

FINANCE COMMITTEE/BOARD OF SELECTMEN/SCHOOL COMMITTEE
SEPTEMBER 23, 2009
TOWN HALL CONFERENCE ROOM C

Present: School Committee: J. Loeb, J. Arsenault, E. Traverso, L. Dietz, H. O'Flynn, B. Hopping, N. Sheppard
Board/Selectmen: P. McNally, I. Miles, R. Morley, C. Surpitski,
Finance Committee: J. Fay, R. White, J. Clements-Skelton, M. Swan, W. Craft,
M. Schaaf, R. Howard, L. Seidler, T. Wilson
Richard Korb, Superintendent of Schools; Rita Negri, Town Accountant;
J. Cuff, Financial Director, School Department;
Town Manager R. Markel

CALL TO ORDER

Mr. J. Fay, Chair of the Finance Committee, called the meeting to order at 7:40 p.m.

CITIZENS' QUERIES

FINANCIAL UPDATE

Rita Negri, Town Accountant, reviewed the Free Cash Summary Estimate sheet and assumed the Department of Revenue would be certifying a free cash bottom line of \$629,005 when they receive account information at the end of the week.

FY10 SCHOOL/TOWN BUDGET REDUCTIONS

Ms. Negri stated that new growth estimates are lower (\$22 million) and Chapter 70 funds are down (\$51,700). Mr. Markel commented that Court decision mandates continuation of the Quinn Bill payments (police incentive). Mr. Loeb, School Committee Chair, reported on stimulus monies not received and other unbudgeted funding needs from the FY10 Summary Overview prepared by J. Cuff. Mr. Seidler chairs the Long-range Committee of the Finance Committee and invited Board of Selectmen and School Committee members to attend. Mr. Korb stressed again that FY11 will be worse because there is no SFSF money coming. Circuit Breaker money budgeted at 70% came in at only 45%. Mr. Markel speculates that 9C cuts are coming in October and reported that the Town will delay a debt service payment to July, 2010, restoring \$139,000. Mr. Markel commented that FY11 will be as difficult for the Town and they are looking for savings in several areas, i.e., to regionalize ambulance service and/or dispatch service, and looking at the trash program. To Mr. Loeb's question, Mr. Markel stated that free cash (\$55,000) money is a reimbursement from Medicare. Two elections at a cost of \$20,459 are supposed to be reimbursed by the Commonwealth. Police radios have reached an emergency situation – \$40,000; \$28,000 for a new police cruiser, and \$20,000 for new software. They are reserving \$100,000 under the levy limit in the event of a snow/ice deficit.

Dr. O'Flynn asked how the Finance Committee views the school budget, and Mr. Loeb requested use of the same process by the Finance Committee at the Fall Town Meeting as was used at the Spring Town Meeting regarding money articles. "Free Cash" available on the Town side should be available to the school budget they said.

FEOFFEES TRUST WARRANT ARTICLE

Mr. Howard reported that Senate Bill 2105 comes up on October 6 at 10 a.m. The School Committee has decided to wait for the legislature to act. The Finance Committee has decided to place another warrant article at the Fall Town Meeting to direct the School Committee to take the new Trust to Probate Court for Essex County. Mr. Traverso commented that the Feoffees have spent \$275,000 in litigation over 7 years and the School Committee, \$221,000. Therefore, the school children have lost twice. Mr. Loeb gave a litigation figure ('06 – '08) of close to one million dollars. Mr. Howard's opinion is that another party other than the School Committee should not define the circumstances and the School Committee needs to take action. Mr. Fay named Mr. Howard to a new committee with the 3-Board chairmen as a nucleus and others as appropriate. Various members made reference to the Spring Town Meeting presentation as an appropriate presentation at Probate Court. Mr. Craft commented that the School Committee should take the lead with support from the Board of Selectmen and Finance Committee and if proper action isn't taken, all will be held accountable.

Mr. Craft moved that an additional amount of free cash be transferred to the Reserve Fund with the understanding that it would be used as needed to fund the litigation and further, to consult with Town Counsel in the matter. Mr. Traverso supported. Mr. McNally remarked that the matter will not be resolved at the legislative level. The trust will ultimately end up in Probate Court. The Feoffees are trying to carry out the wishes of the School Committee, wish to sell the property and create an endowment fund for the schools, and are fearful of personal liability as a result of being sued. He felt that the Feoffees should have discussions with other parties and the four lifetime Feoffees are not so rigid that they cannot move forward. When Mr. Fay asked if there was a way to get communication without lawyers, Mr. McNally replied that a sincere invitation from the School Committee is in order. He also opined that it really doesn't matter who goes into Probate Court (only a two-page document) and it shouldn't take thousands of dollars to get the door open.

Mr. Loeb's opinion was that the current lifetime four Feoffees want control but should no longer serve. He got a sense from discussion that the legislative process (Town Meeting vote) should go first, replace the Feoffees, have nine new people and go to the Attorney General's office with a consent petition, get it signed, and be done. He feels that the real issue is to get the tenants of Little Neck to start paying rent and restore cash flow.

Mr. Fay summed up discussion as follows:

1. A reach-out to the Feoffees from the School Committee
2. Coordination by Mr. Craft for people to show up on Legislative Day, October 6
3. A serious cost figure needed—expenses reasonably anticipated in the upcoming year.

Robert Devereux, 2 River Road, Little Neck, commented that the Feoffees are not the problem. The sale of the land is in the best interests of everybody.

CONSOLIDATION OF TOWN/SCHOOL FINANCIAL OFFICES

Salaries of the Town's financial management personnel (for the schools, the Town, the Treasurer/Collector, and utilities) were distributed for discussion. Mr. McNally announced the reformation of the Ad Hoc Town/School Collaboration Committee to expand cooperation with spending on purchases, contracts, and HVAC.

WIND TURBINE PROJECT FINANCING

Mr. Schaaf reported that the original provider and the Electric Light Department could not come to terms and a new proposal was adopted by the Commissioners on January 21. Mr. Korb asked about the credit to the school system against utility bills so that a payment could be made before the end of the calendar year. Mr. Surpitski affirmed that and expects to see it in writing.

EXECUTIVE SESSION

Mrs. Arsenault moved, seconded by Mr. Seidler, to go into Executive Session at 10:07 p.m. for the purpose of discussing collective bargaining and potential litigation. **IN FAVOR:**
Roll call **UNANIMOUS.**