

MEETING MINUTES

Finance Committee

Wednesday, November 16, 2011

CALL TO ORDER

Time – 7:00 P.M.

Members in attendance: Chairman S. Jon Stumpf, Joanne Marden, Cindy Milne, Mark Merritt, Paul Fortier, Peggy Kruse, Greg Rigby and Dan Kowalski.

Also Present: Finance Director Donna Walsh.

WARRANT ARTICLE POSITIONS FOR SPECIAL TOWN MEETING

Article 2 – Bancroft Elementary School

School Building Committee member Mr. Tom Deso explained the purpose of Article 2 was due to West Knoll Road property owners not voluntarily offering temporary easements during the construction of the new Bancroft School driveway. He added that approval of this article would guarantee the easements. In response to concerns voiced by several audience members, it was stated that the reason for submitting Article 2 at this time was due to the Town being prepared to proceed with construction subsequent to litigation settlements without having to go to an additional Town Meeting.

Mark Merritt moved and Paul Fortier seconded to recommend approval of Article 2 as written. The motion passed unanimously 7-0.

Article 4 – Andover Youth Center – Transfer of Land

Mark Merritt moved and Greg Rigby seconded to recommend that the Finance Committee not take a position on Article 4. The motion passed unanimously 7-0.

Article 5 – Blanchard Street Soccer and Baseball Fields

Following a brief discussion, it was noted by Selectman Brian Major that prior to the Town entering into any leases, organizations would need approval from the Board of Selectmen, thereby affording public input.

Cindy Milne moved and Greg Rigby seconded to recommend approval of Article 5 as written. The motion passed unanimously 7-0.

Article 6 – Supplemental Budget Appropriation

It was reported that New Growth numbers had come in higher than anticipated. Following discussion, Committee members agreed to recommend appropriating \$500,000 from New Growth to the Reserve Fund citing its flexibility in funding various budget items as the reason.

Mark Merritt moved and Greg Rigby seconded to recommend approval of appropriating \$500,000 to the Reserve Fund. The motion passed 7-0.

Article 7 – Stabilization Fund

Paul Fortier moved and Mark Merritt seconded to recommend withdrawal of Article 7. The motion passed unanimously 7-0.

Article 8 – Funding OPEB Trust Fund

Dan Kowalski moved and Mark Merritt seconded to recommend withdrawal of Article 8. The motion passed unanimously 7-0.

Mr. Kowalski recused himself from the meeting at 7:30 P.M. due to a conflict of interest with regard to Article 3, Andover Youth Center Appropriation.

Ms. Kruse joined the meeting at 7:45 P.M.

Article 3 – Andover Youth Center Appropriation

Mark Merritt made a motion and Paul Fortier seconded to recommend approval of appropriating \$2,000,000 from non-exempt debt.

Andover Youth Foundation representative Ms. Costagliola was asked if revenues raised by Youth Service programming would fund the Youth Services Revolving Account. She responded yes. Discussion followed regarding how revolving fund money can be spent.

Mr. Rigby presented operational expense estimates for a new youth center building. Lengthy discussion followed regarding concern over Youth Services competing with other Town departments for CIP funding, additional operative expenses, and the possibility of future overrides to cover those expenses.

Ms. Marden distributed copies of a spreadsheet titled Fun with Debt Service. She stated that this was just an exercise and that she chose the numbers arbitrarily. After review, Ms. Marden suggested that the debt for this project could be manageable due to timing of CIP projects coming on line as well as dropping off schedule. The question was asked whether or not Town departments should compete for CIP funding when the project could be paid for through a debt exclusion. Discussion followed. Ms. Costagliola stated that it was never the Foundation's intent to fund the project through debt exclusion as well as to not ask for funding in excess of the \$2M requested.

Resident Dick Howe asked Committee members if they had considered using the Wood Fund to help with funding. Mr. Major responded that although accessing the Wood Fund would require a Town Meeting vote, the money could be used for any purpose. He added that this could be a good way to recognize the Wood family.

The motion passed 4-3-0.

There was a brief discussion regarding an amendment to convert funding for the project to exempt debt. It was noted that this amendment may be introduced at the Special Town Meeting. Finance Committee members agreed not to take a position on the amendment at this time.

Finance Committee members agreed to include their main concern over funding the project with exempt vs. non-exempt debt in the Finance Committee Report.

Next Meeting

Regular Finance Committee Meeting
Wednesday, November 30, 2011

2nd Floor Conference Room
7:00 P.M.

Regular Finance Committee Meeting
Monday, December 5, 2011
Special Town Meeting
6:15 P.M.

ADJOURNMENT – 9:15 P.M.

Respectfully Submitted,
Carolyn Lynch
Recording Secretary

**SPECIAL TOWN MEETING WARRANT
THE COMMONWEALTH OF MASSACHUSETTS
ESSEX, SS.**

To Either of the Constables of the Town of Andover

Greeting:

In the name of the Commonwealth, you are hereby required to notify and warn the Inhabitants of said Town who are qualified to vote in Town affairs to meet and assemble in the J. Everett Collins Center at Andover High School, Shawsheen Road, in said Andover, on

MONDAY, DECEMBER 5, 2011

at seven o'clock P.M. to act upon the following articles:

Form for Submitting Warrant Articles and Petitions

ARTICLE 1. To see if the Town will vote to amend Article II of the Town By-laws by adding the following Section:

12. All petitions to call a Special Town Meeting or to insert a subject in the Warrant for any Annual or Special Town Meeting shall be submitted on a form meeting the following requirements:

- (a) The subject to be inserted in the Warrant shall be prepared by the petitioner(s) and shall appear on the front page of each petition. If space is insufficient the text shall begin on the front page of each petition and be continued on additional pages to be attached to each petition before signatures are gathered.
- (b) Each petition shall include boxes for the gathering of signatures, with residence, street and number, of registered voters of the Town of Andover on the front and/or the back of the petition. Separate signature pages shall not be accepted for filing, nor shall they be stapled or otherwise attached to a petition. All signatures submitted for certification must appear on the petition with the text of the subject to be inserted in the Warrant. The petitioner(s) may submit as many petitions as necessary to meet the required number of signatures.
- (c) The Town Clerk shall prepare and make available to the public petition forms meeting the minimum requirements of this bylaw.

And further that non-substantive changes to the numbering of this By-law be permitted in order that it be in compliance with the numbering format of the Andover Code of By-laws, or take any other action related thereto.

On request of the Town Clerk

Bancroft Elementary School Project – Acquisition of Four Temporary Easements for the Construction of West Knoll Road

ARTICLE 2. To see if the Town will vote to authorize the Selectmen to acquire by purchase, gift or eminent domain temporary construction easements for the purpose of construction of improvements to West Knoll Road and installation of utilities for the Bancroft Elementary School Construction Project, on terms and conditions deemed by the Board of Selectmen to be in the best interests of the Town, on property located at West Knoll Road as shown on a plan titled “Easement Plan of Land in Andover, Massachusetts, West Knoll Road, Scale 1” = 40’, Date: October 25, 2011,” drawn by Dana F. Perkins, Inc., Consulting Engineers & Land Surveyors, Tewksbury, Massachusetts 01876, on file with the Town Clerk’s Office, which easements are more particularly described as follows:

Easement shown on said Plan as “Temporary Construction Easement #1 – Variable Width Area = 1,893 sf ±” on land now or formerly of Thomas M. & Donna D. Garesche, 14 West Knoll Road, Map: 59, Lot: 10A; Easement shown on said Plan as “Temporary Construction Easement #2 – Variable Width Area = 4,438 sf ±” on land now or formerly of Jill A. Langston Nominee Trust No. 1, 16 West Knoll Road, Map: 59, Lot: 10; Easement shown on said Plan as Temporary Construction Easement #3 – Variable Width Area = 4,186 sf ±” on land now or formerly of H. Hammond Barnes & Jane F. Cross, 17 West Knoll Road, Map: 60, Lot: 4; and Easement shown on said Plan as “Temporary Construction Easement #4 – Variable Width Area = 2,985 sf ±” on land now or formerly of Robert M. & Joan B. Saunders, 15 West Knoll Road, Map: 60, Lot: 1, prepared for Town of Andover,

and to appropriate funds and pay the owners of said property for said temporary easements, or take any other action related thereto.

On request of the School Building Committee

Andover Youth Center Appropriation

ARTICLE 3. To see if the Town will vote to appropriate and borrow or transfer from available funds the sum of Two Million Dollars (\$2,000,000) to pay costs of designing, constructing and furnishing a Youth Center (approximately 20,000 square feet), including the payment of costs of a related parking area and all other costs incidental and related thereto (the “Project”) behind the Doherty Middle School on Bartlet Street provided that the Selectmen have received at least Two Million Two Hundred Thousand Dollars (\$2,200,000) as a grant from the Andover Youth Foundation to pay costs of the Project on terms and conditions the Selectmen deem to be in best interests of the Town, or take any other action related thereto.

