September 18, 2019

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Meeting of the Finance Committee held on Wednesday, September 18, 2019, beginning at 6:30 p.m. in Conference Room #1 in the Town Hall.

Members present: Eric Gregoire, Chairman, Maureen Downing, Joan Cavallo, Raymond Yando, Anthony Alves, Nicole Parker and Beverly Tokarz

Members excused: Susanne Boyea and Richard Moskal

Ms. Kim Collins, Ms. Ellie Villano and Mr. Derek DeBarge were also present.

First Order of Business: The Pledge of Allegiance

The committee introduced themselves to Nicole Parker, the new member of the Finance Committee.

Mr. Gregoire informed the committee of correspondence that was collected: The Beacon, the Municipal Directory.

The committee was given a Financial Policy Manual from the Town of Ludlow. Ms. Collins explained that the Division of Local Services created the manual for the Town. They were given information on the current policies. There were several policies that the Town needed that they did not have such as the OPEB Policy. They created a Capital Planning Policy to allow streaming of a few bylaws. Ms. Villano said that the Selectmen adopted them at their July 2, 2019 meeting. They are the official policies of the Town of Ludlow. Bond Counsel looked favorably that the policies are in place. Ms. Collins said that amendments will most likely have to be made as time goes on if necessary. Ms. Downing remarked about the Municipal Calendar and how useful it will be. Mr. Gregoire asked if there was a lot of variation taken from past practice augmented from the State/DOR or augmented from another community or was it a lot of information that was not available to accommodate the Town's particular situation. Ms. Collins said that a lot of the policies we had were in place, but were not documented anywhere. The majority of information the DOR took from meetings etc. and if the Town was failing in an area, the DOR would put in what their best practice was and then it would be reviewed to determine if it was appropriate or not. Mr. Yando mentioned that the Manual was the reason for two of the Articles 3 and 5 in the Special Town Warrant. Mr. Yando asked the question, what if the policies are not followed, does it carry any statutory obligation. Ms. Villano said none of them carry that. The policies have been followed; they are now in a manual. There has to be a Capital Planning Committee, OPEB Rules and Regulations and Internal Reviews. The Board of Selectmen are in charge and oversee it. Mr. Gregoire asked if there is a standard practice of how often it should be reviewed or how often it should be refreshed from the State's perspective? Ms. Collins said that the Auditors would review the policies annually. If there are changes that need to be made, it would be brought forward to the Board of Selectmen and if laws change, so would the policies.

Rules and Procedures of the Finance Committee: Mr. Gregoire mentioned that the Rules and Procedures should be reviewed every 5 years and changed as the committee sees fit. The regulations were changed in 2013. He would like the committee to review them over the next 2 months. By January and February if there are any changes to be made, it would be done then. This covers everything from how the members handle Reserve Fund Transfers to the Operating Budget and General Operating Business of the meeting and membership.

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Special Town Meeting Warrant Articles of October 7, 2019. Ms. Villano gave the members copies of the Warrant and Background information. The committee will review the Articles and take recommendation votes, unless there are questions. If so, there will be a meeting prior to Town Meeting to take additional recommendations.

ARTICLE 1: To see if the Town will vote to raise and appropriate and/or transfer from available funds a sum of money for **UNPAID BILLS AND/OR OVEREXPENDED ACCOUNTS OF PREVIOUS YEARS;** pass any vote or take any action relative thereto. Submitted by the Board of Selectmen.

The Unpaid bills total $4,496.09. Ms. Villano explained that four of the bills are medical invoicing for Ch. 41, Sec. 111F. Most of them are invoices that were never received. The majority of bills are being emailed to departments and are either missed or misplaced. Fives of the bills from the DPW are for police details from the Sheriff's department and Palmer Police Department. The money will be raised and appropriated.

ARTICLE 2: To see if the Town will vote, pursuant to G.L. c.59, sec. 38H, to authorize the Board of Selectmen to negotiate and enter into a payment in lieu of taxes agreement with the owner, currently known as CPV RED ROCK SOLAR, LLC of the solar photovoltaic energy generating facility located at 0 Lyon St. (Map 20 parcel 4C) Ludlow, Massachusetts upon such terms and conditions as the Board of Selectmen shall deem to be in the best interest of the Town and to authorize the Board of Selectmen to take all actions necessary or appropriate to administer and implement such agreement; including but not limited to passing any vote or taking any other action relative thereto. Submitted by the Board of Selectmen.

Ms. Villano explained that there are several solar fields being erected. The Board of Assessors is negotiating a pilot agreement. The only one that the Town owns and is vested in is at the landfill. The Town has a Power Purchase Agreement, this is a Lease Agreement. This is a private development on private land. The Town will receive taxes. Ms. Parker asked if there were bylaws associated with solar fields. They would have to go through the Planning Board. It is not as strict as Palmer, MA where Ms. Parker is employed. Ms. Parker said that she never had a problem with the fields because it keeps an open space. Ludlow Salvage was the first private field off Center Street. Ms. Downing said this Article allows the Selectmen to enter into a Pilot Agreement; all has to do with taxes. It's a payment of in Lieu of Taxes Agreement. Ms. Cavallo asked if the solar farms can be put on wetlands? Ms. Villano would think not, but is not sure. Conservation would have a say with that issue. There are strict rules governing wetlands.

ARTICLE 3: To see if the Town will vote to amend the Bylaws of the Town of Ludlow, CHAPTER II, REGULATING THE CONDUCT OF TOWN BUSINESS, by deleting in its entirety Section 14; pass any vote or take any action relative thereto. Submitted by the Board of Selectmen.

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Mr. Gregoire said that the Article would delete the section on the Town Accountant keeping a fixed asset list and the dollar value on each of them. The fixed assets are included in Capital. This is now a policy in the Financial Policy Manual. The inventory threshold has increased in the policy compared to the bylaw. It mirrors a $20,000 limit from the Capital Planning.

ARTICLE 5: To see if the Town will vote to amend the Bylaws of the Town of Ludlow, **CHAPTER II, REGULATING THE CONDUCT OF TOWN BUSINESS**, by deleting in its entirety Section 24; pass any vote or take any action relative thereto. Submitted by the Board of Selectmen.

Mr. Gregoire explained that Article 5 is just on the Capital Improvement Planning. Article 3 is just on the Fixed Assets number. Both Articles are covered on page 8 starting with Capital Planning in the Manual.

Mr. Gregoire has concerns because there is Capital Planning outlined in a bylaw and approved at Town Meeting which covers every segment, every department etc. The Financial Policy Manual is approved solely by the Board of Selectmen, does it create a conflict that if a department that has an incurring elected body decides to persue a capital item that the policy doesn't' have to be followed because it's not the policy of the entire Town; It's just a policy of the Board of Selectmen. Ms. Villano doesn't see that happening. It's a Town of Ludlow Financial Policy and these are the Capital Planning requirements. Departments are not going to purchase a piece of equipment unless they adhere to the plans. The Capital Article will remain every year. There will be no difference in going through the process. She doesn't see how a department could say that it doesn't apply to them. There was a long discussion on these two Articles regarding the removal of policies that were in the bylaws and are now in the manual governed by the Selectmen. The committee would like Town Counsel's opinion. Mr. DeBarge asked what part of the Manual would be challenged in Capital. Mr. Gregoire said that there is no policy that says they can't purchase a high-end item. The situation that he would be very careful of is that each department will adopt their own financial policy- what they view as a capital item, to purchase out of that department's budget. Ms. Downing said that technically Capital is not under the prevue of the Board of Selectmen and now that the bylaw has been taken out, they're not under the bylaw anymore and are not under the Selectmen. Ms. Villano disagrees. She believes that Capital is under the financial policy of the Town of Ludlow. They're under the Personal Policy Manual. Mr. Yando said it's worth questioning and getting a response from Town Counsel. If you get into litigation, your going six figures if someone wants to fight it. Right now, departments could run their own process because it's not a bylaw anymore.

ARTICLE 4: To see if the Town will vote to amend the Bylaws of the Town of Ludlow, CHAPTER II, REGULATING THE CONDUCT OF TOWN BUSINESS, by deleting in its

entirety Section 23 and replacing with a new Section 23 which reflects increases to the fees for gas storage permits; pass any vote or take any action relative thereto. Submitted by the Board of Selectmen.

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This Article will increase the Gas Storage fees. There is an original fee when applying for the permit and then there is an annual fee. These fees have not increased for 20 plus years. A comparison was done of surrounding towns as to what they charge for these permits and then an average cost was determined to put the Town in line with other communities.

ARTICLE 6: To see if the Town will vote to authorize the Board of Selectmen to negotiate and enter into a ten (10) year contract, commencing on July 1, 2020 with the qualified vendor selected by the Massachusetts Department of Environmental Protection through a competitive bid process for recycling processing services for the Town, subject to the Board of Selectmen's determination that the contract is in the best interests of the Town and subject to Town Meeting approval in the Spring 2020 for the funding for these services; take any vote or any action relative thereto. Submitted by the Board of Selectmen

Ms. Villano said this issue has to go to Town Meeting because the contract is over 10 years. MERF is the recycling. The problem is the Town use to get paid for recycling. The Town will have to start paying for recycling from $70-$90,000 depending on what the bids come in at. Ms. Collins said this Article is giving the Board of Selectmen the ability to negotiate and sign the Contract. Mr. DeBarge said that he is not comfortable with this but if it isn't done, you're on the outside looking in, because it's part of the whole town consortium deal. The Town was getting paid for recycling, but no longer. Ms. Villano explained that the Town pays a company to pick up trash and recycling. Once it goes to Bondi's Island, it gets weighed and pay. Not only is the Town paying to pick up the trash, we're paying to get rid of the trash. This is the recycling side of it. It's getting to a point where no one is accepting our recycling. Any contract in excess of three years must be approved by Town Meeting.

ARTICLE 7: To see if the Town will vote to accept and report the Golf Enterprise Fund retained earnings deficit in the amount of $24, 597 in part 3 of the Schedule A-2 and Part 11B, line 6, of the Tax Rate Recap, and raise it from the tax levy as a General Fund subsidy; pass any vote or take any action relative thereto. Submitted by the Board of Selectmen.

Ms. Villano stated that the Golf Course has no more money. They ran into a deficit at the end of June, 2019. They have been relying on their Retained Earnings for many years. With this Enterprise Fund, because there is a deficit, there are three things that have to be done. It's putting this against the tax recap, but the requirement is to disclose this information to the public. All of this information will be put on the Tax Recap Sheet that the accountant prepares. This is merely announcing to Town Meeting that this is what's happening and accepting the report of the deficit. The Golf Commission met with the Board of Selectmen to give them the information and several department heads met to discuss this. They have adjusted their FY'20 budget to live within their means for FY'20. There is nothing that can be done for FY'19, it has to go on the tax rate, but they will be cutting their budget in FY'20. Ms. Collins said the Golf Commission reduced their staff, so salaries will be lowered. Their reducing their supplies and looking for

ways to increase their revenues. They reviewed all of their indirect costs and the Treasurer is charging off benefits directly to that department as opposed to allocating them in the indirect costs. They will get actual expenses there. It's very important that Town Meeting and the residents know that they ran into a deficit because we now are going to be subsidizing the Golf Course. This will be the first year that the Town has every subsidized them. They've always run completely independently. This all happened when the economy turned ten years ago. They are hoping that next year they will break even and then get some of their retained earnings back.

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ARTICLE 8: To see if the Town will vote to acquire by purchase or otherwise, the fee simple interest, and to raise and appropriate a sum of money therefor, which may be nominal consideration, and accept the following described Maria's Way as a Public Way:

Ms. Villano explained that this Article was on the Warrant last year. The developer wanted to record the deed. By law you only have 120 days after a Town Meeting vote to record a deed, and that didn't happen. Town Counsel has recommended that the Town start to record the deeds going forward. The Board of Selectmen have changed and adopted the Street Acceptance Procedures to include that the developer will be required to record the deed at their cost within the 120 days of being accepted and that they also at their cost have to provide clear tax examinations. The Selectmen have also voted in the future to take all streets through the deed recordings.

ARTICLE 9: To see if the Town will authorize the Board of Selectmen to convey to the Springfield Water and Sewer Commission, with the concurrence of the School Committee, an easement in a portion of the Harris Brook Elementary School land for the purpose of installing, maintaining, repairing and replacing water supply to the Harris Brook Elementary School where said portion of land is approximately shown as the PROPOSED WATER EASEMENT on a plan of land entitled "Easement Plan of Land in Ludlow, Hampden County, Massachusetts" dated August 9, 2019, which plan is on file at the Town Clerk's Office and where the easement area is a part of the premises described in a deed to the Town dated March 27, 1958 and recorded in the Hampden County Registry of Deeds in Book 2599, Page 404, said easement to be granted on such terms and conditions and for such consideration, which may be nominal consideration, as the Board of Selectmen deems appropriate. Pass any vote or take any action relative thereto. Submitted by the Board of Selectmen. 2/3rds Vote Required.

This Article will enter into an easement with Springfield Water and Sewer Commission to bring water to the new Harris Brook School. The background information mentioned that both the School Committee and the Core School Building Committee have voted to recommend approval.

ARTICLE 10: To see if the Town will vote to raise and/or appropriate a sum of money to be used to offset the unexpected deficit to the debt service for Fiscal Year 2020 for the borrowing for the Harris Brook (formerly Chapin Street) Elementary School, East Street Elementary School and Senior Center projects; pass any vote or take any action relative thereto. Submitted by the Town Treasurer. 2/3rds Vote Required

Ms. Villano said that 31.8 million dollars is needed for the projects. The first payment will be due February of 2020 and it's not in the budget. This happened last year as well. This Article is needed for a Debt Service Budget. The motion will have the full dollar amount. The Selectmen

approved the borrowing. The documents were all signed. She will know in a few days how much the amount will be. There will be an Article in May and October until the projects are done. The Article can be postponed if it is not needed. She said the first borrowing was 10 million, now they borrowed 31 million. They will probably borrow another 10 million which would include the Senior Center and the School and not the Radio System for the Police Department. The School estimate was 59 million and the MSBA has committed to 62% reimbursement of the school project. The office part of the project at 3 million will have no reimbursement. The Town has authorized borrowing for the Senior Center. Hard construction is 7.9 million. The design is done. It's going out to bid for the general contractor.

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The committee voted on the Articles as follows:

Moved by Ms. Downing, seconded by Ms. Cavallo to approve Article 1 in the amount of $4,496.09 for Unpaid Bills/Overexpended Accounts of previous years
Vote: 7-0 in favor

Moved by Ms. Downing, seconded by Ms. Cavallo to approve Article 2 for solar in lieu of taxes
Vote: 6-1 in favor. Mr. Yando opposed

Articles 3 and 5 are on hold because of the complication. They would like Town Counsel's opinion on the matters. The committee will have to request Town Counsel's opinion. Mr. Gregoire will compose a letter to be sent to the Selectmen's Office regarding this matter. A vote will be taken prior to Town Meeting.

Moved by Ms. Downing, seconded by Ms. Cavallo to approve Article 4 re: Amending Town Bylaws Chapter 11 as printed
Vote: 7-0 in favor

Moved by Ms. Downing, seconded by Mr. Yando to approve Article 6 re: Recycling
Vote: 7-0 in favor

Moved by Ms. Downing, seconded by Ms. Cavallo to approve Article 7 re: The deficit of $21,240.64 for the Golf Enterprise Fund
Vote: 7-0 in favor

Moved by Ms. Downing, seconded by Ms. Cavallo to approve Article 8 re: Acceptance of Maria's Way
Vote: 7-0 in favor

Moved by Ms. Downing, seconded by Ms. Cavallo to approve Article 9 re: Acceptance of proposed water easement for the Harris Brook Elementary School
Vote: 7-0 in favor

Moved by Ms. Downing, seconded by Ms. Cavallo to approve Article 10 per the debt schedule for bond payment
Vote: 7-0 in favor

Schedule a meeting prior to Town Meeting on October 7th at 7:00 p.m. in the High School Cafeteria to finalize the vote on Articles 3 and 5.

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Moved by Ms. Downing, seconded by Mr. Alves to approve the Finance Committee Minutes of March 20, 2019 as presented
Vote: 6-0-1 in favor. Ms. Parker abstained

Moved by Ms. Downing, seconded by Mr. Alves to approve the Finance Committee Minutes of May 15, 2019 as presented
Vote: 6-0-1 in favor. Ms. Parker abstained

Moved by Ms. Downing, seconded by Mr. Alves to approve the Finance Committee Minutes of June 19, 2019 as presented
Vote: 6-0-1 in favor. Ms. Parker abstained.

Moved by Ms. Downing, seconded by Mr. Alves to adjourn the Finance Committee Meeting at 8:14 p.m.
Vote: 7-0 in favor

Ludlow Finance Committee