

Cotuit Fire District
Prudential Committee
23 March 2015
5:00 PM

Present: Stan Goldstein, Laurie Hadley, Fran Parks, Clerk Charlie Eager and Treasurer Mike Daley, Chief Olsen, Water Commissioner Kiley

Fran: It's 5:00. I'm going to call the March 23rd, 2015 Cotuit Fire District Prudential Committee to order. Is anyone recording? Amy Kates is recording. Are there any public comment?

Amy Kates: Amy Kates, 4782 Falmouth Road. There's been a lot of discussion in the paper about public records requests and I'm pleased to see that the new attorney general is going to take a tougher approach to public bodies that don't show respect for the public's need to know and for the public's requests and that the public bodies protect the integrity of the public records so that they are, in fact, available when they're requested.

In October, I made a written public records request of the treasurer's office. I had spoken informally to our assistant treasurer and she asked if I would please put it in writing. On October 31st, I put in writing a request for the monthly appropriations report and I asked if I could either get it as soon as the meeting had occurred or as close to the meeting as possible so that I'd be able to review it before the prudential committee meeting.

In November, December, January, and February, I got those records and I got them the Thursday before the prudential committee meeting so that I was able to refer to the appropriations report in case I had questions of this public body. I'm in receipt of an email dated last Thursday from the treasurer's office and it says the monthly appropriation report is available at the prudential committee meeting and that I need to see Charlie Eager. I was wondering if anybody could please speak to the change that appears to be happening. Thank you.

Fran: We'll be addressing that later in the meeting.

Fran: Okay. I believe the auditors are now ready. Gentlemen.

Brian Brady: Thank you and good evening. It's our pleasure to come before you tonight to present the results of the fiscal year 2014 audit. Brian Brady who is the lead

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auditor on the audit is passing out a summary, an overview, that we did and this is similar to what we've done in previous years and it seems like we were just here doing this before. It's nice we're in this, within the, before the next fiscal year ends. That's a tribute to the improvements that have been made in the treasurer's office in the accounting district.

The main objective of our audit is to express opinion on the district's financial statements that are prepared, are presented, in all material respects fairly in accordance with generally accepted accounting principles. We also perform the audit in accordance with government auditing standards, which requires us to issue a report on the internal controls over financial reporting and compliance with laws and regulations. The results of the audit were an unmodified opinion on the district's financial statements, meaning that they are presented fairly in all material respects in accordance with cabinets. It's the type of report that you do want to get so that's good and that's consistent with the prior years as well.

We ... A couple differences in the financial report in [inaudible 00:05:34] are different sets of financial statements are presented. The government wide financial statements, which are in a full accrual basis, meaning that all your revenues are accrued and all your liabilities are reflected there including your OPEB liabilities. The net position of June 30th on an entity wide basis was \$3.8 million, which was a decrease of \$397,000 for the year. The unrestricted net position was \$1.2 million and that decrease is attributed largely to the OPEB obligation, which was \$235,000 in increase for the year.

On a modified accrual basis, the fund basis statements, the total fund balance of the general fund was \$2.2 million, which was a decrease of \$174,000 and approximately \$1.2 million of that fund balance was unassigned. One of the main reasons for the decrease in the net position is you did both the transfer of \$105,000 into the OPEB trust fund to start the funding of that. It would be nice if you could put the whole liability in there but everybody has ... Nobody has done that yet except for one community. It's got to start working at it because that's what the bonding agencies are looking at.

On the second page, we do refer to the last page of it, the budgetary schedule. This just shows what your original budget was that was voted by the district meeting as well as any carry overs from FY14. I'm sorry, 13 into 14. Then the final budget, which takes out any encumbrances would include any subsequent transfers and then takes out the encumbrances that are being carried into 15.

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Those results of operations, it was a deficit of \$395,000, which isn't cause for alarm as you would anticipate using \$700,000 of free cash. If everything had come in as you budgeted and spent everything that was budgeted, that number would have been \$700,000 so you had a \$418,000 favorable variance in comparing your budget.

As noted, we did the report on internal control required by the government auditing standards and we did have, as we've had in the past, the material weakness related to the lack of segregation of duties, which you have something in place but it's kind of the nature of the beast here with the district being so small. Then we had some management letter comments that are various issues related to internal control and additional communication that are being addressed and one of those includes the material weakness but that was the only significant one.