On petition of Diane Costagliola and others

Andover Youth Center – Transfer of Land

ARTICLE 4. To see if the Town will vote to transfer the care, custody, control and management of a parcel of land containing approximately 36,400 square feet more or less as

shown on a plan entitled "Plan Showing Proposed Youth Center" scale 1" = 40', dated November 14, 2006 to the Board of Selectmen for municipal purposes, said plan being on file in the office of the Town Clerk, and if a Youth Center is not built on said property then the land shall revert back to the School Committee with the purpose of this vote being to delete and correct the scrivener's error referencing "Parcel A" in the vote on Article 24 of the 2007 Annual Town Meeting, or take any other action related thereto.

On request of the Town Manager

Blanchard Street Soccer and Baseball Fields

ARTICLE 5. To see if the Town will authorize the Selectmen to accept gifts and grants and to enter into leases relating to the baseball and soccer fields to be constructed at the Town property on Blanchard Street all on terms and conditions the Selectmen determine to be in the best interest of the Town, or take any other action related thereto.

On request of the Town Manager

Supplemental Budget Appropriation

ARTICLE 6. To see if the Town will vote to appropriate a sum of money from taxation or available funds to supplement appropriations voted at the April 2011 Annual Town meeting, or take any other action related thereto.

On request of the Finance Director

Stabilization Fund

ARTICLE 7. To see if the Town will vote to appropriate a sum of money from taxation or available funds to the Stabilization Fund in accordance with MGL Chapter 40, Section 5B, as amended by Chapter 46, Sections 14 and 50 of the Acts of 2003, for the purpose of funding future one-time or unforeseen costs of the Town, or take any other action related thereto.

On request of the Finance Director

Funding OPEB Trust Fund

ARTICLE 8. To see if the Town will vote to appropriate a sum of money from taxation or available funds to the Other Post Employment Benefit Trust Fund established under the provisions of Chapter 479 of the Acts of 2008, or take any other action related thereto.

On request of the Finance Director

Fun With Debt Service

	Existing Debt Service	Authorized to be Issued FY2012	Base FY2012 2% Growth	New Debt Service Capacity	Youth Center Debt Service	New \$3 Million Debt Annually	Additional Capacity
FY2012	3,515,882	694,917	3,586,200	-194,557			
FY2013	3,085,840	761,182	3,657,924	143,391			
FY2014	2,753,351	740,708	3,731,082	415,517	180,000	350,000	-114,483
FY2015	2,574,857	720,255	3,805,704	595,416	176,000	692,000	-272,584
FY2016	2,490,033	699,800	3,881,818	759,728	172,000	1,026,000	-438,272
FY2017	2,422,290						
			Base FY2012 3% Growth	Base 2013 3% Growth	New Capacity	Additional Capacity	
FY2012			3,621,358	3,780,757	0		
FY2013			3,729,999	3,894,180	379,647	379,647	
FY2014			3,841,899	4,011,005	695,440	165,440	
FY2015			3,957,156	4,131,335	921,047	53,047	
FY2016			4,075,871	4,255,275	1,133,185	-64,815	

\$3 million new debt authorized each year
 \$2 million bonded over 10 years at 3% and \$1million for 20 years at 4%

Existing Debt Service and Authorized to be Issued FY2012 from CIP

**Youth Center
Proposed CIP Borrowing**

Principal	2,000,000	Issue Date	Feb 2014
Term	20 Years	1st P&I Payment	2015
Interest Rate	4.00%		

	<u>Principal Balance</u>	<u>Principal Payment</u>	<u>Interest</u>	<u>Total</u>	<u>Total Per Year</u>
Year 1	2,000,000	-	40,000	40,000	
	2,000,000	100,000	40,000	140,000	180,000
Year 2	1,900,000		38,000	38,000	
	1,900,000	100,000	38,000	138,000	176,000
Year 3	1,800,000		36,000	36,000	
	1,800,000	100,000	36,000	136,000	172,000
Year 4	1,700,000		34,000	34,000	
	1,700,000	100,000	34,000	134,000	168,000
Year 5	1,600,000		32,000	32,000	
	1,600,000	100,000	32,000	132,000	164,000
Year 6	1,500,000		30,000	30,000	
	1,500,000	100,000	30,000	130,000	160,000
Year 7	1,400,000		28,000	28,000	
	1,400,000	100,000	28,000	128,000	156,000
Year 8	1,300,000		26,000	26,000	
	1,300,000	100,000	26,000	126,000	152,000
Year 9	1,200,000		24,000	24,000	
	1,200,000	100,000	24,000	124,000	148,000
Year 10	1,100,000		22,000	22,000	
	1,100,000	100,000	22,000	122,000	144,000
Year 11	1,000,000		20,000	20,000	
	1,000,000	100,000	20,000	120,000	140,000
Year 12	900,000		18,000	18,000	
	900,000	100,000	18,000	118,000	136,000
Year 13	800,000		16,000	16,000	
	800,000	100,000	16,000	116,000	132,000
Year 14	700,000		14,000	14,000	
	700,000	100,000	14,000	114,000	128,000
Year 15	600,000		12,000	12,000	
	600,000	100,000	12,000	112,000	124,000
Year 16	500,000		10,000	10,000	
	500,000	100,000	10,000	110,000	120,000
Year 17	400,000		8,000	8,000	
	400,000	100,000	8,000	108,000	116,000
Year 18	300,000		6,000	6,000	
	300,000	100,000	6,000	106,000	112,000
Year 19	200,000		4,000	4,000	
	200,000	100,000	4,000	104,000	108,000
Year 20	100,000		2,000	2,000	
	100,000	100,000	2,000	102,000	104,000
Totals		<u>2,000,000</u>	<u>840,000</u>	<u>2,840,000</u>	<u>2,840,000</u>

Lynch, Carolyn

From: Jon Stumpf [sjonstumpf@gmail.com]
Sent: Tuesday, November 15, 2011 12:03 PM
To: Lynch, Carolyn; Cindy Milne; Daniel Kowalski; Walsh, Donna; Gregory Rigby; Joanne Marden; Jon Stumpf; Mark Merritt; Mary O'Donoghue; Paul Fortier; Peggy Kruse
Subject: Fwd: AYF agreement question

Fincom members:

Fyi...below is a breakdown from Brian as to the AYF funding requirements; we will be discussing tomorrow night. See you then!

----- Forwarded message -----

From: Major, Brian <brian.major@philips.com>
Date: Tue, Nov 15, 2011 at 11:07 AM
Subject: RE: AYF agreement question
To: Jon Stumpf <sjonstumpf@gmail.com>
Cc: Annie Gilbert <anniegilbert@verizon.net>

Est Project Cost	4,200,000
AYF Dev Funds	<u>(400,000)</u>
Est Proj Cost – Dev	3,800,000
Town Contribution	<u>(2,000,000)</u>
AYF Const Contr	1,800,000
AYF 10% Contingency	420,000

AYF Contribution Summary:

400,000 (design) ← provided after a successful TM vote (prior to appt of Bldg Committee)
1,800,000 (construction) ← provided prior to Contract Signage
420,000 (contingency) ← provided prior to Contract Signage
\$2,620,000

From: Jon Stumpf [mailto:jonstumpf@gmail.com]
Sent: Tuesday, November 15, 2011 10:17 AM
To: Major, Brian
Cc: Annie Gilbert; Jon Stumpf
Subject: AYF agreement question

Brian:

Hi! I wanted to follow up on last night's meeting, so I'm clear and can accurately explain to the Fincom tomorrow night. **I'm still unclear on section 3.4 and 2.2 and the actual cash flow** that the AYF needs to provide. In my reading of the agreement, below is how I see the cash flow:

1) Section 2.2 Development Funds \$400,000

2) Section 3.4 Construction Funding

a) Primary Recitals on Page 1(F) say the total estimated costs are \$4,200,000

b) less \$2 million,,the Town's share (2,000,000)

= \$2,200,000

x 110%

= 2,420,000

Total Funding needed to enter into construction contract \$2,820,000

Are my above calculations correct? At last night's meeting, I got the impression the \$400,000 Development Funds in Section 2.2 would be subtracted from the \$2,820,000 so the funding needed to enter into a construction contract would be \$2,420,000; if that is the case, where does it say the \$400,000 would be subtracted? Section 2.2 (line 4) mentions any "excess" may be used, but certainly there will not be \$400,000 excess.

I'd appreciate any clarity on this. Thanks!

Jon Stumpf

11 Stafford Lane