

**FINANCE COMMITTEE
IPSWICH TOWN HALL, ROOM A
25 Green Street
TUESDAY, Feb. 9 2016, 7:30 PM
Accepted 3/1/2016**

FINCOM Members in Attendance: Mitch Feldman, Chairman, Janice Clements Skelton, Kevin Murphy, Michael Schaaf, Richard Howard, Rob White, Jamie Fay, and Ingrid Miles.

Call to order at 7:34 pm with 8 (eight) members present. The Chair announced that ICAM was recording, and Cindy Quinn was the Minutes Secretary.

Other in Attendance: Walter Hartford and Chris Doucette

Abbreviations used: FINCOM Finance Committee, BOS Board of Selectmen, TM Town Manager, SC School Committee, ATM Annual Town Meeting, GASB Government Accounting Standards Board, MSBA Massachusetts School Building Authority, OPEB Other Post Employment Benefits

Documents used:

- Agenda 02/09/16
- Tri-Board Minutes from 01/20/16 and 11/17/15, FinCom minutes from 12/8/15
- Resumes from W. Hartford and C. Doucette
- Town of Ipswich GASB 45 FY16 Report from P. Elmore by email 2/4/16
- FY16 Town of Ipswich Funding Scenarios for OPEB from P. Elmore by email 2/4/16
- GASB 45 Summary of Report and Statement from P. Elmore by email 2/4/16
- Revised Architect Proposal and spreadsheet from K. Murphy, by email 2/8/16.

CITIZEN QUERIES: there were no citizen inquiries.

MINUTES:

R. Howard moved to accept the 11/17/15 Tri-Board minutes. I. Miles seconded, and the vote was unanimous...

R. Howard moved, and I. Miles seconded, to accept the minutes from 12/8/15 FinCom meeting. The vote was unanimous.

R. White moved to accept the Tri-Board minutes from 1/20/16 and K. Murphy seconded the motion. Unanimous.

REVIEW FINCOM CANDIDATES CHRIS DOUCETTE AND WALTER HARTFORD

Chris Doucette summarized his background in finance and his interest in the town, the tax rate, and the school system. Then Walter Hartford spoke about his work history and his interest in the schools. This appointment would go until ATM, and one could be reappointed for a longer term.

Michael explained how ATM, BOS, or the Moderator appoints FinCom members for three (3) year terms. There was some discussion on the two candidates and the aspects of the job.

I. Miles moved to appoint Walter Hartford. It was seconded, and the vote was unanimous.

OPEB RESULTS AND POLICY DISCUSSION

As part of the GASB 45 packet, Mitch went through the slides on the various funding scenarios. The health care costs numbers have changed and will have a big impact on the OPEB costs. One of the examples has funding with 7% discount rate and annual Town funding of \$294,000. There would be a balloon payment of \$5.425 million starting in 2036. There is a risk with the pension not fully funded.

In the second scenario, there is an increase in the funding in 2018 and again in 2020. This model may not fit with the school override. For the last example, the numbers reflect taking a percentage of the payroll to fund the increase. Mitch is considering asking Parker Elmore to do some other possibilities. The Town needs a long-term budget for five years.

The Town should continue what it has been doing for the last two years. There was a discussion on the policy, the commitment to funding, and reviewing this every five years. For the long run, we may need to do this differently to obtain the higher discount rate. The policy to fund 50% of the normal cost has not been adopted, and the group recommends a line item in the budget.

Jamie noted we may only need a \$100,000 to accomplish this, but we need a policy for dedicated funding. Another suggestion was to bump up the amount for this year to \$200,000. The plan is to have Parker revise this chart and have a subcommittee meet to create a policy. Jamie offered to chair the group and Walter volunteered.

It was moved and seconded to have the subcommittee develop a proposal. The vote was unanimous. Michael suggested that all three reports be posted on the FinCom website page.

SCHOOL BUILDING UPDATE

Kevin updated the FinCom on the study of two sites, soil tests, traffic study, and additional sites in town. He went over the projected schedule, the goals, and the number of students (775). With the addition of pre-K, there would be 40 more students. Even with the population drop in a few years, the number would return to 775 several years later.

If the schools were to keep the Doyon (375 students), then the Winthrop would be 400 or more, and the total cost would be \$38-\$39 million. Another scenario has a school K-3 and the other with grades 4-5 at a cost of \$43-\$61 million. The third option is one school, which is \$48-\$61 million. The decision on the option is due April 1st with the grade configuration, and by June, the School Building committee will know the preferred building.

June 8th is one of the due dates for the State as part of the approval process from the MSBA. Between now and that date, the committee has many decisions to make on design, site selection, costs, grade configuration, etc. There was more dialogue on renovation, costs of bringing an existing building up to code, costs of a new school, and the education plan based on grades. Kevin suggested adding some information to the FinCom report for ATM.

He mentioned that a finance group needs to be formed to look at the numbers, the cost of the bond, and the cost to the taxpayers. There was some discussion on looking at the energy

efficiency code and the costs to implement that. Michael, Walter, and Richard volunteered to work with Kevin on the financial issues.

FINCOM REPORT

Because the School Building Needs (SBN) committee cannot meet the 9th, the scheduled March 10th FinCom meeting will be March 9th, and SBN will meet on the 10th. The next scheduled Tri-Board meeting is March 24th.

The FinCom report is due Apr. 25th, but Rob will need information for the various members before then, and Mitch will email the committee seeking volunteers for the various topics. Janice will assist Rob, and Larry Siedler will run the State data.

COMMITTEE REPORTS

Kevin reported that the turf field has gone out to bid, and he expects it back soon and under budget.

NEW BUSINESS—there was no new business.

It was moved, and seconded, to adjourn at 10:08 pm. The vote was unanimous.

Respectfully submitted by

Cynthia D. Quinn
Minutes Secretary