document would be appended to the minutes to ensure it was part of the public record. Mr. Wanger knew Bernie Lynch as Mr. Wanger represented employees in Chelmsford and Lowell while Mr. Lynch was the Town/City Manager. Nick Tensen suggested striking out the term "reasonable." In absence of an opportunity to meet Mr. Lynch, John Pruellage agreed.

David Wanger suggested having a conversation with Bernie Lynch regarding consensus of qualifications. Phil Stearns added that it would be a gross dereliction of duty to hire someone who was not willing to work with the FinCom. Mr. Wanger wanted to ensure that the FinCom's recommendations were part of the public record giving guidance to the search committee, the

Board of Selectmen and Mr. Lynch. Mr. Wanger added that the conjoined phrasing in the By-law might not be known to the Selectmen. Mr. Wanger would delete the word "reasonable" and contact Mr. Lynch. Ms. Dale added that it was important to have someone familiar with Town Meeting and democracy as Town Meeting was unique to New England. John Pruellage said the average Town Manager worked in one position for eight to ten years. Marisa Batista said she thought it was four years.

Motion made by Darcy Dale to adopt this document as FinCom's position. Adopted would be the draft circulated and amended by deleting "reasonable" from the first line and substituting "and with the understanding that David Wanger would call Bernie Lynch and provide context and history and experience."

John Pruellage seconded.

Vote: Unanimous in favor.

Discussion regarding outstanding items for Quarter 4 and potential year-end transfers.

Marisa Batista had been working on multiple reconciliations, having asked departments to look at accounts and deficits then requesting transfers within line items. Once departments reviewed accounts, they could ask the FinCom and the Selectmen to approve transfers between different functions if the department could not absorb deficits. The Recreation Department needed to request a transfer as it was over budget. Utilities were \$3,000 over budget but were absorbed by surpluses in other departments. Street lighting was over budget (\$3,000) and solid waste was over budget (\$10,000), but Tim Olson thought it would be possible to absorb a portion. Nick Tensen wanted to see how it compared with previous year end trends.

Marisa Batista noted that Hiltz was the provider for the last couple of years. It would be a full year with Cosella so it would be easier to compare going forward. The overage was due to the zero sort of paper and plastic, which the Town was paying for, according to Ms. Batista. Nick Tensen noted the Town previously received money back for recycling, but now paid for it. Mr. Tensen said the Recycling Committee was working on a presentation for the Selectmen. John Pruellage recalled that he had spoken to Peter Britton regarding organics. Mr. Britton reportedly said organics were decreasing. The big deficit (\$50,000) would be solid waste, according to Ms. Batista.

The energy manager would look into the streetlights costs (\$3,000) with Tim Olson. The next year would be the first year for paying for costs as previous years had been working from a credit.

David Wanger asked to look at the FY19 gas budget. Michael Lombardo had reduced the estimate to \$2.20 per gallon, but the costs were increasing. Marisa Batista would investigate for Special Town Meeting. Ms. Batista said she had until July 15 to close the books, encumber funds, and do the last few warrants.

Discussion regarding draft financial policies.

David Wanger said he was very confused as to what FinCom's role was and how to invest time regarding the policies. The Committee was interested in some closure with the topic. Phil Stearns recalled that the Selectmen thought it was a long term project. Mr. Wanger said he was not in Scott Maddern's e-mail loop, which resulted in misunderstanding. Marisa Batista said policies that affected operations would be analyzed first. Other topics would include staffing, items that showed a weakness within the Town or simple clean-up such as travel reimbursement, according to Ms. Batista.

Marisa Batista would check on OPEB compliancy. Ms. Batista and Scott Maddern's list included disbursements, revenue turnover, and travel reimbursements. Not discussed as budgetary were financial reserves and capital planning. The joint meeting on May 21, 2018 would allow for discussion for prioritization, according to Mr. Wanger. Ms. Batista said the auditors had noted four items including OPEB, quarterly reporting, and financial policies. Nick Tensen asked why the OPEB liability dropped by \$1M. Ms. Batista responded that the expectation they included had been set aside. Mr. Tensen said the funding was \$300,000. Phil Stearns added that the return on investment was so low that future liability might be lower as inflation might not grow, allowing liability to drop.

