

Finance Committee Meeting, December, 20, 2011
Room 205 Butterick Building

Meeting started at 6:30 as a joint meeting with Capital.

Attended by Anne Cervantes, Terri Ackerman, Matt Emsley, John Potter,
Larry Pape, John Kilcoyne, Mike Rivers, Pat Fox, Frank Heinemann, and Lisa Call
Absent: Mike Murphy, Bob Brown

Discussion on Capital Fund Investments

Discussion regarding 'bucket of liquid assets'. Sterling has about \$2.2 million available. FinCom and Capital committees both agree that much of this needs to be invested. It was agreed that there needs to be better communication between the treasurer and Capital Committee. Terri will discuss with town counsel regarding 'Special Act'. Town investments need to be in compliance with this, but can it be changed by a town bi-law that the residents vote on, or can it only be done through state legislature? John P. wants to err on the side of caution and keep \$1 million in cash. Mike R. would like to keep only \$500,000 to \$700,000 liquidity and invest the difference. Formal motion made to 'Advise the treasurer to transfer up to \$1 million from savings accounts to CD's up to 3 years'. Motion passed unanimously. Ann will also contact Fidelity, TD BankNorth and others and ask what each can do/offer Sterling.

Joint meeting adjourned at 7:23 PM

FinCom meeting continued. Status reports given. Stabilization and Capital funds remain the same, plus interest. Discussed changes to the FY13 forecast including overlay charge, Cherry Sheet, and new growth, (lower than anticipated). Best case scenario is 0% increase to average property tax bill. Worst case is 11.5% increase, or \$523 per household, staying well below the levy limit. Sterling is part of a very small minority of Massachusetts towns not making cuts to services. Outlook is not 'rosy', but certainly not dire.

Reserve fund still at \$100,000, but will change after tonight.

Terri talked about this being an 'atypical year' for legal expenses. \$40,000 was budgeted for legal services. \$22,000 has been spent from July to September. Rather than the requested \$35,000, Larry suggested a lower amount. Discussed increasing the budget for next year, and asked Terri if she felt, \$60,000 for the year would be enough. She said, yes, that a typical year sees legal fees between \$50,000 and \$60,000. Matt suggested on transfer \$20,000 and to consider doling out more as needed rather than tie up funds to only legal services. Motion made to transfer \$20,000, seconded and passed.

Discussed MEGA's request/demand for payment for assessment. Sterling was a member in 2003/4 and 5. Will discuss further but suggested writing a letter to decline.

Discussed emergency sewage back up in basement. Insurance to cover all but \$1000 deductible.

Discussed OPEB, (other post employment benefits) State accounting board says we can no longer simply pay as we go. It says we need to create an account and Sterling's should be about \$7 million. Obviously, we don't have an extra \$7 million. State just wants to see that towns are moving in the right direction and should be putting some money towards this goal. An unfunded account will affect our bond rating. Matt suggested a game plan approach of putting a percentage of free cash each year rather than a set dollar amount each year. Ann will talk to ratings agencies to find out what they are looking for towns to do.

8:15, vote taken to enter into executive session to discuss new contracts.

9:10, vote taken to exit executive session.

Discussed how FY12 receipts are down. New growth is only \$51,000, about \$100,000 less than expected. Tax rate set at 15.65, results in an average increase of \$107 per household.

Liaison reports given. Light board will vote on returning \$44,000 to town, PILOT money.

Lisa will attend January 9th school committee meeting.

BOS wants to cut \$60,000 to \$100,000 from the budget. Departments have ideas to raise fees. Meal tax is another way to increase revenue. What would the increase be? Town already voted against it once.

A "Sterling Neighbor to Neighbor Fund" has been established and is looking for a Fincom member. Lisa will temporarily participate, as we learn more about it and what sort of commitment is necessary.

Voted to appoint Bruce Baker to the personnel board. Larry will attend next BOS meeting to inform it of our vote.

Meeting adjourned at 9:25.