The others were improvements, some of which had been corrected, relating to the internal control over the receivables. That's improved significantly over the past several years and then just to recommend continuing the internal control and risk assessment documentation and policies and procedures. Then some of the new current year comments related to the procurement law. A lot of the procurement that the district does is related to a state bid list. It's just a matter of making sure you keep documentation on file, that that matches up to the invoices that are being done and you may want to consider to appoint a chief procurement officer.

Some of the payable accounts, the withholdings and sales tax, just recommend that they be reconciled. We didn't see any significant variances but recommend the reconciliation be performed and a copy of the certified minutes from May of 14 was not on file for us to review, which would have been for the FY15 budget. Then, we recommend improvement in the tax title obtained throughout the year from the town. You have been receiving summary control totals. We just recommend getting the detail, which we did get that at year end for the audit and everything checked out. If anyone has any questions, we can try to answer them.

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Fran: Any questions?

Thank you.

Brian: Have a good evening.

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Stan: Well, maybe there's just one question, since I'm new here. Number one, what is OPEB ?.

Brian: I'm sorry. That's a ... It's kind of been a thing that's been around for quite a long time so it kind of ... It's a common understanding but I apologize for not explaining that. It's other post employment benefits so it's the liability for the health insurance for active as well as retirees.

Laurie: Okay, and on the discrepancies that you had, is there anything there that we really need to jump on right away or?

Brian: No. A lot of the stuff we've discussed with Mike and he's addressed most of it or at least agreed and those things are going to be addressed. Like I said, other than the material weakness, which is kind of the nature of the beast, those were not significant issues.

Fran: You too. Thank you. Okay. The 2016 budgets? Can we hear from the fire department?

Chief Olsen: Okay. There we go. Okay so this is the Cotuit Fire Rescue department's draft to FY2016 budget. As you know, the budget is broken down into labor and salaries and as well as maintenance, operational, and then we have a special appropriations. For the salaries, we have contractual increases. We understand that there is no current contract right now but we still have to honor the contract that we have at hand and so we have contractual increases in here and they are labeled as such.

When you see this budget in front of you on Thursday, then you'll see the increases on that and the reason is for contractual reasons. We went up for labor and salaries for our employees including myself and the administrative assistant to \$20,583.77 from last year, FY15, the difference. Then we have categories that we call full time benefits and others, which is basically under the salary, labor and salaries and that is, if you will, the overtime. From educational incentives all the way down to injury leaves, longevity, holiday, it's all spelled out in that location. We ... Last year, it was \$422,087.65. We went up slightly again to \$444,008.77.

I apologize. I didn't calculate out that for you the difference but we're looking at increases in volume of run numbers that we have. We're up about 51 at this point in time since last year's incident numbers so that's going to increase that number. Massachusetts State Academy, we are plugging that in, anticipating if there's an anticipated spot that a fire fighter has not gone to the Massachusetts

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Fire Academy. It's roughly about \$15,000 to \$22,000 to send one person there. Vacation, obviously, increases for each fire fighter that stays an extra year.

Within that time period, there's a contractual increase so added value to that as well as percentage increases for personal coverage, holiday pay, and so forth. The total of labor and salaries has gone up \$42,504.89 from last year from FY15. As we look to maintenance, our building is getting older. The last renovations were done in the 80s, late 80s, so as you can see, it is showing its age. We're looking to replace doors. The actual doors to go in and out, not so much the apparatus bay doors. Those seem to be okay. Just to get into our doors, this winter has been pretty tough on those doors. They're metal doors with metal frames and some of them are actually rotting away and leaking through. It's just been one tough winter, it seems like, for us all.

We had ... Last year, we had an operating, a maintenance budget, excuse me, a maintenance budget, again maintenance for vehicles, apparatus, are aging and it's just costing us. It's the cost of doing business for our engines and our vehicles. Last year, we had a budget of \$73,800. We've gone up to \$80,500, which is an increase of \$6700. The operational expense to run the building from electrical heat, training reimbursements, the internet, the professional expenses, administrative expenses, office expenses, as well as insurance expenses for the building and for the vehicles and for the liability, those were increased, a percentage increase contractually as well as the insurance as we use the insurance quite a bit in the last three or four years. It's been climbing so the increase to that whole item from operating expense is \$32,200. It was \$300,050 last year to \$332,250, which gives a total of, the total operating budget for the fire department has increased from last year, \$81,404.89.

