

## **MUNICIPAL FINANCE OVERSIGHT BOARD**

**Meeting August 13, 2019**

### **MINUTES**

**Board Members Present:** Ben Tafoya (Office of the State Auditor), Craig Stepno (Office of the State Treasurer), Mary Jane Handy (Department of Revenue), Margaret Hurley (Office of the Attorney General)

**Non-Board Members Present:** Sophia Apostola (Office of the State Auditor), William Arrigal (Department of Revenue), Lori Lombard (UniBank), Dr. Justin Bartholomew (Pentucket Regional School District), Greg Labrecque (Pentucket Regional School District), Brandy Perusse (Pentucket Regional School District), Wayne Adams (Pentucket Regional School District)

The meeting was called to order at 11:00 a.m.

#### **Minute from July 17, 2019**

On the question of approval of the amended minutes from the meeting on July 17, 2019: approved by all board members present with some minor typographical changes.

#### **Pentucket Regional School District**

Greg Labrecque, Pentucket Regional School District's business manager, provided an overview of the District's request and finances. Mr. Labrecque stated that the District is coming before the board to request approval to borrow through the State Qualified Bond Program (SQBP) for the design and construction of a middle/high school for the District. Mr. Labrecque stated that all the District's member communities overwhelmingly passed debt exclusion votes for the middle/high school project. The District's bond rating is Aa3. The District expects to borrow the amount request in two separate borrowings: \$50,000,000 this year and \$42,000,000 a year from now. The new middle/high school will be built on the same campus as the current high school. The District expects the new building to be ready for occupancy in fall of 2022 and the completion date is scheduled for occupancy 2023.

Mary Jane Handy asked whether the current school is a combined middle and high school. She also asked about the accelerated repairs to the District's middle school and whether the building that received the repairs under the accelerated repair program that will be demolished.

Mr. Labrecque stated that the middle school received boiler repairs and some window improvements under the accelerated repair project. The middle school building is slated to be demolished under the design for the new middle/high school project. Mr. Labrecque noted that by the end of the construction project the District would get 8 years of useful life from the repairs which were expected to have a useful life of 20 year.

Ms. Handy asked whether the District is receiving its member assessments on a monthly basis and whether the member communities are consistently paying on a monthly basis. She explained that due to the nature of the SQBP and the bond payments for this project that it will be extremely important for the District to be receiving its assessments on a monthly basis so that the District has sufficient cash-flow.

Mr. Labrecque stated that the District's assessments are received on a monthly basis and they are consistently paid on a monthly basis. He stated that the District worked to foster a good working relationship with the member towns. The District works with the financial advisors for the towns to discuss the financial needs of the District as well as the towns. The District reviews the District's budget with the member towns and informs the towns what their assessments would be given the District's budget. The District strives to pass a budget which the member towns can afford.

Ms. Handy commented that she has some concerns about the District's finances, including that its Excess and Deficiency (E&D) fund is only 2% of the District's budget rather than 5% and the large OPEB liability.

Mr. Labrecque stated that the District recently established an OPEB fund which they are contributing to annually. Mr. Labrecque noted that the E&D fund is not 5% of the District's budget because the District transfers money from the E&D fund to their OPEB fund. The District has an E&D policy that transfers \$300,000 from the E&D fund into OPEB fund annually.

Ms. Handy asked what the District's capital needs are over the next 10 years.

Mr. Labrecque stated that the district does not have any planned capital needs over the next 10 years, because all the elementary schools have been updated in the last 6 years.

Superintendent Bartholomew stated that the District conducted an assessment of school facilities and, other than the middle/high school, all buildings are in excellent shape.

Craig Stepno asked if the District expects any environmental issues with the demolition of the building.

Mr. Labrecque stated that there is asbestos in the buildings and the site costs account for environmental remediation. He also noted that the owner's project manager is overly cautious about the environmental issues.

Ben Tafoya asked about the District's enrollment trends.

Superintendent Bartholomew state that enrollment is down 25%. The District enrolled additional students through school choice program, but the District limited school choice because the District was experiencing overcrowding from school choice program. The District's enrollment has stabilized at approximately 150 students for each grade level.

Mary Jane Handy made a motion to approve the request from Pentucket Regional School District.

Craig Stepno seconded the motion.

The motion was unanimous approved by the members present.

#### **Long-Range Municipal Fiscal Stability**

Ms. Handy stated that Littleton's former town accountant/collector passed away and irregularities were discovered in Littleton. This person was working in Carlisle before they passed away. Carlisle conducted a forensic audit and no irregularities were discovered. Ms. Handy noted that Littleton will not receive restitution, because a deceased person cannot be charged with a crime, but Littleton will be financially able to handle the loss. DOR is continuing to advise municipalities to put in place safeguards, like division of labor and additional reviews, to prevent these type of issues.

**Topics for Next Meeting**

Sophia Apostola stated that Central Berkshire Regional School District is seeking to come before the board. The potential date for that meeting is October 2, 2019.

Ludlow has made an inquiry. Ms. Apostola will inform the board if Ludlow would like to file an official application.

The meeting was adjourned at 11:47 a.m.