According to Marisa Batista, capital planning and reserves were important, but the Selectmen would be analyzing operations, then setting policies at the meeting of May 21, 2018. Phil Stearns noted that many policies required a Town Manager for implementation and that it was important to determine which were achievable right away rather than receive a management letter as to why the Town was not meeting policy.

Phil Stearns thought capital planning was important. Marisa Batista thought budget was most important. Ms. Batista noted the Town was half way through its five year capital plan without a policy having been written. While the Town did not have a written operational policy, the Town was following many of the guidelines that would be a part of the policy. Ms. Batista said the Town needed to complete or finalize a capital plan. One section would include how to fund the plan. In response to Nick Tensen's question as to why the treasurer was not involved, Ms. Batista said the Financial Director oversaw that department and had the debt information.

David Wanger discussed forecasting. Marisa Batista said the budget forecast existed, which was based on assumptions. Ms. Batista said it should be based on needs estimates of the past five years including existing contracts rather than a percentage increase. Mr. Wanger said a policy would shed light on the proper use of the forecasting tool.

David Wanger asked about the School's OPEB. Marisa Batista would investigate who prepared the estimate and from where the \$30M was determined. A list of bank accounts and investments would be provided by Ms. Batista.

Nick Tensen explained that the Prudent Investor Rule originated from 1823 from a case when a trust was divided up with the balance being granted to Harvard after the grantor's spouse had passed away. When the value of the trust was less than the beginning, Harvard sued the trustee and won. The trustee must conduct himself faithfully and execute sound discretion. If trustees were prudent, the beneficiary would not be able to sue. Conditions for prudence included diversification, fee allocation, and control. The purpose of the trust, income, capital, and liquidity requirements must be defined, which defined the obligation. David Wanger suggested determining if free cash or OPEB were prudently invested to accomplish the objective.

Marisa Batista wanted to know how to put together methodology for policy creation. DOR recommendations were based on best practices, analyzing state wide community data, and best practice guidance based on research and experience, but were up to Town's policy makers.

Update on the status of FinCom projects and discussion regarding potential future projects for FinCom and their prioritization.

Phil Stearns reported that Tim Olson had sent out an Owner's Property Manager bid proposal for the Town Hall Building Committee. The RFQ was available on May 2, 2018 with the briefing session held the previous day. Designer qualifications would be submitted by May 30, 2018. A short list of respondents would be reviewed by the end of June with target authorization to proceed by July 6, 2018 and phase I (designer selection) implementation targeted for October.

There would be four more phases of the \$6M project: design development, contracts development, bidding services, and construction administration. While files had been moved to the exterior walls of Town Hall, Marisa Batista said they needed to be removed from the second floor. Ms. Batista said an engineering study had been conducted a couple of years ago, which was not available. Ms. Batista would contact Tim Olson and the Selectmen to determine where the study was located.

Phil Stearns reported that he read that Harborlight's interest in affordable housing at Longmeadow was no longer a potential and that Harborlight was no longer interested in the Willow St. project. The \$400,000 that would have been spent by the Affordable Housing Trust could not go back to the CPC. The subcommittee of Jeff Hubbard, John Pruellage and David Wanger would be meeting with Gordon Conwell. The Town Hall cell tower appeared to be a lost cause, according to David Wanger. A list of potential sites would be provided by the Planning Board, which would be sent to Scott Maddern, according to John Pruellage. Nick Tensen noted the Federal and State laws, which said the Town needed to have safety coverage with a cell tower and affordable housing in town but no one has stepped up to say the Town was wrong and take the Town to court. Phil Stearns noted that there was no affordable housing enforcement mechanism except 40B, which gave the developer the right to supersede the By-laws. Darcy Dale said affordable housing developers could not make enough money in Hamilton. Mr.