As you know, the board of fire commissioners, we've been, I've been giving reports to the board of fire commissioners that we are looking to ... We have a capital expenditure program in the fire department and this year the fire chief's vehicle is to be replaced. It's a 2007. Chief Frazier picked that up in 2007. It roughly has about 90,000 miles on it right now. That looks ... It's slated to be replaced this year, this fiscal year, as well as one fire engine is slated. The 1989, 1991 truck that we have, 265, is slated to be replaced. You'll see in the budget for fire engine, we put \$200,000. I originally put \$550,000 in that but I'm looking at lease programs now for these vehicles so we might be able to lease the vehicle and there's an upfront cost and then a yearly cost after that for the next four to five years, depending on what we look at and how we want to do that.

The total fire department budget has increased from \$2,035,348.34 to \$2,092,753, with an increase of \$57,404.89 so that's the total increase. That is our budget. We're going to ... We need to submit that to the commissioners and

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I believe you folks are going to come and visit us on our meeting on Thursday and the, again, this is a draft, hence the reason why it's still a work in progress and we're still just fine tuning the budget, if you will, but if there's any questions, I'd love to answer them.

Fran: Thank you.

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Fran: No questions? No questions? Mr. Kylie.

Mr. Kylie: Well good evening, everyone. Frederick Kylie, board of water commissioners. I've given you a draft of our proposed fiscal 2016 budget for the water department. What you'll see right away is that labor and salaries, that section on the left column, I mean, the right hand side, under 16, is blank. We haven't completed our survey of other departments in the local labor market where we determine what the salary, which we will be able to have that for you obviously before the April prudential committee meeting.

Going along in that same column, proposed FY16, you'll see that a number of line items are highlighted in bold. That represents either an increase or a decrease in the proposed amount for that particular item. Most of the bolds that you'll see are increases. Not dramatic. I think the largest group of increases that you'll see is in operations towards the bottom in the insurance section. You'll see that each property and liability insurance, vehicle insurance, and workman's comp, each have an increase. Those three items total about \$4600 of increase.

To put that in perspective though, backing out the labor and salaries, if you look at our FY15 budget, which was without the labor and salaries was \$381,900, for this year, in 16, we're proposing \$390,800, an increase of \$8900 over last year, approximately 2.3%, somewhere in there. We're comfortable that those are all very realistic. The only one, of course, we budgeted an increase in the truck fuel. It would appear that maybe gasoline prices will stay lower this year but who can say. It's hard to predict that one. Going back to labor and salaries, what I will highlight for you is that as I think some of you or most people will recall, we did have a very high number for office manager and that was due to the new hire and some time that Sherry spent training our new office manager so that was ... That's a ... That was a big number and clearly that's coming down. I anticipate, if you look at the labor and salary sub total of \$343,410 that was last year, I anticipate this year we'll probably be somewhere in the \$300,000 range or decrease there of approximately \$43,000.

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Again, that was just our, you know, that was an unusual thing. It's not like there's any great Houdini trick where we're saving all this money here. It was really just a lot of overlap. We also have two new operators. Operator A and operator B, our new employees this calendar year, so that they're starting at a lower base pay due to their level of licensing and other factors. Again, the amounts that we had for the two operators in last year budget will be lower as well. Do you have any questions on the basic labor salaries, operations? Okay.

The other sheet that, of course, we'll be providing is our capital plan and we'll also be giving you two articles for the warrant is special appropriations and one that we've been talking about, of course, is the construction of the ... Replacement and construction of the new tank for the West Street tank including decommissioning Main Street and West Street tanks as well. The contractor that we've been working with, the engineering firm Green Seal, has done a terrific job over the last six months and they have, at our last meeting this month, they provided us with a cost estimate that including contingencies is at \$2.1 million. We're very comfortable with that as the number that can go out to bid and we'll be, we'll find a qualified bidder at those numbers. We're pretty comfortable with that one. The only other article that well have would be replacement for one of the trucks and that, we're almost done with getting the estimates. We think it's approximately \$30,000. The superintendent felt that that wasn't going to change. That's why I'm comfortable giving you that number. That's to replace the superintendent's truck. That truck is ten years old. We typically look to replacement them at nine years. That's seen a little bit lighter duty than the other service trucks so we've got a little bit of extra life out of it but again, it's time. We've put a lot into it. I think you'll see ... I'm not 100% sure but I think we went over on truck repair, not by much, but we went over by \$350 in truck repair. I think primarily it was repairs to that truck. That's ... That's the only other one. Any questions there?

