

**IPSWICH FINANCE COMMITTEE  
BOARD OF SELECTMEN  
SCHOOL COMMITTEE  
WEDNESDAY, NOVEMBER 12, 2008, 7:30 PM  
IPSWICH HIGH SCHOOL**

**FinCom Members in Attendance:** Rob White, Chairman, Janice Clements-Skelton, Richard Howard, Larry Seidler, Jamie Fay, Bill Craft, Marion Swan, Michael Schaaf  
**School Committee Members:** Joan Arsenault, Chairman, Dianne Ross, Ed Traverso, Jeff Loeb, Hugh O'Flynn

**Board of Selectmen:** Ingrid Miles, Elizabeth Kilcoyne, Jim Foley, Pat McNally

**Others in Attendance:** Rick Korb, Joanne Cuff, Rita Negri, Kevin Merz

Call to Order: 7:40 pm.

Citizen's queries: None.

Mr. Brad Hill, State Representative, gave an overview of the State Aid outlook for FY09. Mr. Hill explained how the Governor makes cuts in the budget. The governor had asked for expanded powers to make 9C cuts without the Legislature involved but Mr. Hill feels that this will not be granted at this time.

Mr. Hill stated that Chapter 70 will remain constant in his opinion. The Lottery revenues have not been what were projected the last 2 years. The State has dipped in to the rainy-day fund to level fund this so far, but he does see a decrease for FY10.

Mr. Hill noted that some of the cuts made so far, Police Grants, Birth to Three Center, Circuit Breaker reimbursement dropped from 75% to 72%. Mr. Hill does predict another round of cuts in January or February.

Mr. Hill stated that the State Legislature will allow the Snow & Ice budget to operate at a deficiency for the first time. They also extended the deadline for joining GIC to December 1<sup>st</sup>.

State Senator Bruce Tarr stated that there is discussion going on for changes in the entire GIC structure. Mr. Loeb noted that the October deadline was unrealistic for school unions.

Michael Schaaf arrived at 8PM.

Mr. Hill described some of the ways the State is closing the \$1 Billion deficit. FY10 will see more cuts. Mr. Korb noted that his understanding was that there would be cuts in Chapter 70. Mr. Hill stated that he felt this would be level funded at this time. Mr. Tarr stated that there are expectations that the Lottery will continue to under perform. He stated that he is on a newly formed committee that is identifying areas where towns could possibly save money and how new revenues could be generated. He would like to explore regionalization.

Mr. Hill noted that he and Sen. Tarr have put a new group together to explore how to improve the distribution of state funds to towns.

## FEOFFEES UPDATE

Atty. William Sheehan represented the Feoffees. He stated that the case is still in the 'discovery' phase and likely to continue until spring 2009. October 8<sup>th</sup> was the last time the Feoffees met with the tenants and some agreements were met. He does not feel it will be beyond appeal until 2011 or 2012.

The School Committee attorney made the decision that the SC could be involved with the Executive Session of this case because they are the beneficiaries of the trust.

Mr. Howard put forward the case that the Finance Committee should be allowed to also be involved in Executive Session meetings and to participate in discussion of the litigation, since they have the responsibility to advise all town boards regarding financial matters.

Atty. Sheehan asked if Town Counsel had expressed an opinion on this issue and there was discussion of seeking Town Counsel's advice.

Atty. Sheehan described some back ground on the tenant/landlord relationship in this case.

The use of the Town's tax ID number was discussed. It was determined that the Feoffees have a separate Tax ID for their private Trust. The Town Tax ID is only used on one specific form. The Town has no liability at all due to this. Nothing filed with the IRS has the Town Tax ID on it.

Mrs. Clements-Skelton requested that the FinCom be brought into the litigation discussions. Atty. Sheehan noted that the Town Counsel needed to be consulted. Mrs. Clements-Skelton noted that she disagreed with Atty. Sheehan on his position of only reporting to the SC.

Atty. Sheehan noted that since the tenants changed their counsel, there is no longer formal mediation going on, but there have been discussion between the parties, and the School Committee has been kept informed.

Mr. White asked for a summary of what had been accomplished in the last 100 days.

Atty. Sheehan stated that a summary judgment is being worked on. Going forward 100 days he expects to know whether the differences can be resolved at all.

Atty. Sheehan discussed the chance of the Schools getting a distribution from the Escrow Acct that is holding all the money from the rents. If the case is resolved, there may be a distribution and if not the Court may make a distribution after bills and expenses are paid.

Mrs. Miles inquired how many Feoffees there are currently. Atty. Sheehan stated that there are only 6 currently.

## FY09 BUSINESS YTD

### Revenues

Mrs. Negri gave a brief overview of the Executive Summary.

Real Estate and Personal Property receipts are up, but bills are also up resulting in a drop of revenue of 1.1%

Car sales are down in October, resulting in a projected \$100,000 decrease in Motor Vehicle Excise tax from last year's level

New Construction is still up in Ipswich. Investment Interest is down significantly.

Mr. Seidler inquired if the board could see projected revenues as soon as possible.

Mr. Merz could get it out next week, with the figures being updated as new numbers came in.

Mr. Loeb clarified that what we need to know is where we are in relation to the budgeted numbers. Mrs. Negri stated that once the tax rate is set (around the end of December) she should be able to report this.

Mrs. Negri reminded all the committee members that Town ran a deficit all year until the end of the fiscal year, so the numbers at this point are just estimates.

Mr. White wondered whether, since real estate tax revenue is down this would be the main number that is worked with. Mr. Fay stated that real estate revenues will eventually be received but motor vehicle tax revenue may never come in as expected, so all the numbers need to be looked at.

Mrs. Clements-Skelton stated that the FC will have a format for Mrs. Negri to fill in the data and update it periodically.

Mrs. Negri noted that the Federal Government has not paid the Medicaid reimbursement from the 4<sup>th</sup> quarter of last year and 1<sup>st</sup> quarter of this year as yet.

Mr. Schaaf inquired about the value of homes in Ipswich. The Assessor is expecting values to drop next year.

The FinCom feels it is important to see the budget projections and also where we are currently and do this monthly.

### Expenditures

Mrs. Negri noted that there is an issue with Bill Hodge's salary line currently. The Schools cover 1/3, and the Town is covering the other 2/3. The Utilities portion is still being determined.

Mrs. Negri noted that there is sure to be an increase in healthcare costs.

Mrs. Cuff, Finance Director for the Schools, went over her Executive Summary. She noted that areas of concern were the increase in healthcare costs, unexpected SPED costs and State cuts.

Mr. Seidler inquired what actions could be taken so that the Town would be in a more solid position going forward. Mrs. Arsenault stated that more frequent joint meetings

would help. Mr. Loeb stated that the SC would be meeting next week to start the budget process. Mrs. Miles stated that the Town is also starting to prepare for the budget process and looking for ways to prepare for upcoming problems.

Mr. Schaaf asked for clarification on what the encumbrances were.

Dr. O'Flynn arrived at 9:45 pm.

#### CREB FUNDING CHANGES

Mr. Foley noted that Tim Henry and Jim Engle would be presenting on November 18<sup>th</sup>. He stated that there may be an issue with the length of the loan. It was a 20 year loan and now it may have changed to 15 years. Mr. Korb stated that he is not sure why this change occurred. It does have a financial impact on the projected cost. Mr. Korb is in the process of asking for written confirmation on the extension of the use of the CREB money from December 2008 until December 2009.

Mrs. Clements-Skelton questioned if there was a need to pull back at this point, if this is still a viable project. Mr. Loeb stated that after the 1<sup>st</sup> year there is cash flow. Mrs. Miles stated that with these changes, there needs to be more discussion on what these changes mean to the taxpayers.

Mr. Foley stated that the talks with NE BioLabs and EBSCO are still in the works for covering the Schools first payment.

Mr. Merz stated that the extension of the deadline to use the CREBs money was good news for the Town. He noted that he would like to be more involved in this project.

Mrs. Clements-Skelton stated that she was surprised that he was not involved from the beginning since he is the one handling the Towns borrowing.

Mr. Howard stated that he was concerned that the projections from Mr. Hill were too rosy. Mr. Fay also noted that he feels next year could be worse.

Mr. Craft suggested that the Town and Schools scale back as soon as possible.

Mrs. Clements-Skelton stated that Snow & Ice is sure to be a large problem and would like to pull a group together to see where savings could be had to deal with this issue. Mr. Foley stated that he doing just that and will be presenting before the boards on this issue.

Mrs. Kilcoyne stated that during the last audit, it came out that there was not the needed oversight on in house and out sourced contractors.

Mrs. Negri will be involved on the financial end of this issue. Mr. Foley stated that they are looking at the use of outside contractors.

#### GIC -HEALTH INSURANCE

Mrs. Kilcoyne gave an overview of the history of the issue of switching to the GIC. The deadline extension was granted to December 1<sup>st</sup>. To make the switch, 70% agreement needs to be reached.

Mrs. Clements-Skelton voiced her full support for the change. She feels this is essential. One needs to look at the overall good for the Town and Schools.

The downside is that there may be a slightly higher out of pocket expense, but the premium savings would be larger. Unions lose their right to negotiate future plans.

There are also no BC/BS plans.

Mr. Traverso stated that he is in the GIC and feels this is a good way to go. Mrs. Miles noted that the teachers make up 40% of the group and they need to be more informed. The Town Manager has been meeting with the Public Employee Committee and a proposal has been made to the Town Manager and the BOS is looking it over. The same proposal will be given to the SC.

Mr. Seidler inquired how this was to be promoted to the teachers. Mrs. Arsenault stated that what ever was needed from the SC would be done.

Mrs. Negri noted that if there is a commitment to the GIC, it is for 3 years. She stated that MIAA contacted her and stated they would match any GIC presented plans.

Mr. Schaaf asked if Mrs. Kilcoyne would send out information on the savings.

Mr. Fay mentioned the commitment to GASB that will be coming up, to keep this issue in mind.

Mrs. Kilcoyne stated she will schedule a meeting to discuss this issue. Mrs. Ross stated she had a hard time promoting this without more information.

FUTURE JOINT MEETINGS: DECEMBER 9, 2008 AND FEBRUARY 10, 2009.

Meeting adjourned at 11PM.

Respectfully Submitted,

Lynne Gibbs  
Recording Secretary  
Ipswich Finance Committee

Approved: 1/13/09