Stearns said Harborlight could have stuck with their original plan and Ms. Dale responded that Harborlight did not have enough money to buy the land. Mr. Stearns noted that a well-financed developer could have enough funding to develop 180 units with 10% being affordable.

Harborlight might have been willing to fight the lawsuits and the 40B would have prevailed, but Harborlight might not have been willing to pay the legal fees as they were a non-profit organization.

Other topics not reasonably anticipated by the Chair.

David Wanger discussed the change of FinCom officers, which would be voted upon at the next meeting. A liaison list would be developed after officer determinations were made.

Discussion ensued regarding an electric voting mechanism for Town Meeting. Marisa Batista had contacted Lynnfield to determine the costs. Lynnfield rented the devices for a trial period and had yet paid for the devices. Ms. Batista said she heard things had not gone as planned during Town Meeting. Phil Stearns wondered if cell phones could be used. John Pruellage wondered if devices could be rented as the Town would only be using them twice a year. Nick Tensen add that the technology would be obsolete after a couple of years. David Wanger was still concerned with the disappearing 82 votes regarding the budget. Mr. Stearns suggested having the articles pulled in a lottery form for voting so as not to gain or lose voters for specific articles.

Review and approval of any available minutes.

Motion made by Darcy Dale to approve the minutes from February 7, February 21, March 7, March 14, April 4, April 18, and May 2, 2018.

John Pruellage seconded.

Vote: Unanimous in favor.

Adjournment

Phil Stearns made motion to adjourn the meeting.

Seconded by Darcy Dale.

Vote Unanimous to adjourn at 8:23 pm.

Prepared by:

Marcie Ricker

Attest

Date

THE FINANCE AND ADVISORY COMMITTEE STATEMENT REGARDING QUALIFICATIONS FOR THE TOWN MANAGER POSITION :

In the absence of an opportunity to meet with Bernard F. Lynch, Principal of Community Paradigm Associates , LLC. , the firm hired by the Board of Selectmen to conduct the search process for Town Manager candidates , the Finance and Advisory Committee (" FIN COM "), wishes to provide Mr. Lynch , the search committee , and the Selectmen with this statement of its views regarding qualifications for the Town Manager position , and to make this statement part of the public record .

The By-law (Ch. VI) establishing FIN COM mandates a close working relationship between the Town Manager and FIN COM . Using such descriptive terms as " consultation with " , " in conjunction with " , " (i)n cooperation with " , " conferring with " , "(r)evue with " , " (t)ogether with " (Sec. 4) , the By-law presumes a respectful , collaborative , and mutual working relationship.

While detailing the budgetary and fiscal context of that working relationship , the By-law also requires FIN COM " (t)o report to all Town Meetings recommended action to be taken by the meeting on all Articles in the Warrant....." (Sec. 4(c)) . That By-law mandate , when read with the Massachusetts General Law establishing finance and advisory committees , ("...shall consider any or all municipal questions for the purpose of making reports or recommendations to the town", GL c.39 , Sec16) , significantly broadens the subject matter purview of FIN COM , and consequently the scope of the Town Manager/FIN COM working relationship.

For her/his part , the Town Manager must be willing to accept and to serve within the context of the above described partnership with FIN COM . The successful candidate should demonstrate by documented experience , references and interview participation an intellect and nature compatible with such relationship.

Beyond the relationship with FIN COM , the successful candidate also should demonstrate by the above indicia sensitivity to the interests of Town employees , and to the desirability and value of encouraging citizen participation in local government . Affirming , constructive , frequent communication with employees and with the public is an important aspect of governing .

Respectfully Submitted,
David Wanger , Chair
Nick Tensen
John Pruellage
Phil Stearns
Darcy Dale