Fran: I have one question. The \$2.1 million figure does that include taking down the two existing towers and putting up the new one or just the new one?

Mr. Kylie: Yes, it does. Within that, there is ... That amount allows for demolition of both the existing tanks, Main Street and West Street, in two different fashions too. There are two ways that they can come down. One is a disassembly where they're just cut into pieces and lowered down with a crane. The second is hit the leg and let her go and cut them on the ground and the demolition companies haven't determined if that's feasible in either location but if it is, there will be a savings there and probably, it's approximately half the cost to do it to the ... They call it topple versus disassemble.

We'll keep you advised. Anything else?

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Speaker 11: The replacement of trucks, and it kind of goes for the fire department to, you don't need to be up there but my own personal vent is I run things into the ground and I know you have operational contingencies, you don't want to come out at midnight and that thing doesn't start but \$90,000 six years or seven years old and only 90,000 miles on these vehicles, can't we ... If we spend \$1000 next year on each one of these vehicles maintaining them vice \$30,000 or \$40,000 to replace them, we're still ahead of the game so help me understand why we do this.

Mr. Kylie: Well, for us, having a vehicle out of service is problematic in that we only have ... We have three trucks and four operators and the trucks are sort of have their dedicated uses and they go in different directions so when a truck is out of service, it creates just a logistics problem within the department. When you take the cost of the vehicle and go out over nine or ten years, basically you can amortize it at X per year. We'll say it's \$3000 per year. Having that fixed cost for budgeting purposes is easy than sort of having the wild card of saying well, and I wish offer ... I wish maintenance was maybe \$1000 here or there.

The cost of vehicle maintenance in this day and age, you can get hit with a \$3000 or \$4000 problem with say it's a transmission on the plow truck. It's sort of ... We sort of buffer everything by having them under warranty for a certain amount of time and then we do sort of have that retained risk portion for the next four or five years but in ... I guess in any type of utility business, you can't really have that wild card factor, if you will. It's sort of like the rule of thumb.

You have your physical assets for the utility and you've got to reinvest in them at a certain percentage on an annual basis otherwise you get to a point with deferred maintenance where it just creates a house of cards and it gets away from you. That's the way we look at it. I'm not saying that we couldn't go back and retool it but it's sort of a top down protocol that goes with sort of the engineering and utility standard.

Stan: Would you kind of call it an industry, sort of if you were in an industry like an industry standard because of your responsibility to have it just replace them over ...

Mr. Kylie: Yes, absolutely. I don't want to speak for the chief but I think they'd say the same thing, especially with his equipment. When you get to a point where you approach let's say an 80% use of the usable life span, that last 20%, you're kind of playing with fire. You need to make your plan to replace it or to rehabilitate the asset at that point. You don't go to the end or over the line and then try to get the funding in the next budget because you can get caught in the gap like

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that too. If a piece of equipment goes out on you the day after a district meeting, you've got a 12 month period where you're trying to juggle it that way.

Stan: Thank you.

Mr. Kylie: Okay, sure. You all set?

Fran: Yes.

Mr. Kylie: Great. All right. I appreciate your time.

Chief Olsen: Christopher Olsen, fire chief. Your fire chief, Cotuit. Ditto to that, however, the fire department works on a safety basis on life safety so it is ... It really is important for us to keep our vehicles up to date and usable. It is an industry standard as well as we do a capital plan layout and we look at all our vehicles and as we go through this vehicle, this particular vehicle we're looking for, was to be replaced last year, however, we put a \$4000 transmission in this vehicle so we said well, let's just keep it for another year and see how it operates. It's just important to make sure that our vehicles run safely. We also have a mechanic that we hire and we actually go on their recommendation on the vehicles, their age, the age of the vehicles, how we use the vehicle, and what's the next step in aging out a vehicle. We look at all the different factors but good question.

Stan: Thank you.

Mr. Kylie: Thank you.

Fran: May I just mention some Freedom Hall budget things? For anybody who drove in and saw the potholes on the apron, created by the snow, I have an estimate of around \$2500 to repair those potholes. Also, they're starting to work on installing the lines for the air conditioning, which means that I think we need to give serious consideration to reinstalling shades in the hall because if anybody has been in here in July and August, the sun beating in on the southern side is ... It brings the place right up to about 90 easily.

I've been sort of working on prices and I think prices for just pull down roller shades for these six windows, which are 100 inches tall and 42 inches wide, is probably going to be around between \$1200 and \$1500. Storm windows. I really think we should reinstall storm windows on the rest of the building, which would be the back windows since they don't have any so that we can keep the heat we're generating in and I was at All Cape Aluminum who installed the windows in the hall on these big windows and he thought of a price of about \$1800 for those would be appropriate.

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I think that's, except for the snow removal costs, and I would suggest increasing the budget for landscape care of the building so that we can do some trimming of the shrubs and maybe put down some mulch and maybe consider doing something to rehabilitate the lawn. That's all I have for Freedom Hall. Any questions, concerns?

Stan: Do we have any idea how much the ... Do we have any idea how much the snow plowing has cost us this winter?

Fran I think it was around \$600, is that ...

Mike: I believe higher than that. I have [inaudible 00:35:13].

Stan: Oh, that's not bad considering.

Fran: No.

Laurie: I think we paid that much at home.

Mike: Around ... Near to date is \$1275 [

Fran: Yes.

Mike: In addition to what you've received from the water department, from the fire department, I've already forwarded you the same template we've used the last two years, a draft of it. We've got a running start at the reserve fund article, finance article, department article, we'll fill in the fire section now that we're getting that, the water, same thing. The Freedom Hall budget, we'll do a workshop to beat that into shape. There's a draft in that package of ... There's placeholders for articles for this building.

We need to have you start looking maybe comprehensively at putting all of the insurance together in the Prudential Committee budget. There's some in fire, there's some in water. Now there's some in Freedom Hall's budget and now we have a new property that you're either going to have to blend into a district property account so that you're not just funding freedom hall but you're funding the second property or a separate for the new property. We have some design to do so the best thing to do is the by-laws require that you get delivered this massive amount of paperwork. It's here.

We'll get into the schedule at some point and we'll update the schedule for the district meeting and we can chop in some workshops. You've got fire initially on Thursday. You can do one with water. They're still in a work in progress. We

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can take a couple. I also sent you a pretty good calculation of the benefits budget for the district. It's down to the person.

Rates went up 10% on that particular health insurance across the board so that's all done and there's documentation to support the numbers that we have in that budget. We're in particularly good shape, I think. Everything is ready to go. We're dropping the numbers. It's only March. You've got all of April and into late May so you've got a good 60 days to work this thing into shape before you make your final recommendations and close the warrant. With that, I would say when we get to the schedule, if there is one on your agenda, if not, we can pull it out.

Fran: Yes.

Mike: You can do it now while you're on the budget. I have one. I sent you a new one.

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Mike: That .. It should have come from Fran because I just send to her and she circulates to you folks. We're here at the Monday March 23rd meeting. We have a fire budget meeting with the commissioner on the 26th.

Fran: Correct.

Mike: Then there's room to drop in a reasonably good schedule for you folks to go through the projects over the next several weeks. We still have the same hard dates we had on the previous one for nomination papers petition articles, etc., but it's that pending section right there and then if you've picked up any dates for the civic association, we'll post a warrant. We'll declare it once it's all done. Those are the pending slots on this schedule.

Fran: The warrant meeting for the civic association is the 21st of April and the candidate's night is the 19th of May.

Mike: I'll put that on the list too. I don't think I have that on there. Candidates ...

Laurie: It's on the calendar.

Fran: Okay.

Mike: May 19th. Okay and then do you want to set some dates for workshops for yourselves today or do you want to circulate a calendar and we can drop them in? Just let me know what days work for you.

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Fran: Oh okay, we could do it Monday April 13th at 5PM.

Mike: Do you want to do our stuff that day because you need that. You're going to have a preliminary session with fire.

Fran: Right.

Mike: You still need to schedule a water and we have a pretty good list of our own stuff to do.

Speaker 15: The Prudential budget. All of the articles that I just went through that's in the handout that I've already sent to you so it would be the reserve fund, the finance budget, the freedom hall budget, street lights, library, debt, benefits, stabilization fund, there's plenty there. It's almost straight forward. Then do you want to do another one with water?

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Mike: Do you have another meeting scheduled, Mr. Chairman?

Mr Kiley: We have a meeting 16 April 2015.

Mike: That's regular Pru Com meeting. It says April 26th on my work papers. It's the 27th?

Mike: Because that's been down there the 26th. That's the day the warrant closes too, the 27th. Okay. Then if you need another one with fire or we have to do more, we've got plenty of time between the 13th ...

Fran: We can do that. Yes.

Speaker 15: You could drop one in that other week.

Speaker 1: Yup.

Speaker 15: Okay. I'll update this and circulate this.

Speaker 1: Great.

Speaker 15: Schedule. Drop it [inaudible 00:43:18] tonight. Put in there reviews and we'll be good to go. Then as they trickle in, I'll drop water into this. I'll drop the water articles into this. I'll run you some debt scenario on a \$2.1 million cost of bond

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and get a sense of how that's going to impact future budgets and we'll take that up on the 13th on the debt budget.

Fran: That sounds good.

Mike: Okay.

Fran: Next item on the agenda the loan.

Mike: We'll do the loan. Okay. If we do ... We have two notes outstanding right now. We have one of the water mains on Main Street and we have one for a project that was to repair to replace the roads, paving the roads and the wells from the water properties. We sold the first one two years ago in April and we paid down one fifth last year. We have one fifth in this year's budget, which we'll pay down and we'll roll that note for \$165,000 and we'll pay that down at \$55,000 a click for the next three years and be gone.

The one for \$200,000 for water main. We took that. That projects moving forward. We've financed the engineering and some of the already the mobilization costs. That's going to ... Then we're going to roll that over. That's been out for a year and we're going to pay down \$40,000 on that. We'll then roll \$160,000 and that's also scheduled at \$40,000 a year for the remaining five years. Four years to go after we make this pay down this month. Those two basically, we're going to roll that \$160,000 and the \$165,000.

We, at the same time as we authorized the roads for the water department, the district meeting also authorized a water system security upgrade on the tanks and well fields and so forth. That's been kind of in the queue for awhile but the department is committed to starting that project in, actually, this fiscal year. We're going to take \$20,000 of that original \$200,000 authority. That's all the superintendent needs to do what he's going to do initially. If he needs more, we'll take more as time goes on. He's asked for \$20,000 so we're taking \$20,000 of new money on that authority.

We also have an authority for the purchase of the property on High Street, which we have done an internal barring with the DOR and we need to finalize the barring for that. That cost us \$299,000 plus the closing costs. We need \$306,000 to consummate that total transaction. We're going to take \$306,000 of new money for that. That just leaves one other authority on our books, which is the water restriction on the property next to the [inaudible 00:46:51]. There may be some need for that later on in fiscal 16 but there's no need at least until September for that so we're just going to wait to issue anything on that.

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In effect, we went out to bid for \$651,000 of notes for four different specific purposes and in effect, we sold one note to Eastern Bank through the bid process for basically one year. I think it's two days shy of the full year because we can't mature on a Saturday or Sunday. We're issuing on April 10th and I think it's going to mature on the 8th, if I recall. With our bid, we had two bids. One was for 55 basis points, or just a hair over a half percentage point, the other was for 50 basis points. Eastern Bank won the bid so I'm going to ask you to vote to approve the issuance of a \$651,000 note to Eastern Bank at 50 basis points for the term expiring April 8, 2016. If somebody would say so moved.

Laurie: So moved.

Fran: Is there a second?

Stan : Second.

Fran: All those in favor? Unanimous

Mike: Okay so now what I'm going to have you do is I'm going to have you sign the loan documents...

Speaker 39: This is all from the same \$651,000?

Speaker 38: Yes. That's the actual note itself. The paperwork we just signed is the bank paperwork. That's the agreement for the lenders. This is ... [inaudible 00:52:15] going to sign and seal that document that [inaudible 00:52:18] signature. This is the certificate of the clerk that this meeting took place and the votes took place and you're going to sign this section here. [inaudible 00:52:34] That note will go to the bank and then we just pay the bank on return of the district [inaudible 00:52:42].

The clerk has also provided a place for you to sign [inaudible 00:53:04] as well. Clint has already signed some other documents for the Commonwealth that are going to go up with some other certified warrants and certified votes because, again, [inaudible 00:53:18] the DOR [inaudible 00:53:21]. We have complied with all the laws and [inaudible 00:53:29]. Now, we are signing all of the paperwork to the Department of Revenue. The note is underwritten by the Commonwealth. It's going to the state house.

It's reasonably easy to issue. The issuance cost is really [inaudible 00:53:50]. If we sell a bond, it's going to cost us that \$2.1 million dollars, it will cost us close to \$50,000 for the bond and then we have the FCC disclosure, which we also already have as an existing bond, which these audited financial statements

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[inaudible 00:54:08] will be added to our FCC disclosure document and delivered to the feds on time [inaudible 00:54:18]. Okay? I appreciate it. We'll send this off to Boston in the morning. They'll approve it and send it back down to the bank. The transaction will take place at our bank and I appreciate your effort. Thank you very much. If anything comes up, I'll let you know. Otherwise, we'll just have a nice seamless transaction on April 10th.

Fran: Thank you. The next agenda item is the treasurer's request for compensation because we've gone over what we contracted for and ...

Laurie: I don't have it with me. I did read it over and I have no questions.

Fran: Okay. Stan, were you able to read it over?

.Stan: Yes, I read the FAA.

Mike: Basically, and we can cover your other agenda item at the same time under this same agenda.

Speaker 1: Oh okay.

Mike: The contract that you originally issued was what I would call a weak contract. The RFP was weak and it basically sought an hourly rate. It didn't really require any thought about how much that rate was and how much work was involved. Under 30B, we have to give a maximum and sign a contract with a contract maximum. We bid that with the knowledge that we had at the time, which was minimal, and we estimated 300 hours a year, which was fair for what we felt we were engaging.

Last year, the 300 times the dollar, \$110 an hour, was \$33,000 and that's what we bid originally for both years in an effect, it's never changed, because there's never been another bid. Last year, we probably ate well over 100 hours. We bid to give 300 and we went beyond 400 and we just ate it. This year, we've had the exact same, in fact, more aggressive requirements to get the district's finances where they need to be. We've, as the auditor said tonight, we've completed two audits since this fiscal year began.

The one for the previous year and the one for two years ago. Last year, we did one for the previous year and the year before, we helped do one for the previous year, but you've always been a year behind. That's one reason why we've had an inordinate amount of hours. The same with everything else, whether it's catching up the bank reqs or the accounts receivable records, dealing with one person that you had hired transitioning out and hiring a second

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person and we were invested in the time spent to interview and recruit and to find and train so all of those were unforeseen activities that warranted more use of hours than we had ever thought we would budget for.

A 30B allows you to amend contracts up to 25% based on need. Even though I'm telling you we're going to exceed 400 hours again, the most we can agree to change would be 75 hours. We're at a point where we've just buttoned up the audit, the budget is in pretty good shape, the templates are going. We really need to focus a little now on the accounting side. We've gotten more training in for Tony. Cash in the accounts receivable and real accounting work, getting those accounts scrubbed up and in good shape is important and that's primarily where the work will be from now through June.

If you don't amend the contract, we'll just do the best we can but it would be more incentivized to get the right work done if we had a little bit more available to us to justify the work we're going to do. That's really the crust of it. The discussion about the management letter and particularly the material weakness. The biggest problem is the water department has one staff person doing both the billing, the collecting, and the posting of the payments and the only way to resolve that is to break that job into two positions and the water department went through a process where they obviously, the commissioner did not want to do that so they hired a single person and it just continues to exacerbate that control.

That is really the crust of what their findings are. In the treasury side, it was always one person and now there's two. There's a staff person who basically receives all the checks and deposits, makes out the deposit, I take it to the bank. The person posts it into the ledger, I reconcile the bank to the ledger. We've torn down that internal control problem where you had one person putting the money in the bank, receiving the money, putting it in the ledger, reconciling it, cutting checks. It really needed to be broken into two and you've accomplished it in the finance office with the position and the contractual arrangement. You haven't done it in the water department and that will continue to be a finding each year unless that changes.

