

**BELMONT WARRANT COMMITTEE MEETING MINUTES
FINAL**

2015 JUL -2 PM 3:09

**MAY 20, 2015, 7:30 P.M.
CHENERY COMMUNITY ROOM**

Present: Chair Libenson; Members Dash (arrived at 7:56 p.m.), Epstein, Gammill, Helgen, McLaughlin, Sarno, Schreiber; BOS Chair Baghdady; School Committee Rep. Slap

Town Administrator Kale, Selectman Williams

Members Absent: DeStefano, Fallon, Grob, Manjikian, Mennis (arrived at 9:20 p.m.), and Starzec

The meeting was called to order at 7:32 pm by Chair Libenson.

Chair Libenson began by reviewing the evening's agenda. He then turned to Article 21.

Town Meeting Financial Warrant Articles, including Amendments

Article 21: Citizen's Petition – Written Article Opinions

Selectman Williams explained that individual article opinions need to be disclosed; the rationale behind opinions should be transparent and explained. This could make the decision making easier on TM floor. At the very least, the rationales should be verbally explained. TM members would benefit from having this information in advance.

Member McLaughlin offered a dissenting opinion. The information, he said, is readily available in many various formats, e.g., attending a meeting, watching a meeting, reading meeting minutes, etc. It amounts to busy work to cure a problem that doesn't exist. Member Epstein noted that TM members can ask for explanations on TM floor where questions arise. Providing opinions according to the petition, he said, could be an enormous amount of work that may not even be valued. Member Schreiber offered that a written opinion may not even be possible to authorize, as the WC would need to agree on the language of the written opinion. It therefore becomes a bigger process.

The WC further discussed the article.

Chair Libenson offered that he provides explanations on articles, especially where the vote is not unanimous. He noted that this undertaking could take many, many hours, given the number of articles and amendments.

Member Gammill moved: Unfavorable action on Article 21.

Selectman Williams explained why he decided *not* to withdraw this article. Putting an

opinion in writing is good practice and will force the bodies to think more critically. TM members have an obligation to read these materials. He said he intends to amend the article to allow for verbal explanations. BOS Chair Baghdady said that, while the Board has not deliberated on this, this undertaking will impose significant work on volunteer boards.

The motion passed unanimously.

Article 22: Town Budget Projection Model

Selectman Williams explained that the town's long term financial commitments need to be understood in relation to town revenues. He outlined how the financial commitment projections could be modeled through 2031. He explained various funding gap numbers as well as the concept of "steady state" predictions vis-a-vis the unfunded pension obligations.

Member McLaughlin said that, after five years, projections are often wrong and amount to pure speculation. Member Epstein offered that the FTF model was thoughtfully done and uses a three-to-five-year horizon. The steady-state is just an extrapolation of this horizon that does not add new information for decision making. The main drivers of future budget gaps are understood, given what is known about salary growth, capital needs, and unfunded benefits. Member Gammill said that it is not the role of TM to require this kind of projection. Selectman Williams rebutted this point, stating that TM runs the government and requires this information to make the decisions it needs to make.

The WC further discussed the article. There was agreement that a five-year model is valuable, but that very long projections may not have added value.

BOS Chair Baghdady stated that TM can make its concerns known and those concerns will be dealt with. However, TM should not be assigning work to the Town Administrator's Office.

Chair Libenson spoke to long-term forecasting; he stated that the future is very difficult to predict. Large budget numbers are challenging to forecast, given that they are based on a set of assumptions. He used the OPEB forecast as an example. There are giant unknowns that will impact the budget significantly 10 or 15 years out. Three to five year forecasts are valuable.

Member Gammill moved: Unfavorable action on Article 22.

The WC discussion continued.

The motion passed unanimously.

Article 23: Citizen's Petition – Quarterly Report of Free Cash Flow Account

Selectman Williams noted that the free cash flow account should be reported quarterly. He explained that TM members should be informed of actions taken concerning free cash.

Member McLaughlin said that free cash is just one of the town's bank accounts. Other accounts exist. Mr. Kale explained the process by which free cash is certified only once a year on July 1. It technically does not change during the year. He also detailed how free cash is replenished, how it is appropriated, and the variability within the process. It was noted that the town now has free cash guidelines.

The WC further discussed the article. Chair Libenson said he will post the quarterly reports that may indicate how free cash has been drawn upon during the year.

Selectman Williams will speak with Mr. Kale offline concerning this article.

Member Epstein moved: Unfavorable action on Article 23.
The motion passed unanimously.

Article 24: Citizen's Petition – Risk Management Function

Selectman Williams explained the Enterprise Risk Management (ERM) function, which is a strategic business discipline that supports an organization's objectives by addressing its risks. He said identifying the town's major risks should be issued in a report.

Member McLaughlin said that there are unintended consequences to identifying every single theoretical risk. It could lead to lawsuits, it could lower home values, and it risks Belmont's "AAA" Moody rating. Member Epstein said the major risks are well known, and that 10-K reports for public companies demonstrate how organizations can end up describing so many possible risks that little useful information is obtained.

Chair Libenson said that the BOS could give guidance to the Town Administrator on identifying risks, but that it might not be appropriate for TM to order the issuing of a risks report.

Selectman Williams said he will discuss this with the BOS and decide then if the article will be withdrawn or not.

Member McLaughlin moved: Unfavorable action on Article 24.
The motion passed with 9 in favor, 0 opposed and 1 abstention.

Article 20: Amendment to Minuteman Agreement

Member McLaughlin explained that this article postpones the decision on the Minuteman agreement.

Member Gammill moved: Favorable action on Article 20.

The motion passed unanimously.

Article 18: Revolving Funds

Mr. Kale explained this article. He noted several revolving funds that would be impacted, e.g., Recreation Department, Library, stormwater, MLK breakfast, etc.

Member Helgen moved: Favorable action on Article 18.
The motion passed unanimously.

Article 19: Stabilization Fund for Capital/Debt

Chair Libenson explained the details of the article. The WC briefly discussed it.

Member McLaughlin moved: Favorable action on Article 19.
The motion passed unanimously.

Article 17: OPEB

Chair Libenson said that Article 17 will be discussed next week.

Approval of Minutes

The minutes of 2/25/15 were approved with three abstentions.
The minutes of 4/1/15 were approved with four abstentions.
The minutes of 4/15/15 were approved with one abstention.
The minutes of 4/29/15 were approved, unanimously, as amended.

Updates: Board of Selectmen, School Committee, Planning Board, and Minuteman

Board of Selectmen: BOS Chair Baghdady will provide the Board's update next week.

School Committee: SC Rep Slap reported that the SC has not met since last week's update.

Minuteman: Member McLaughlin updated the WC on Minuteman's vote on the "preferred alternative" – noting that it was approved. However, Minuteman may not go to the 16 member towns for approval (given that it will not be unanimous), but will do a district-wide vote instead. The district-wide vote was briefly discussed.

Member McLaughlin described the voting process and the impact of a new facility on the per-pupil cost.

Adjournment

Member McLaughlin moved to adjourn at 9:40 p.m.

Submitted by Lisa Gibalerio
WC Recording Secretary