

MINUTES
FINANCIAL MANAGEMENT COMMITTEE
SEPTEMBER 5, 2012
6:30 PM ROOM 206
900 MAIN ST., MILLIS MA 02054

ATTENDING:

JENNIFER SOULE
CHRIS SMITH
JEFF CANNON
KATHLEEN LAPLANT
ROBERT ORSI
CHARLES ASPINWALL

Mr. Aspinwall called the meeting to order at 6:35 PM and explained that the committee has been charged with the development of new financial policies in anticipation of the town going out to bond the library project in February 2013. Having the policies in place may assist with the bond rating agencies review of the town's credit rating. In particular, the town is looking to establish a policy regarding the appropriate amount that should be in the stabilization fund; how free cash should be allocated to the stabilization fund; and how the underfunded health insurance liability should be funded.

Mr. Cannon described the process the town last underwent when it went to the market for bonds.

Ms. Soule explained that bond rating companies desire to see is what policies the town may or may not have in place to protect bond holder's interest and she provided an article from her firm on Financial Management Assessments.

The committee reviewed the policies developed by the town of Wethersfield, CT which calls for a 7-10 % of general fund revenue stabilization like fund while the policy developed by Financial Advisory Associates called for 5% of a combination of stabilization and free cash.

Ms. LaPlant explained the effect of Chapter 90 Highway reimbursements on the certification of Free Cash. Free Cash is not sent in for certification to the Department of Revenue until Chapter 90 reimbursements are received by the town as there are times when DOR will deduct those amounts not received from the Free Cash balance.

Mr. Smith pointed out that there are a number of articles that are sometimes funded by Free Cash for which Free Cash needs to be reserved. Those articles include the audit, unemployment, and the Assessors update. He suggested that the committee set a target range for the allocation.

Mr. Orsi noted that Wethersfield's polices are a broad statement of values which if used as a template for Millis could benefit the town as this is our first go-around; that is, we should adopt a statement of general policies first and then work toward specifics in later years.

Mr. Aspinwall suggested that snow & ice deficits must also be planned for and should be considered when adopting the policy. In addition, spending on capital improvements and other anticipated costs must be accounted for in the policy. Ms. Soule suggested that in the future the town would be well served to establish a capital stabilization fund in the future.

Ms. LaPlant noted the effort it takes to keep a financial management policy book maintained and up to date. The procedures should be flexible.

The Board agreed to review the documentation submitted by Ms. Soule and the policies and agreed to meet again on October 1st and October 15th, both at 7 PM.

Mr. Aspinwall moved to adjourn the meeting at 7:37 PM, seconded by Ms. Soule; vote: 6-0 in favor.

Respectfully submitted,



Charles J. Aspinwall

9-17-12