

SPECIAL TOWN COUNCIL MEETING MINUTES
Town Hall Council Chambers
February 18, 2014, Tuesday

Present: Patrick O'Connor, President
Michael Smart, Councilor
Robert Conlon, Councilor
Kenneth DiFazio, Councilor
Jane Hackett, Councilor
Rebecca Haugh, Councilor
Thomas J. Lacey, Councilor
Arthur Mathews, Councilor
Brian McDonald, Councilor
Michael Molisse, Councilor

Not Present: Ed Harrington, Councilor

Also Present: Susan M. Kay, Mayor
George Lane, Town Solicitor
Kathy Deree, Town Clerk
Richard Swanson, Town Auditor
James Clarke, Director of Planning
Rob McLean, Director of Libraries
Sean Guilfoyle, Chair of School Committee

Recording Secretary: Mary Barker

President O'Connor called the meeting to order at 7:40 PM. After the Pledge of Allegiance, Town Clerk Kathy Deree called the roll, with one member absent. President O'Connor reported that Councilor Harrington was unable to be present due to a prior family engagement.

ANNOUNCEMENTS

Councilor Haugh announced that pursuant to the Town Charter, the Rules Committee will conduct a review of the Town Rules for 2014-2016. Any suggestions should be submitted to the Council office by Friday. The Rules Committee will meet in March, at a date and time to be determined.

Councilor Conlon reminded residents that all dogs must be licensed by February 28, 2014. Late registrations are subject to a \$25 fine.

MINUTES

Special Town Council Meeting Minutes of January 27, 2014

A motion was made by Vice President Smart to accept the minutes from the January 27, 2014- Special Town Council meeting and was seconded by Councilor Mathews. UNANIMOUSLY VOTED.

OLD BUSINESS

Overview of Town Department Meetings Regarding Impact of Starwood Proposed Changes to Enabling Legislation-Mayor Susan Kay and Applicable Department Heads

President O'Connor invited Mayor Kay to present an overview of the proposed changes to the enabling legislation.

"Thank you Mr. President and Councilors. Good evening. After reading the proposed amended legislation, presented by LNR South Shore, LLC, more commonly known as Starwood, and realizing the large impact it would bring to our service departments, I asked our department heads to read the documents and prepare a report to share with me and your members. I've always respected their

opinions and concerns, especially when it directly affects their departments and the residents of Weymouth. In addition, it was important to me to share that information with you, so that you could successfully partner in the effort to show due diligence with me. You have not only been responsive, but also very helpful and I thank you for that. Beginning on January 23, 2014, with the Finance Department, and ending with zoning issues on February 10, 2014, members of the Town Council and myself, met with the following departments: Finance, Police, Fire, DPW, Water & Sewer, Education, Community Services, and Zoning. Representatives from those departments are here this evening on the chance you may have questions. My office forwarded to you minutes or mini-reports, if you will, of those meetings. A few still remain in draft form-excuse me; we just met, and Councilors, your contributions were extremely valuable. It is important to note, that at no time did the Council members exceed a quorum of the entire Council. Due to the importance and complexity of their reports, I have asked Bill McKinney, CFO, Jim Clarke, Director of Planning for zoning, Kenan Connell, DPW Director, Dave Tower, Business Manager, and Ken Morse, Water & Sewer Director, to detail specific areas of the proposal. At the end of these presentations, Mr. President, I ask that you allow me a few minutes to outline a forum of the public meeting I plan to hold on Tuesday, February 25, 2014 at the Abigail Adams Middle School at 7 PM. Thank you and let's begin with Mr. McKinney."

President O'Connor observed that many of the Councilors were present during Mr. McKinney review in committee.

CFO McKinney reviewed the meeting minutes from the Municipal Finance Department review. He noted his areas of concern with the proposed legislation, and disagrees with the presumed percent increase in revenues and values and Starwood has challenged their findings. He also questioned what a realistic income projection is, on which to base commercial growth. Much of the determination will be based on the result of the abatement request.

Councilor Hackett noted that Starwood's projections assume the lower projections and not what Tri-Town has assessed on. If Tri-Town prevails, the property values and subsequent revenue would be higher.

Mr. McKinney also questioned how the town will be paid for FY15. Property tax bills are issued based on the tax value as of January 1st of the year prior and Weymouth is not the taxing authority at that point. How will the town receive revenue for services it will be providing? Also, Starwood lumps the host community fees in with the excess revenue projections. The mitigation funds are not treated as operating funds in the budget, but are transferred into the stabilization fund and it is not fair to treat them as ongoing revenue or to project them as such.

Additionally, Mr. McKinney takes issue with the \$12.5 million bond and the proposal that Weymouth assumes it. The manner in which the bond is structured, it will end up costing \$33 million at the end of the thirty-year bond period. It's a complex bond outlined in 1900 pages, which sends up a big red flag. He understands it's a new entity and structured it this way, but if it is assumed by the town of Weymouth, how would it not become a general obligation of the town? All current bonds in the town, including the enterprise funds, are general obligations of the town. Even if the town had issued that kind of debt, it would not have been at such a high rate of interest. He also noted a concern that if there is no commercial development, there is no excess revenue to the town. He concluded that some of these issues may have been addressed in the meetings. Mr. McKinney noted there were additional questions from the assessing department regarding issuing tax bills based on someone else's assessment. He wants to have Weymouth's assessors perform the valuations.

Mayor Kay noted that she believes permits have been pulled for the Eventide properties, which have been paid for, and the funds went to Tri-Town. If the town takes it over, it would be responsible for the inspections. CFO McKinney also noted that another concern is whether any of the development would be considered new growth to the town. If it is, it could have a huge impact to the town. He suggests obtaining assurance that all the commercial growth would be in Weymouth and name who would be responsible for the abatements going through. Although there is money set aside each year for abatement allowances, they would not have the revenue for it. Since the challenge goes back to

2013 and 2014, would Weymouth be responsible for paying them back or would Tri-Town from their reserves?

Vice President Smart and Councilor Hackett both noted that the proponent will plan to drop those if the legislation passes. Mayor Kay asked for a MOA to that effect. Councilor Hackett noted that questions raised from Department Heads may have already been brought up by the Council and she responded that much of the comments here have not been passed along yet to Starwood. Mayor Kay noted that if that is so, they have not seen anything in writing.

Councilor DiFazio asked for a review of Starwood's projections and where the information was derived. Mr. McKinney responded that much of it was provided by him and from financial statements of the town. Councilor DiFazio noted that Mr. Wilson had projected a two-year lag in revenue based on a chart he provided at a prior presentation. Councilor DiFazio asked that Mr. McKinney review what Mr. Wilson provided which indicates negative revenue for the next several years. CFO McKinney noted a final concern is the claw-back debt on the parkway and the responsibility.

Councilor Mathews asked if expenditure estimates have changed since the Mayor has met? CFO McKinney noted it has not. The methodology was discussed for projections, which should have grown 2.5% not 2% on the expense side. If additional staff is required, that has to be included in a per-resident cost. Mayor Kay responded that the initial projections brought up concerns, but they have not seen further. The emergency preamble states that the legislation takes effect July 1st and is an immediate impact with no transitional period. Councilor Mathews asked if the initial financial comparison projections from Starwood are in line with what the Department Heads have suggested, based on immediate impact and at full build out?

Councilor McDonald agreed and noted the original projections were based on a fifteen year build-out.

Councilor Smart asked what the transitional period should be? Mayor Kay noted she would ideally like to see eighteen months but would agree to a twelve-month transitional period.

Councilor DiFazio noted that once all the data has been analyzed the town does not expect that the projections are accurate and the town will be able to determine a cost analysis that can be presented to Starwood more in line with the town's needs. The Mayor responded that she can, but it will take some time.

Councilor Lacey noted that there has been some great effort and critical work completed by all departments. He noted the valuation of the property at lower than what Weymouth has should be analyzed further by the CFO. He asked if the town has Bond Counsel expertise it can defer to, to ascertain the impact to the town rather than relying on Tri-Town or Starwood. CFO McKinney responded that he has discussed this with Bond Counsel. At the end of the day someone has to make the payment each year, whether or not there is revenue to support it.

Solicitor Lane noted that he will make a presentation to the Council regarding that issue. Councilor Lacey noted that they all have concerns around the bond.

Councilor McDonald agreed that the bond is a big issue, and they need to be cognizant of what might happen if this does not go forward. He questions if the state takes over as the largest stakeholder? Mayor Kay responded that no matter what happens, the bond has to be paid. The Council will have to vote to accept the responsibility and then it becomes a general obligation with a default mechanism to the town.

Vice President Smart asked whether the bond can be refinanced. Mr. McKinney noted they can be refinanced after ten years, but he is not sure on this bond and would need to investigate what triggers are in place. There are two separate bonds, \$12.5 million by Tri-Town, and the parkway

bond that the state issued and claws back money from the debt. Councilor Molisse asked if both bonds are 7-year interest only. Councilor Lacey suggested that they have a mechanism in place to track the changes to the legislation as they are proposed. He requested a correct version of the presentation from Mr. Wilson.

Councilor Conlon asked if Starwood could assume the payment on the bond, noting that they told him they could not. Mayor Kay responded that they cannot pay it directly; whoever pays it off early will likely pay a penalty. Councilor Lacey noted there is a difference between funding it over the course of the bond, and paying it off early.

Jim Clarke presented the Planning Department's review of the proposed legislative changes. The zoning and accompanying maps are to be incorporated and will move forward. Changes were proposed, which scrubs all reference to Reuse and Master Plan and redefines major and minor changes in the zoning. The Town Council now has the ability and controls zoning on the air base. Some areas will fall under the control of SSTTDC, which today it does not. Substantial and unsubstantial changes were outlined. They would gain the authority to make changes other than use. He pointed out five areas where the control will change to SSTTDC. He reviewed form-based code at Councilor Hackett's request. It's a more graphical description of the zoning.

Council Vice President Smart asked how it affects votes by Town Council in the future. Mr. Clarke responded that by changing the description of major and minor revisions, it takes the control from the Council and gives it to SSTTDC. Council Vice President Smart asked wouldn't it be better to maintain the control? Mr. Clarke responded yes. There is also a section on the manner of revisions to the zoning and he provided a comparison with what the state law mandates, and the Starwood proposal. Anything not specifically addressed in the proposal follows the state language. He has discussed this with Starwood, and they suggest they would like to mirror the state law as closely as possible and will come back with a revision to that effect.

Councilor Mathews noted there is a big issue with who can initiate it. Mr. Clarke also noted that SSTTDC's process to making changes to zoning also differs. They are only required to provide a legal ad, and not direct notification to the communities- he flagged this as a concern. He also reviewed the dedicated commercial zone to meet the minimum commercial zone. The description notes it will hold allocation for electric, etc., but it could be best handled in an MOA and not in the zoning. The language should also be stronger and a performance guaranty should be provided to ensure going forward that protection is in place for the communities.

Mr. Clarke reviewed the current zoning map. Weymouth should be concerned with returning control to each community, they can each work to their own benefit, which might not be beneficial to the others, and that would not have any direct say in zoning changes that might occur in the other community.

Councilor Lacey noted the Council addressed this with Starwood, and they responded that the land is such that certain activities can only occur in certain areas. Mr. Clarke responded that they have already proposed eliminating the golf course, and the area where it was originally intended to be located is mostly wetland, but there is also a lot of upland in that area. Mayor Kay noted that the concern should be that Weymouth's commercial rate is higher.

Councilor Haugh noted that the shift in the golf course area to commercial has a large portion located in Rockland. Mr. Clarke responded that phasing and type of reuse planning was discussed. There is a limitation on number of bedrooms, and number of single-family homes proposed.

