

Minutes  
Lincoln Finance Committee  
Town Offices 2<sup>nd</sup> Floor Meeting Room  
February 11, 2019  
7:30 pm

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**Present:** Jeff Birchby, Gina Halsted, Jim Hutchinson (Chair), Nancy Marshall, Andy Payne (vice-Chair), Tom Sander and Elisa Sartori

Also in attendance: Colleen Wilkins (Finance Director)

The meeting commenced at 7:30pm

Jim Hutchinson thanked members of the committee for getting their sections for the Town Report in on time.

Mr. Hutchinson provided feedback on the February 3<sup>rd</sup> call with Standard & Poor's. He reported that it went well. He complimented Tim Higgins and Colleen Wilkins on handling all questions thoroughly and smoothly. Ms. Wilkins, Mr. Hutchinson and Andy Payne clarified that the school bond issue created the need for a refreshed rating and that the town was advised by our debt advisor that a second rating is not needed. Ms. Wilkins reviewed the bonding schedule. She believes the Town will receive an official new rating next week. Rational for the rating will be received by Feb. 19<sup>th</sup>. The competitive sale is scheduled for Feb. 21<sup>st</sup>, at which time the interest rate will be set. The Board of Selectmen will need to approve the deal. March 7<sup>th</sup> will be the date of delivery.

Nancy Marshall asked how many bids we might expect. Mr. Hutchinson hopes there will be at least 10 bidders. Tom Sanders asked about latest municipal bond rates. Mr. Hutchinson shared current rates are well below 4%, which will result in a lower tax increase than the planning rates provided to residents.

Mr. Hutchinson asked if a new tax table can be prepared by the end of February for the Board of Selectman's letter. Ms. Wilkins said yes. Mr. Hutchinson will coordinate with Jennifer Glass.

Next topic was the CAPCOM final budget recommendation. Cash was reduced by \$10.9K. while maintenance was raised by \$5K. The library budget for a facilities assessment remained at \$30K while their maintenance budget was increased by \$5K to create a contingency cushion. There was a discussion about the library budget and library maintenance requirements. Elisa Sartori asked about longer-term capital projections. Mr. Hutchinson will send out a soft copy of that forecast but shared that FY21 will likely have a large bulge of capital requirements. This is why the new Hartwell roof was moved into this year's budget. Mr. Birchby shared that the Fire Department will have capital needs in the near future as well.

The next topic was the final Fincom proposed budget. Mr. Hutchinson pointed out that preliminary budgets had forecasted a Stabilization amount around \$500K. As the budget is solidified, it is landing closer to \$574K. Mr. Hutchinson asked the committee for thoughts about

using the unanticipated \$74K for other uses. Mr. Payne suggested that other uses might include Free Cash, an OPEB appropriation, Reserve Fund or earmarking extra monies for debt service. The committee discussed pros and cons of each option. Mr. Sander supported keeping the money in the Stabilization Fund in anticipation of upcoming capital needs. Mr. Birchby advocated for putting the money toward OPEB.

This prompted a discussion of proposed policy changes. Mr. Hutchinson began with a discussion of the Emergency Reserves Policy. The current policy, last revised in September of 2018, did not specify the circumstances under which appropriations are made to the Stabilization Fund. Mr. Hutchinson & Ms. Wilkins proposed language clarifying when allocations are made to the Stabilization Fund. Ms. Marshall and Mr. Birchby suggested two wording changes.

Ms. Marshall **MOVED to accept the proposed changes to the Emergency Reserves Policy as amended.** This motion was seconded by Mr. Payne, and Fincom voted unanimously in favor of the motion.

The next topic for discussion was the OPEB Policy. Mr. Payne asked about the purpose of the policy. Mr. Hutchinson clarified that the policy is to provide guidance to future Finance Committees. The written policy is not critical for our credit rating but is more for internal use. Ms. Marshall noted that the Town's actuary suggested combining OPEB and Pension funding. She asked how our "peer" towns are handling OPEB and Pension funds. Mr. Hutchinson said that Concord and Wellesley are more aggressive than Lincoln, however, Lincoln is more fully funded than most peer towns. Mr. Hutchinson stated that our actuary advisor is an expert in OPEB matters in Massachusetts municipalities, and his advice carries the weight of that expertise. Mr. Payne added that comparisons of OPEB policy with peer towns is complicated by the fact that many towns have different circumstances. Mr. Payne asked if Lincoln would be considered a pioneer if it combined funding. Mr. Sander suggested that residents prefer payment smoothing approaches, rather than spikes in taxes. Several approaches and changes to funding OPEB and the Pension Fund were offered and discussed. Mr. Hutchinson suggested that more work and thought needs to be put into the policy. The Finance Committee will revisit the topic at a future meeting. Ms. Sartori thanked Mr. Hutchinson for all his work on the topic.

The discussion moved back to the final Fincom proposed budget. The committee discussed and debated allocating the \$74K into OPEB or the Stabilization Fund. The committee decided to keep the monies in the Stabilization Fund.

The next topic for discussion was the revised LSRHS Budget. The school has been informed by the MA Department of Revenue that E&D funds, earmarked for the renovation and operations of LS Academy, cannot be used until the funds are certified. The LSRHS budget has been revised to reflect this change. Ms. Wong, Superintendent/Principal, will revisit the approval process to authorize the use of E&D Funds once they are certified. At that time, Ms. Wong will be seeking approval for up to \$350K for the renovation of 420 Lincoln Road to house LS Academy and up to \$245K to operate the Academy. Both towns will use the same approval process as was used in the fall. Mr. Payne **MOVED that, absent material changes relative to the project, Lincoln Fincom reiterates our recommendation to the BOS of supporting this use of E&D funds for LS Academy.** The motion was seconded by Ms. Marshall. Fincom voted unanimously in favor of the motion.

The next topic was a warrant article that will be presented at Town Meeting for the creation of a Parking Benefit District. The Planning Board is proposing a new fund where a portion of parking fees would be deposited. These funds would be used for improvements/maintenance of the parking district. Currently, \$40-\$50K of parking fees are deposited to the General Fund. Ms. Marshall asked if the Planning Board was supportive of the Warrant. Ms. Marshall asked how monies from police tickets and Library fines were handled. These monies go into the General Fund. Ms. Marshall expressed concern about having different policies for different town departments. Mr. Payne suggested that the parking be considered in context with other capital projects in town and advocated for encouraging the Planning Board to use the existing process. Mr. Hutchinson will invite Jennifer Burney, Director of Planning and Land Use to the March 6<sup>th</sup> Fincom meeting to discuss further.

Gina Halsted provided an update on pressure the Pierce House is receiving from several neighboring residents about the noise levels of wedding celebrations. The PH Board has approved expenditures of close to \$5K for sound abatement measures. If these steps, which include sound-proof curtains and sound distribution speakers don't make enough difference, next options are very expensive.

The Minutes of January 23, 2019 were approved unanimously as amended.

The meeting adjourned at 9:26pm

Submitted by: Gina Halsted

Approved: