

Finance Committee
September 18, 2023
7:00 PM

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2023 OCT 17 PM 4:13

I. Call to Order

The September 18, 2023 meeting of the Finance Committee was held via remote participation and was called to order at 7:00 pm by Bonnie Yezukevich, Chair of the Finance Committee. Finance Committee members present: Kevin Bugaj, Paula Daniels, Stephen Evans, Tracy Mahan, Sandra Ollerhead, Frank Joe Parker, William Rotondi, Paul J. Schleicher, Zack Tsilis, and Bonnie Yezukevich. Cody Thompson (joined at 7:11).

II. New Business

1. Distribution of Meeting Materials

The following meeting materials were sent to the Finance Committee by email for tonight's meeting:

- Agenda
- List of Warrant Articles (08/31/23)
- Score Sheet (09/13/23)
- FY24 Cherry Sheets
- Estimated Revenues and Expenditures
- Local Receipts Snapshot (FY20-FY23)
- Summary of FY23 Turn Backs
- Free Cash History (FY02-FY23)
- Summary of Capital Improvements Fund
- Summary of OPEB Appropriations
- Summary of Stabilization Fund Appropriations
- MGL Chapter 203C – Prudent Investor Act
- MGL Chapter 140, Section 139c – Dog Licensing Fees
- AED Quote

2. *Town Finances – Update and Discussion*

Mr. Yunits presented the FY24 Estimated Operating Revenues and Expenditures document that shows the final budget approved by the State. He noted increases in School Choice Receiving Tuition, Local Aid, Charter School Tuition Assessments, and School Choice Assessments.

He reviewed the Free Cash History (FY02-FY23) document, showing \$4,928,970 was certified for fiscal year 2023, and the Summary of FY23 Turnbacks document, showing a grand total of \$1,955,960.07 was turned back to Free Cash from the following sources:

- \$144,661.58 from General Government (mainly from unused funds in the Reserve Fund)
- \$50,486.80 from Public Safety
- \$207,743.58 from the School Department (will be used for the Trane debt payment)
- \$28,069.86 from Highway

- \$125,656.16 from Human Services (Veterans Services and Public Health Nurse vacancy)
- \$1,915.95 from Debt
- \$2.00 from General
- \$1,397,424.14 from Benefits (from the Health Care Holiday)

Mr. Yunits shared the interest earned on Local Receipts was \$800,000 higher than expected due to increased interest rates. Town funds from the opioid settlement, cannabis impact, and ARPA funds provided increased cash, which the Town Treasurer placed into higher interest-bearing accounts. There are Fall Town Meeting Articles for the opioid settlement funds and cannabis impact funds, since there are stipulations on the use of this money. He shared the second digital sign board on 495 generated \$250,000 in revenue.

Mr. Schleicher asked about the funds generated from the sale of Town-owned land.

Mr. Yunits explained due to the timing of when the funds were received, they are part of the FY24 budget and will become certified as Free Cash for the FY25 budget.

Mr. Rotondi asked if there are any regulations on the amount of Free Cash the Town can hold.

Mr. Yunits explained there is no limit and the high amount will be looked at favorably by Standard & Poors when rating the Town's credit.

Mr. Bugaj asked if the Town is still looking to hire a Public Health Nurse in the next budget cycle.

Mr. Yunits confirmed the Public Health Agent is still looking to fill this position. The School Nurse will be helping to provide flu shots to the public this year.

Mr. Thompson asked if Free Cash can be used to fund the Stabilization Fund, since it is so critical to the Town's credit rating.

Mr. Yunits stated there are articles for funding OPEB and Stabilization from Free Cash coming up later on this evening.

Mr. Tsilis referred to the funds used from Stabilization for the School Department last spring and the plan to replenish Free Cash this fall.

Mr. Thompson commented that was the assumption, since there were incoming funds from the Health Care Holiday that would become Free Cash.

Mr. Yunits confirmed this.

Mr. Yunits presented the Town of Norton Local Receipts Snapshot and reviewed the new category for excise tax generated from the sale of cannabis (3% tax). At this time, there is one operator in Town and hopefully there will be a second one soon.

Ms. Ollerhead asked if the \$54,748 listed for 2023 reflects a full year of operation.

Mr. Yunits explained that reflects operation from September 17 (when they opened) through June 30th.

Mr. Thompson asked if there are stipulations on the use of funds from cannabis excise tax.

Mr. Yunits stated there are none and those funds go directly into the General Receipts Fund. He referred to upcoming articles to increase the Stabilization and OPEB funds and the appropriation summary documents included the meeting materials.

Mr. Thompson asked if the OPEB Fund account is an interest-bearing account.

Mr. Yunits explained it is a special revenue investment account.

Mr. Bugaj asked for the dollar amount required to fully fund OPEB.

Mr. Yunits shared it is at least \$60 million but will confirm the exact amount.

Mr. Evans asked if the discount rate will change significantly from the prior year.

Mr. Yunits replied the Retirement Board will provide an updated actuarial on their investments.

Mr. Parker asked if Stabilization and OPEB funds are supposed to be a percentage of the overall Town budget.

Mr. Yunits replied it is recommended the Stabilization Fund is 5% of the overall budget. Since OPEB is not fully funded yet, funding recommendations come from the actuarial study put out every two years.

Mr. Parker asked if most other town's OPEB funding is in the same position as Norton.

Mr. Yunits shared the only town fully funded is Wellesley, who did a debt-exclusion to accomplish this. No other towns are even close.

Mr. Yunits shared the following updates on Town projects:

- The Senior Center is moving forward. They are currently working on windows and siding.
- The foundation for the new Town Hall is complete and they are currently working on the elevator shaft.
- The Trane project at the Yelle School is in progress and the High School will be shortly.
- The 123 project will be finishing up this fall. They are starting to raise all the structures to get it ready for final paving and road striping. Once complete the traffic lights will be activated.
- The Bike Trail project is also moving forward. They are now at North Washington Street and will be working between 123 and Cobb Street.

Mr. Tsilis asked if the Town Treasurer has done an assessment of the impact of the interest rates on these projects.

Mr. Yunits shared the Town will be working with Standard & Poors soon to go out and borrow. The interest rate received at that time will be used to evaluate the impact on the projects.

Mr. Thompson asked what interest rates were used when the projects were estimated and commented they were significantly less three years ago.

Mr. Yunits replied typically 4% is used and he will confirm the exact amount used to the Finance Committee. He added the Senior Center project came in \$1 million under estimate and the Town Hall came in \$2 million under estimate.

Mr. Tsilis asked if the items that were removed from the projects, such as furniture in the Senior Center, put back into the budgets.

Mr. Yunits replied furniture has been added back to the Senior Center project and they are also working to get donations on many items.

Mr. Thompson asked if there is any revenue coming in from rentals on the new athletic fields.

Mr. Yunits explained those funds would go into School Department's Revolving Fund and he will check with the School Department on this.

Ms. Yezukevich commented the Finance Committee will be having a joint meeting with the School Committee on September 28th in the High School library. She noted this would be a great item to discuss at that meeting. She asked the Finance Committee for any other topics they would like included on the agenda.

Mr. Tsilis requested the Schools provide a financial update including the status of the grants they applied for over the summer, where those funds will be used, and details on their final cuts. The last update he is aware of is the last School Committee meeting.

Mr. Evans added expectation was the Schools would provide regular updates on their budget verses actual reports, the balance in their Reserve Fund and cash intake funds, and any transfers from account to account. He noted the Schools are the largest budget in the Town and should be providing regular financial reporting.

3. Fall Annual Town Meeting Warrant Article Discussion and/or Vote

Article 1: Prior Year Bills

Mr. Yunits recommended no action on the Fall Annual Town Meeting Article 1: Prior Year Bills, since there are no prior year bills.

Motion was made by Ms. Daniels to vote no action on Fall Town Meeting Article 1. Seconded by Mr. Rotondi. Vote: 11 -0 Unanimous. Motion Carries.

Article 12: Other Post Employment Benefits (OPEB)

Mr. Yunits recommended \$20,000 be transferred into Article 12 from Free Cash for actuarial studies on Other Post Employment Benefits (OPEB).

Mr. Tsilis asked if the studies are required.

Mr. Rotondi asked how often this study is required.

Mr. Yunits explained a GASB study is required every two years.

Mr. Thompson asked if this was bid out in 2021 or is there a standing agreement for this study.

Mr. Yunits stated \$20,000 should pay for two studies, this year and the next study in two years. There is a standing actuarial the Town uses for this study.

Mr. Parker asked why the request is for two years, given the tight budget.

Mr. Yunits replied it is to be prepared when the next study is required.

Mr. Rotondi asked if there is written agreement this will cover two studies.

Mr. Yunits stated there will be a contract for the studies.

Mr. Thompson asked if the remaining funds for the second study will go back into Free Cash as the end of this year and if there is any disadvantage to handling each study in a separate article. He asked if the \$10,000 marked for the second study in two years is an estimate or agreed amount.

Mr. Yunits explained the remaining funds will stay in this article and there would be no disadvantage to funding it \$10,000 this year and \$10,000 in two years. He stated \$10,000 for the second study is an estimate.

Mr. Thompson commented he would prefer to fund the article for this year and again in two years for the actual price.

Mr. Bugaj asked if a discount is given if the Town agrees to multiple cycles.

Mr. Yunits stated there is no discount for agreeing to multiple cycles, the amount for this year's study is \$10,000, and there is no amount given for the next study that will come up in two years. He referred to information provided by the Town Accountant, \$20,000 was the previous request for a four-year period of studies.

Mr. Rotondi commented the price has remained stable from previous request.

Motion was made by Ms. Daniels to recommend Fall Town Meeting Article 12 to raise and appropriate \$10,000 from Free Cash to fund the mandated actuarial reporting requirements of Other Post Employment Benefits (OPEB). Seconded by Mr. Rotondi. Vote: 11 -0 Unanimous. Motion Carries.

Article 13: Prudent Investor Rule

Mr. Yunits explained last spring the Massachusetts Collectors and Treasurers Association pushed for a rule to allow for Town Meeting approval for Prudent Investor. MGL Chapter 203 (c) was approved in the state budget enabling use of the Prudent Investor Rule with Town Meeting approval. He recommended the Finance Committee vote to accept the Massachusetts Prudent Investment Act, under MGL 203 (c).

Mr. Bugaj asked what investment rules are currently being used by the Town's fund managers.

Mr. Yunits explained currently the Town's investments are limited to the state's approved list, which is very outdated. Voting to accept the Prudent Investor Act would greatly expand the investment options for the Town's trust funds.

Mr. Bugaj asked how excessively risky investments are defined and if Prudent Investor allows for derivative trading or is it still largely fixed income type of investments.

Mr. Yunits stated the Town works with a financial advisor on its trust fund investments who provides all investment advice. The Prudent Investor Act largely expands the investments available, but they are still mainly fixed income.

Mr. Thompson commented Prudent Investor is still required to be investment grade A- and above at all times and the investment broker is a fiduciary of the accounts. He asked if each town is able to set parameters for acceptable investments or if it is set at the state level.

Mr. Yunits confirmed this and explained the Collectors and Treasurers Association works with the State to set the list of allowable investments.

Mr. Bugaj asked if the Town already has a third-party financial advisor or if this will be an added expense to manage the Town's investments.

Mr. Yunits stated the Town already has a financial advisor who manages the Hicks Fund.

Mr. Thompson asked for confirmation this applies only to the trust funds, not retirements or pensions.

Mr. Yunits confirmed this is only for the trust funds.

Motion was made by Ms. Daniels to recommend Fall Town Meeting Article 13 to recommend the Town accept MGL Chapter 203(c) Massachusetts Prudent Investor Act. Seconded by Mr. Rotondi. Vote: 11 -0 Unanimous. Motion Carries. Seconded by Mr. Rotondi. Vote 11 -0 Unanimous. Motion Carries.

Article 14: Dog Licensing Fees

Mr. Yunits shared this article was put forth by the Town Clerk for the Town to accept MGL Chapter 140, section 139 (c) to exempt licensing fees from service animals and dogs owned by a person age 70 or over.

Ms. Lucia Longhurst, Town Clerk, explained the background for this proposal and findings that the majority of other towns do not charge dog licensing fees to residents over age 70.

Mr. Parker stated he feels this is a good idea and asked if there would be a financial impact if approved.

Ms. Longhurst replied the impact would be minimal. The Town licenses approximately 2,000 dogs, of which only a small minority of owners are over age 70. The dog licensing fee is between \$10 and \$15 per year, depending on whether the dog is spayed/neutered. This article would apply to one dog per qualifying household.

Mr. Bugaj asked how this would be handled for dogs living in homes with residents both over age seventy and under age seventy and if an elderly dog owner is not able to come in to Town Hall themselves.

Ms. Longhurst explained it would be based on the age of the person who comes in for the license and does not feel it would be an issue. She explained she would be able to verify the age of a dog owner by checking the voter registration system, if necessary.

Ms. Daniels asked, if this passes, how will it be communicated. She referred to the email reminder sent to dog owners for license renewals and how many people renew online.

Ms. Longhurst stated dog owners over age 70 will have to call, come in, or mail their renewals. She explained she will communicate the change on the Town Clerk's Facebook page, the Town Website, and in person to residents that come in to license their dogs. She added the Town Clerk's Office will start entering owner's date of birth into their system so the program can recognize owners that qualify for this exemption.

Ms. Daniels asked if the Town currently exempts service dogs.

Ms. Longhurst explained fees are exempted for service dogs as long as proper documentation is provided.

Ms. Yezukevich pointed out dog owners who are exempt from fees will still need to come in to Town Hall to register their dogs and get the license.

Ms. Tsilis asked if these dogs will still receive a license tag.

Ms. Longhurst explained the dog will still receive a license tag and all their information such as the owner's name and address, type of dog, and rabies certification will be entered into the system.

Motion was made by Ms. Daniels to recommend Fall Town Meeting Article 14 to accept the provisions of MGL Chapter 140, section 139c to exempt the dog licensing fees of residents over age 70 (one dog per household). Seconded by Mr. Rotondi. Vote: 11 -0 Unanimous. Motion Carries. Seconded by Mr. Rotondi. Vote 11 -0 Unanimous. Motion Carries.

Article 9: Automated External Defibrillator (AED) for Parks and Recreations

Mr. Yunits presented the Fall Annual Town Meeting Article 9 to transfer \$2,000 from Free Cash for an Automated External Defibrillator (AED) device for Everett Leonard Park. The AED device located there needs to be replaced.

Mr. Tsilis asked if there are any other locations in Town that need AED devices and commented this would be a good opportunity to ensure AEDs are readily available in all designated locations.

Mr. Yunits stated he will check with the Health Agent and Deputy Chief.

Mr. Thompson commented Norton Youth Baseball Board has discussed this need at their fields and suggested the all the common parks and athletic fields have AEDs.

Mr. Schleicher shared that most AEDs need to be kept in a heated environment to maintain their battery life.

Mr. Thompson shared he believes there are some AEDs that can be kept outside.

Ms. Yezukevich asked if the Town's Health Agent is responsible for inspecting AEDs to ensure they are working properly.

Mr. Yunits explained the Fire Department does the inspections to ensure the Town's AEDs are working properly.

The Finance Committee decided to vote on this article now as presented and amend it after checking if there are any other locations in need of an AED.

Mr. Evans left the meeting.

Motion was made by Ms. Daniels to recommend Fall Annual Town Meeting Article 9 to use \$2,000 from Free Cash to purchase AED for the Everett Leonard Park. Seconded by Mr. Rotondi. Vote: 11 -0 Unanimous. Motion Carries. Seconded by Mr. Rotondi. Vote 10 -0 Unanimous. Motion Carries.

4. *Town Report Submission for July 1, 2022, through June 30, 2023*

Mr. Yunits shared the submission for Town Report is due by September 27th for the time period between July 1 and June 30.

5. *Reorganization*

Ms. Yezukevich explained at this time each year the Finance Committee reorganizes and is accepting nominations for the Chair and Vice Chair positions.

Motion was made by Mr. Rotondi to nominate Ms. Daniels for the position of Chair of the Finance Committee. Seconded by Mr. Thompson. Vote: 10 -0 Unanimous. Motion Carries.

Motion was made by Ms. Ollerhead to nominate Mr. Parker for the position of Vice Chair of the Finance Committee. Seconded by Ms. Daniels. Vote: 9 -Yes. 1- Abstain. Motion Carries.

It was decided that Mr. Tsilis would remain the Finance Committee's representative on the Capital Improvements Committee.

It was decided that Ms. Ollerhead would remain the Finance Committee's representative on the Permanent Building Committee.

6. *Next Week's Meeting Schedule*

Next week's meetings:

- Monday, September 25, 2023 at 7:00 PM.

- Thursday, September 28, 2023 – Joint Meeting with School Committee, at the Norton High School Library

III. Old Business

IV. Minutes

The meeting minutes for May 2, 2022 were reviewed and updated as needed.

Motion was made by Mr. Rotondi to approve the May 2, 2022 meeting minutes. Seconded by Mr. Parker. Vote: 8- Yes. 2- Abstain. Motion Carries.

The meeting minutes for May 9, 2022 were reviewed and updated as needed.

Motion was made by Mr. Rotondi to approve the May 9, 2022 meeting minutes. Seconded by Mr. Parker. Vote: 8- Yes. 2- Abstain. Motion Carries.

The meeting minutes for May 16, 2022 were reviewed and updated as needed.

Motion was made by Mr. Rotondi to approve the May 16, 2022 meeting minutes. Seconded by Mr. Parker. Vote 8- Yes. 2- Abstain. Motion Carries.

V. Open session for topics not reasonably anticipated 48 hours in advance

VI. Adjournment

Motion was made by Mr. Rotondi to adjourn the meeting at 8:23 pm. Seconded by Mr. Parker. Vote: 10-0 Unanimous. Motion Carries.

The meeting is adjourned at 8:23 pm.

URL link: https://www.youtube.com/watch?v=IJb_WGJ4JWY

Respectfully submitted by:

Anne Simpson

Minutes Approved by Committee on:

10/11/2023

Signature:

Paula Danz