

Minutes
Lincoln Finance Committee
Town Offices - Donaldson Room
November 5, 2018
7:30 pm

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

Absent: none

Also in attendance: Colleen Wilkins (Finance Director), Owen Beenhouwer, Tim Christenfeld, Buck Creel, Chris Fasciano, Jennifer Glass, Dennis Picker, and Peter Sugar.

The meeting commenced at 7:30pm.

A brief highlight of the latest OPEB report was shared. The preliminary 2017 valuation showed an OPEB liability had decreased from 47 million to 27 million. The net liability decreased from 43 million to 21 million. Half the change was attributed to a plan shift from Medex 3 to Medex 2, with another resulting from a change in the discount factor applied to the future liabilities. Further discussion was postponed until FinCom's Nov 19 meeting to give time to review the report and check data and assumptions for correctness.

As the next topic, discussion ensued on the optimal mix of bonding, stabilization and free cash for a school building project. In addition, the timing of the bonding was discussed, with the possibility of two borrowing tranches, an initial larger tranche and then a clean up tranche afterward.

The committee debated using stabilization to lower the borrowing principal versus the alternatives of preserving money in stabilization for the possibility of smoothing the tax impact or for future unknown expenses. Any decision on splitting the borrowing into two different timetables is not required prior to be settled prior to the December 1st vote, however the exact mix of stabilization and free cash must be decided by then.

Jim Hutchinson proposed two principles – a substantial portion of stabilization should be paid directly towards direct building costs and that a nonzero balance be kept in stabilization. The committee agreed to the broad concepts.

Discussion of the exact mix began with Andy Payne proposing a mix of 1m free cash and 4.5m stabilization be spent, leaving 1m in stabilization. Jeff Birchby argued for maintaining a stabilization fund in excess of 1m to preserve future flexibility. Jim Hutchinson argued for applying more stabilization now, as the primary purpose of past appropriations was to save for a school project. A committee consensus emerged in favor of saving 1.1m in stabilization.

Tom Sander made a motioned for a funding mix of 1m free cash, 4.4m from stabilization, and 88.5 borrowing. Elisa Sartori seconded the motion. The motion passed unanimously. The

remaining 1.1m in stabilization would be available for voters for future use.

Tom Sander made a motion that this be presented for illustrative purposes as an initial tranche of 80m, with a second clean up tranche of 8.5m. Andy Payne seconded the motion. The motion passed unanimously. Jennifer Glass noted that the message should be clear that the 8.5m second tranche was a maximum limit, and could not be increased. Tom Sander suggested showing the tax impact per calendar year instead of just per the town's fiscal year.

Discussion ensued on the FinCom's stance towards the school building, and should a statement of support for the project be crafted. Gina Halsted argued in favor of a statement endorsing the project, while Andy Payne suggested a statement moderated in terms of assessing the current school project as a good implementation of the initial L3 design. Discussion followed on the structure of the appropriate FinCom statement given that the initial design schematic and budget were picked through popular vote at the June 9th Town Meeting. A consensus was reached and Tom Sander motioned that the Finance Committee adopt the following statement:

On June 9th the town decisively supported a school project that embodied educational values and sustainability through a renovated school project. We believe the SBC has faithfully executed on this charge designing a project staying within the 93.9m budget, the town can finance it and should be able to maintain our AAA bond rating, and thus FinCom supports this project.

Jim Hutchinson seconded. The motion passed unanimously.

Jim Hutchinson then presented the preliminary slides for the November 15th multi-board meeting, which were reviewed and edited.

Andy Payne then presented Campus Project FAQ updates.

Nancy Marshall discussed adding a financial glossary to the warrant, and Colleen Wilkinson will check into its feasibility.

Elisa motioned that the minutes of the regular FinCom meeting held October 16th be approved with small edits. Tom Sander seconded, and the motion passed.

The meeting adjourned at 10:14pm

Submitted by: Jeff Birchby

Approved: