

**Minutes
Lincoln Finance Committee**

**Virtual Meeting Pursuant to Governor Baker's March 12,2020
Order Suspending Certain Provisions of the Open Meeting Law
February 4, 2020
7:30 pm**

Finance Committee (FinCom) Member Attendees: Andrew Payne (Chair); Paul Blanchfield (Vice-Chair); Gina Halsted; Nancy Marshall; Rich Rosenbaum; Tom Sander, Deborah Wallace.

Others present: Colleen Wilkins (Finance Director), Kim Bodnar, Buckner Creel, Chris Fasciano (SBC), Rob Ford, Jennifer Glass (Board of Selects), Jim Hutchinson (Water Commission), Audrey Kalmus (CapCom), Becky McFall, Tara Mitchell, Maureen Onigman.

The Zoom meeting was video recorded.

Introduction

Mr. Payne called the meeting to order at 7:32pm and noted the meeting was being held in accordance with Governor Baker's Order Suspending Certain Provisions of the Open Meeting Law and that the meeting was being recorded. All Committee members introduced themselves.

Mr. Payne reviewed the agenda noting that the first distributed version contained an error.

School building committee FF&E (Furniture, fixtures, and equipment)

Mr. Payne reviewed the process and the roles and relationship of FinCom and CapCom.

Mr. Fasciano reviewed some of the history of the school project. He discussed the items that remained unfunded after the last town meeting and how part of that has been funded through donations.

Ms. McFall reviewed the request and asked about possible options for funding the project on a year-by-year basis using the school operational budget. She explained how the FF&E funding request was part of the core vision for the flexibility of the school spaces.

Mr. Ford reviewed items that were cut during the value engineering process reiterating the importance of the FF&E items that were eliminated. He then reviewed the prioritized list of requests with their corresponding dollar amounts, and emphasized the equity issues created by cutting items from small and specialty rooms.

Mr. Ford proceeded to review the list of requests.

Furniture & Technology FFE Needs

#	Priority	Tier	Item	Cost	Phase I	Phase 2
1	1	1	AV for small instruction rooms	\$54,000	\$35,100	\$18,900
2	2	1	Gr 3 classroom storage	\$5,793		\$5,793
3	3	1	Grade 5-8 student tables & chairs, teacher table & chair	\$152,336	\$152,336	
4	3	1	Grade PK-4 student tables & chairs, teacher table & chair	\$136,810		\$136,810
5	4	1	Storage PK-4	\$47,568		\$47,568
6	4	1	Storage 5-8	\$16,500	\$16,500	
7	5	2	Offices/Related service providers	\$97,076	\$38,246	\$58,830
8	6	2	Teacher desk/chair mobile file for other staff not included in 3, 4 or 7 above	\$20,030	\$9,015	\$11,015
Total SBC Proposed Ask				\$530,113	\$251,197	\$278,916
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9	7	2	Additional wireless access points	\$10,800		\$10,800
10	8	2	Virtual server infrastructure	\$50,000		\$50,000
Total Future Capital Requests				\$60,800		\$60,800
11	9	3	Network and server infrastructure contingency	\$25,000		\$25,000
12	10	3	Camera system and installation	\$131,749		\$131,749
13	11	3	Mobile projectors for gym	\$18,400	\$9,200	\$9,200
Total Possible Future Requests				\$175,149	\$9,200	\$165,949
Total ALL				\$766,062	\$260,397	\$505,665
Total Furniture				\$476,113	\$216,097	\$260,016
Total Technology				\$289,949	\$44,300	\$245,649

Mr. Payne asked Mr. Ford to clarify the totals being requested, and Mr. Ford emphasized the green highlighted row above (“Total SBC Proposed Ask”): \$530,113 “all in” with Phase 1 items going in this summer and Phase 2 is somewhat flexible (FY23 or possibly FY22).

Mr. Payne asked where CapCom was regarding this discussion and Ms. McFall replied they had made their presentation and answered questions and that was the current state.

Mr. Rosenbaum asked if tasks (such as in-wall wiring) that would be expensive to defer were included in the request and Mr. Ford clarified that all of the “switching infrastructure” (everything needed to operate the schools) is included in the current school building budget. Anything crucial to “open the doors” is already accounted for.

Mr. Blanchfield asked if value engineering had reduced the request by about 60% and Mr. Ford said that was the case. Mr. Blanchfield then asked how the determination of Tier 1 vs. Tier 2 was made and Ms. McFall replied that it was done through deliberation with the SBC. He then asked if these numbers were consistent with the presentation made at the last town meeting and Mr. Fasciano said yes.

Mr. Sander asked Ms. Wilkins: if the school building project comes in under budget would there be a smaller clean up bond and money returning to free cash. Ms. Wilkins stated that the bond would be smaller and the rest would be rescinded. Mr. Creel added that the amount that we receive from selling the modular facility would eventually go to free cash.

A discussion followed concerning usual replacement cycles for school furniture. Mr. Creel said that normal life expectancy is 15 to 20 years, adding that some of the current furniture may be over 50 years old. He pointed out that much of the current furniture is inconsistent with the flexible design of the new school spaces.

Mr. Blanchfield asked if there would be any financial benefit to purchasing all of the furniture at the same time rather than in phases. Mr. Creel indicated that later deliveries of furniture would incur the cost to move the old furniture out and dispose of it and move the new furniture in, estimated at approximately \$12,000 for each of the two schools.

Ms. Onigman noted that because of our arrangement with MSBA, the town gets bulk purchasing rates regardless of quantity.

Mr. Payne noted that after resuming “a regular FF&E capital run rate” post-construction, having multi-year visibility into the schools’ FF&E needs would aid the ability of FinCom and CapCom to do a better job for the town.

Ms. Marshall asked if any potential end-of-year budget surplus could be applied to FF&E needs (pre-purchasing or otherwise). Ms. McFall indicated that any actual surplus is hard to project at this time but should become clearer around March. She noted that pre-purchasing is really intended for special education costs (by law and regulation). Mr. Creel pointed out that there is a lot of uncertainty especially when you factor in the impact of COVID.

Mr. Payne briefly discussed additional sources of funding including the stabilization fund and free cash, noting there are competing needs such as OPEB funding.

Mr. Blanchfield thanked the school team for their presentation adding that it was very helpful to the committee.

Mr. Fasciano and Mr. Payne discussed the timing of the budget workshop and if there was any other information needed before then, especially considering school vacation week. Mr. Payne asked the committee to, as much as possible, present any further questions and comments at this meeting.

Ms. Glass asked how FinCom and CapCom deliberate the use of end-of-year funds. Ms. Kalmus noted that CapCom focused on the projects themselves and not the source of funding. Mr. Payne agreed.

Ms. McFall noted that if they knew in advance how end-of-year funds could be used, it would make planning easier. Mr. Payne stated that FinCom was not ready to state a position at this time.

Mr. Sander suggested an ongoing dialogue regarding end-of-year funds, potential COVID expenses, and related matters. Ms. McFall agreed.

Mr. Hutchinson asked to get a clear statement that FinCom focuses on source of funds, not CapCom, and pointed out that this arrangement traditionally has been the case. Mr. Payne said that it is still a guiding principle.

Ms. Kalmus, noting that some ambiguity remained, asked if funding sources like end-of-year funds should be part of CapCom deliberations, Mr. Payne suggested that, for now, CapCom should focus on prioritization of projects and that this issue will continue to be discussed.

Ms. McFall noted that there are still funding requests 'below the line', that is, in addition to the \$530,000 request being discussed, and that it would be useful to understand if end-of-year funds could be used for those, or items 'above the line' items if the full \$530,000 is not funded.

The school funding discussion ended with Mr. Payne thanking the school team for their work.

OPEB Discussion

Mr. Payne started the next agenda item - the OPEB (Other Post-Employment Benefits) discussion. Ms. Wilkins presented a brief history of the need for OPEB planning. Standards of the Governmental Accounting Standards Board (GASB) require "the town needed to recognize and report what our other post-employment benefit liability is and then record it on the balance sheet."

Ms. Wilkins then gave a detailed overview of how the town has managed its OPEB liability. Mr. Payne added that the goal of the FinCom discussions is to determine an appropriate contribution to the liability.

Mr. Hutchinson stated that in the past, FinCom also had to expend significant effort in understanding and dealing with issues in the actuarial firm's report. Now that the town has changed to another firm, it is expected that the amount of such effort will be greatly reduced.

Ms. Wilkins noted that the ratings firms look at our OPEB liability and that past attention to it has resulted in a positive impact to the town's AAA rating.

Ms. Wilkins detailed how the OPEB liability valuation details have changed from 2017 to 2019 including that healthcare costs were better (lower) than expected.

Mr. Hutchinson discussed factors over which we have little influence (for example, mortality and morbidity costs) and those we have some control over. He asked Ms. Wilkins why some retirees were not on Medicare. Ms. Wilkins replied that they were still on the active plan because they were not initially eligible for Medicare and the pandemic made it difficult to discuss moving to Medicare with them. The intent is to move forward on this.

Mr. Hutchinson asked about PAYGO contributions. Ms. Wilkins and Mr. Hutchinson agreed that the wording in policy should be updated to show that PAYGO contributions are separate from payments to the trust.

Mr. Payne thanked Ms. Wilkins and Mr. Hutchinson for their work on OPEB.

Town Office Bond Refinancing

Ms. Wilkins described how the town office renovation bond was at the 10-year mark and therefore callable. Given currently lower interest rates, refinancing will save the town approximately \$1,000,000 over the remaining term of the bond.

COVID Update

Mr. Payne proceeded to the COVID update. Ms. Wilkins pointed out that the CARES Act spending timeline has been extended to December 31, 2021. In addition, we will be receiving another FEMA grant related to the vaccination clinic.

Ms. Wilkins stated that, as of today, the reserve fund should cover what is anticipated for overages in the FY21 budget.

Other notes

Mr. Payne noted that Ms. Wallace had indicated that she had to leave the meeting at 9:15 and was no longer present.

Liaison Reports

Ms. Marshall provided a Lincoln Sudbury HS liaison update. They also had a recent presentation on their OPEB audit by Odyssey, and their audit report was favorable. She summarized their OPEB work: they are working to reduce their liability through various adjustments to their health insurance program.

On other budget issues, Ms. Wong and Ms. Patterson have amended the budget to close their deficit by doing the following:

(Prior Gap = \$465,000)

- Increase circuit breaker reimbursement assumption to 1.7 million from \$1.5M
- Adjust OPEB Trust contribution to \$250,000 (instead of \$383,109)
- Eliminate bus monitors (\$75,000)
- Reduce Instructional Capital (\$10,135)
- Plus improvements to program:
 - .25 FTE Mandarin
 - .25 FTE Computer Science

Mr. Rosenbaum provided a CapCom liaison report. He described a presentation on Water Department finances by Mr. Hutchinson, noting that their expenses are paid by user fees, not through the FinCom / CapCom process.

Mr. Rosenbaum then noted that there was a school budgeting presentation that was essentially the same as the one given at this meeting.

Other business

None.

Review and approve minutes

The Committee reviewed the minutes from the December 9, 2020 meeting. The spelling of Mr. Blanchfield's name was corrected. The word *proposed* was added in three places. Ms. Marshall moved to approve the amended minutes. Mr. Rosenbaum seconded and the motion was passed unanimously by roll call vote.

Adjourn

There being no other business, Mr. Sander made a motion to adjourn the meeting. The motion was seconded by Mr. Payne. There was no discussion and the motion passed unanimously by roll call vote. The meeting was adjourned at 9:29 PM.

Respectfully submitted,

Richard Rosenbaum

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A video recording of meeting is available at: <https://youtu.be/2ua7PngrZWM>