Councilor Hackett noted that in the amenity plan there is a section that notes a 5-acre site for a school. Councilor Lacey noted he likes the reuse plan, for many of the reasons that Mr. Clarke has mentioned tonight. If they were able to convince the legislation could eliminate SSTTDC and keep the reuse plan, while moving the geographic portion back to the initial community, could that work? Mr.

Clarke responded that he raised these issues, there is much more detail here and it needs to be looked at carefully; if there is an issue on the phasing, they need to discuss what needs to be changed and include in the regulations that reflect what the community wants. The overall document has a lot of strength. Mayor Kay noted that elimination of SSTTDC affects the bonding mechanism as it relates to the law.

Councilor DiFazio noted that the reuse plan and the master plan go hand in hand.

Councilor McDonald noted that they could explore making a tax base for commercial use based on the average of the three towns, and include in the legislation. Mayor Kay said that a tax shift might not be able to be done, but it could be a taxing and Councilor Hackett noted a tax incentive could be used.

Mr. Clarke reviewed the MEPA process and that it would have to be refilled. The off-site mitigation that is part of it (but not HCA); that the developer will mitigate offsite, and the associated timing. Councilor Hackett noted that Mr. Clarke stated the legislation will trigger a MEPA review and asked for further clarification. It is his opinion that the passage of this legislation will trigger a new MEPA review.

He then reviewed the affordable housing law, and the target minimum housing tied to each community. Weymouth should have language that it is held harmless. He also noted that the legislation indicates that each town shall accept public ways approved under the subdivision if approved by SSTTDC. The town currently requires public hearing, review by DPW and a vote to accept. He does not see this in the proposed language.

Vice President Smart noted that it was discussed with Starwood that certain utilities as currently installed may impact Weymouth's liability if it accepts public ways. Mayor Kay responded that she would want the Council to have the ability to maintain the responsibility for acceptance of public ways. Councilor Lacey noted that the accelerated strategy for Starwood for this means the Council should be reading and rereading what is proposed.

Council President O'Connor asked that the presentation be posted on the town website.

Solicitor Lane came forward and addressed the Council. He reported that he attended all presentations with the intent to learn all he could. He listened to the needs and the questions of all departments. One thing that has not been done is to address how to answer them. He noted there is a need to bring forward consultants familiar with bonding and municipal infrastructure. In consultation with the Mayor he has sought the best to help with the issues, and a certain Boston law firm can bring special expertise. He is hopeful to bring the firm on and the Mayor has spoken with Starwood regarding the funding to do so. The firm has members who are familiar with the project and are not in conflict with existing contractors. He noted the various areas of their expertise. There has been discussion of what the town can afford. The firm is prepared to give advice and preparation from bottom to top, with bonding, municipal infrastructure. He is hopeful to obtain the funding to bring them on board. In that regard, once the funds are secured, it is time to find solutions.

Mayor Kay noted that the Council had requested the town bring on special Counsel. She noted that this particular firm has the experience and are familiar with the project. She thanked Starwood for their willingness to listen. Vice President Smart asked if they could divulge the name of the firm? Solicitor Lane responded that they are in negotiation and once it is agreed and approved he will provide it. Councilor McDonald questioned why the Council can't have the information. Solicitor Lane responded that Burns & Levinson is the firm that is under contemplation. This firm has no conflict with any parties involved in the development. Their legislative counsel was present.

Mayor Kay invited DPW Director Kenan Connell, and DPW staff. This is an issue that has been near and dear to her for years. She worked with Starwood, LNR and SSTTDC for a solution providing a

long-term water source and read a statement. *"The DPW has exercised diligence in researching the improvements required to allow for the safe increase to the current MOA for potable water supply necessary for the growth at the Southfield Development. Our technical advisers and in-house staff have evaluated our surface water supply and our wells along with our distribution system and filtering plants coupled with an option to supplement our storage with additional sources if that were necessary, and that would be a hook up to the MWRA, in North Weymouth, through Quincy, only in an emergency basis. That's more assurance than we have today. The result of our studies is that Weymouth can safely provide potable water to the Southfield project and in fact, increase the current MOA which is now 250,000 gallons per day, to a conservative 750,000 gallons per day. This would bring our daily average pumping totals to 4,950,000 gallons per day, which is still below our withdrawal limits which has been established by DEP Water Management Act Volume DEP permitted volume and that is set at the combined average of 5.0 million gallons per day, and well below the identified safe yield after building a new water treatment plant of 6.25 million gallons per day. As a synopsis of the information utilized to determine that it may be considered to be in the town's best interest to offer Weymouth as the continued supplier of water to the Southfield property, while the development progresses into the future and we'll review the attached question and answer sheet which will be up on the display, as well as the graphs and charts."*

Mayor Kay noted that she would be negligent in not offering this as a proposal; for the last three years, Weymouth has not had to increase water/sewer rates because it has received revenues from the base. If that were to cease, astronomical increases would be imposed on the residents. If we continue and increase the water supply, it could result in significant savings to the residents. She noted it is important to offer it to the Council.

President O'Connor requested the presentation also be provided so it may be posted to the town website.

Mayor Kay reviewed the current usage, withdrawal limit and safe yields. She noted the distribution system can handle it with modest adjustments. She cited the benefits of continuing to provide water- it will allow for the continuance of the project, and allow for the commercial development.

Councilor Conlon asked if the cost to infrastructure improvements have been itemized and if the MWRA has been contacted as an alternative? Mayor Kay responded that they could go to the MWRA, but they would not likely get the rates Weymouth is offering. Councilor Conlon noted that using this as a bargaining chip is good. DPW is asking for the buy in fee to MWRA to supplement if the emergency need arises, and to pay for any infrastructure improvements to tie into it. It will remain a consecutive system.

Councilor Hackett asked for a more in-depth explanation of what is involved in a consecutive water system and what triggers are included to avoid redundant services. Mayor Kay confirmed that there is a redundancy and she would not be opposed to mitigation to take that on. Other mitigation items would be appropriate to protect Weymouth's supply. If conditions change, as part of the MOA, the developer would be required to pay for any upgrades to maintain a connection to Quincy. Councilor DiFazio asked if the town is willing to incur additional costs to hook up to MWRA water and its more expensive cost.

Councilor Conlon asked about the physical connection to MWRA and how it will work. There is already a connection, and it would be a matter of opening and metering it, and DEP quality issues to work out. The water will go to the Great Hill tank. Councilor Conlon asked if the water is comingled between systems. Mr. Connell responded that it is done elsewhere and it does work. Mr. Tower responded that studies have been conducted. Mayor Kay noted it is not the intent to put MWRA water in North Weymouth and she assured all the residents that they wouldn't be billed from the MWRA. David Tower noted that it doesn't matter where the water comes from it will be billed by Weymouth.

Councilor Haugh asked what the entrance fee for MWRA costs. David Tower responded that the entrance fee is \$1 million. The Mayor then reviewed the water levels for Great Pond, precipitation levels, and Whitmans Pond. She then reviewed the monthly water production rates and the annual average water production. Councilor Hackett asked if the town stays at these levels, could the safe yield level be lowered. She then reviewed the allowable permitted volume, safe yield summary, water demands and average per day. She reviewed the historic metered usage on the base. What is going to be built on the base is no where near the usage at full build out.

Councilor Hackett asked if there are potential for improvements to the South Weymouth neighborhoods. David Tower noted the town has a master plan for water which includes improvements, some of which will be addressed in mitigation. Councilor Molisse noted that any development in the rest of the town must also be taken into consideration. Mayor Kay agreed that any new development will have to allow for it, but she believes the cushion is adequate.

Councilor DiFazio mentioned the report that SSTTDC was working on when no one was aware that they were investigating a permanent water source outside of the MWRA. He asked if the Mayor had been in negotiations with SSTTDC to provide water. Mayor Kay responded yes. He questioned the amounts on the charts. Mayor Kay responded that the figures are much higher and are based on a biomedical build out and it appears that the water amounts proposed are more than sufficient.

Councilor Lacey asked if dredging is an option that has been proposed. David Tower responded as to how the rates are determined and that they have not negotiated the dredging of South Cove, which could be a mitigation item. Councilor Lacey noted he is in favor of this. Rate relief and leveraging some of the funding is a huge opportunity. From Starwood's standpoint, taking on a permanent solution will be a few years down the road, but this is a huge negotiation point. He proposed eliminating SSTTDC, maintain the reuse plan and that SSTTDC assumes the bond. Mayor Kay noted that the town took pains to keep the residents of Southfield's water rates as low as possible.

Councilor DiFazio asked if the plan is irrespective of any vote on the enabling legislation. It is possible that the amount to get water out to the site could be considerably less. Mayor Kay responded that it will be much less than \$50,000. It is a way to bring it all together in addition to bringing revenues to the town.

Council Vice President Smart asked about the current water and sewer reserves. He noted that discussion occurred during budget discussions last year of reducing the rates to the residents. If the town is going to increase the amount of water, he sees the reserve account going up considerably.

President O'Connor noted that the external auditor had mentioned that the reserve could be used towards the OPEB liability. David Tower responded that the enterprise funds are already contributing to the OPEB liability.

Councilor Haugh asked if the solution is for the entire development or only the Weymouth portion? Mayor Kay responded that the proposal is for the full build out, but Rockland or Abington could opt out.

Councilor McDonald noted that water, sewer, parkway and governance were the four issues hindering the development. Weymouth has had the water all along. The proponent now has the opportunity to continue horizontal development. Mayor Kay responded that Weymouth did not know it could provide sufficient water all along. With the change in the proposal, and the usage they could determine the data and project what are needed. They are based on a full build out with a lower estimate of water usage.

Councilor Hackett noted that she does not want to get comfortable with the term "mostly residential" – they are very committed to a mixed-use plan and attractive to commercial development. Either

plan is heavily weighted to residential. Solving the water will make it more attractive to commercial development.

Councilor Lacey noted the analysis includes commercial but not biotech. Mayor Kay responded that the plan has changed so drastically and the initial proposal was not realistic and was an inflated number.

Councilor Mathews noted that his personal preference is that the base relies only on Weymouth water and sewer. He does not want to take Weymouth's water away from potential Weymouth development and supply it to Abington or Rockland. He also does not want to take their sewerage issues and put the town back under any Consent Order.

Council President O'Connor noted that the remaining Department Head presentations will be held off to another date. Councilor Hackett thanked the Department Heads for their input. Mayor Kay closed with an announcement that a public hearing will be held on February 25, 2014, 7PM at the Abigail Adams Middle School for public comment and questions. She will provide a forum for residents to express an opinion for or against the proposed legislation. She reviewed the logistics of the meeting. John Reilly will moderate and speakers will be allowed three minutes and decorum will be maintained.

Council President O'Connor asked whether the Special Town Council meeting is still necessary. Councilor Mathews would still like to hear from the remaining departments. Councilor Hackett agreed. Council President O'Connor responded that he will pull the Special Town Council meeting for the 24th. The next regular meeting is March 3, 2014.

COMMUNICATION AND REPORTS FROM THE MAYOR, TOWN OFFICERS AND TOWN BOARDS

14 008-Free Cash – School Department, Part 2

CFO William McKinney requested, on behalf of the Mayor, that the town of Weymouth raise and appropriate the sum of \$450,000 from free cash for the purpose of funding the costs associated with school department operations during FY2014. Furthermore, that these funds must be expended on items that count towards net school spending.

A motion was made by Vice President Smart to forward item 14 008 to the Budget/Management Committee and was seconded by Councilor Mathews. UNANIMOUSLY VOTED.

REPORTS OF COMMITTEES

Budget/Management Committee-Councilor Michael Molisse

14 005-Fiscal Year 2013 Audited Financial Statements and Management Letter-presentation by Frank Biron, President of Melanson Heath & Company and Richard Swanson, Town Auditor

Councilor Molisse reported that this measure was referred to the Budget/Management Committee on February 5, 2014. The committee met earlier this evening and was presented with an in-depth review by Mr. Frank Biron, President of Melanson Heath & Company. Auditor Swanson presented the highlights from the audit:

"Highlights on the Fiscal Year 2013 Audited Financial Statements/Management Letter

- A. *Our auditors issued a "clean audit opinion" on the Financial Statements, which is excellent, as it means no material discrepancies were found during the audit of the Books & Records of the Town for FY2013.*

- B. *At the end of the year, total assets exceeded liabilities by \$104,739,000 and the current ratio was 3.6 to 1, which is outstanding. This strong ratio shows there is \$3.64 in assets to cover each \$1.00 in liabilities.*
- C. *Total Bonds Payable Debt at year-end was \$86,496,892 a decrease of \$4,656,586 from FY2012. This significant decrease of 6% resulted from pay down and refinancing of debt.*
- D. *The Water & Sewer Enterprise Funds Operating Revenue for FY13 was \$23,955,707 and operating Expenses were \$17,032,113 resulting in \$6,923,594 of Operating Income.*

A portion of the Operating Income was used to pay Interest Expense (net \$1,385,186) and Transfers to the General Fund (net \$1,385,186) and Transfers to the General Fund (net \$1,404,603) to reimburse the General Fund for Benefits & Indirect Expenses. After these payments Net Income for Water & Sewer Operations was \$4,133,805.

- E. *Total Investment in Capital Assets at year-end was \$191,493,661 (net of depreciation), an increase of \$3,586,213 compared to the prior year. Two significant additions accounted for most of the increase, which were:*
 - a. *\$1,060,314 Improvements to Roadways using Chapter 90 funds*
 - b. *\$1,385,649 relating to the Sewer Fund Montcalm Interceptor project*
- F. *Total FY13 Revenue for the General Fund was \$140,266,978, which was \$2,215,267 over budget. The principal drivers of higher revenue were:*
 - a. *\$470,000 Excise Taxes*
 - b. *\$332,987 Licenses and Permits*
 - c. *\$673,839 Charges for Services*
 - d. *\$653,128 Other*

Total Expenditures for FY13 were \$136,027,919 which was \$2,023,792 less than budget. The principal drivers of lower expenditures were:

- a. *\$624,984 General Government*
- b. *\$400,896 Public Works*
- c. *\$804,517 Employee Benefits*

- G. *Melanson Heath & Company reported no new findings or issues in the Fiscal Year Management Letter which is outstanding.*

There are three Prior Year Recommendations in the Management Letter for which the Administration responded to. I am working with our CFO in resolving Issues One and Two."

Mr. Biron reviewed the audit report in more detail. There was some discussion during the review that included the composition of the fund balance, the use of free cash as a funding source and replenishment during the year, the turn-backs at end of the year, and preparation for the upcoming implementation of GASB68. The audit was clean and the only negative aspect is the growing OPEB liability. Although there were no material weaknesses, it was recommended that the town continue to work in conjunction with the CFO regarding recommendations with regard to fraud policy.

Councilor Mathews asked Mr. Biron if he has seen many municipalities carry a bond with an interest rate of 7.5%. Mr. Biron responded that it is high; most are around the 2% range.

A motion was made by Councilor Molisse to forward item 14 005-Fiscal Year 2013 Audited Financial Statements and Management Letter-to the full Town Council to ACCEPT the report of the Fiscal Year 2013 Audited Financial Statements and Management Letter, motion was seconded by Councilor Mathews. UNANIMOUSLY VOTED.

ADJOURNMENT

The next meeting of the Town Council will be held on Monday, March 3, 2014. At 10:45PM, there being no further business, a motion was made by Vice President Smart to adjourn and was seconded by Councilor Mathews. UNANIMOUSLY VOTED.

Respectfully submitted by Mary Barker as Recording Secretary

Approved by Council President Patrick O'Connor