Now, that being said, you're talking about going out for a contract and bidding again. I had recommended the West Barnstable contract as a model contract when we were first working on it but you went with more of a county style contract. The contract we have with West Barnstable requires us to come to June 30th and then they hold 15% of the gross fee and then we are to provide the year end financial statements to get them ready for audit. Regardless of when we terminate our contract, we still have an obligation to close out the year. Your contract that exists right now terminates June 30th. Completely.

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There won't even be bank statements in so June cash is not going to be reconciled. The year end is happening, payrolls are happening. If you're thinking about changing, you should, again, consider looking at the model that West Barnstable uses that says you do all this during the year and you get 85% of your fee but we're going to reserve 15% of your fee until you button up the books for the year.

Laurie: I think I actually got a copy of West Barnstable's.

Mike: You may have.

Laurie: But God knows if I can find it now.

Mike: There's two things here I'm trying to point out. One is I would like you to amend the existing contract by 25% on the hours so that we can continue to beat the system into as best of shape as we can through June 30th. The second thing is when you go out to bid, consider looking at alternatives to what you currently have because on June 30th, the world comes to an end as far as your contractual relationship goes and either somebody starts brand new or there's no obligation of the former to do anything for the subsequent. That's important as you transition from one to another.

You may even need to contract with two vendors at the end of the year into next year to try to mesh a cohesive transition whereas if you use the West Barnstable model, you don't have that problem. A new person comes in, starts with the July 1 budgets, starts going off with their set of books, and the old contractor deals with the prior set of books, gets the [inaudible 01:02:40] certified, and gets the audit commenced and then gets paid. Those are my two points on those two topics. Thank you.

Fran: Any comments?

Stan: I would just assume ... I would recommend going ahead and approving the addition to cover those extra hours.

Fran: I make a motion that we increase the amount paid by 25%, or \$8250.

Fran: Is there a second?

Stan: Second.

Fran: All those in favor? unanimous

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Mike: That probably would require a transfer from the reserve fund because I'm not sure the budget can handle that much of an amendment without a ... It is unforeseen and it's warranted because it was unforeseen.

Stan: What do we need to do going forward as either with this amendment here, 30 June is the end of your responsibility, right?

Mike: That's the end of the contract that we have right now. It may not be the end of my responsibility but it's the end of the district contract that exists. What you do with your next contract will be important going forward but there's not much you can do here with this one. It's just going to have to ... You're going to have to bid the next one knowing and then you may have to circle back around depending on who wins the bid and say well, if you're giving it to this guy, he's got to understand coming in that it's, he's picking up with not a clean cut off but that's just being the way the product was bid back three years ago or two and a half years ago when you went for this bid.

I don't know how you deal with that until you wait and see how you move forward. The other alternative is you hire a person and you have an assistant and an employee and it may be cheaper or it may not be but there's always the option of having two employees, which at the time originally was not necessarily what the district wanted to do but it doesn't necessarily mean that you have to continue with the model you've been using and then you would go out and recruit and hire a person who would serve as treasurer and supervise, presumably, in assisting. It would still break up that workload.

What that would do is perhaps offer an opportunity for a reduction of duties in the water for that clerical person, perhaps cut some costs there and then add some duties into the finance office to help with that internal control problem that exists by having one person do everything from soup to nuts. There are several options on the table that you can decide between now and June 30th. You've got to put them in your budget for the year beginning July 1 and you've got to get out to bid sometime in May presumably or before district meeting to lock that down in your budget but you've got a month or so to figure out where you want to go from here and it's either an employee or it's a contract. Those are really what you have to hash out.

Stan: Okay but that's going forward, looking forward. What do we do this June when you're no longer ...

Mike: I am not obligated to ...

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Mike: That's what you go out to bid for or hire someone for effective and you can hire someone sooner than June 30th.

Stan: They can overlap.

Mike: You can have overlap or you can issue a new contract that commences before June 30th to provide overlap. You can just issue a new contract the way that it is July 1 and the bidder knows coming in that it's ... They're going to pick up and it's going to be a heavy July, August, and September. There's no right or wrong. It's just that you're in a position. You need to understand your options and those are your options. I don't have an absolute for you. I'm sorry. We can talk about it when we do these workshops and try to hash some things out and if you do a workshop or you hash out the actual language for what you're going out to bid, I'd be happy to help with that as well. You took a vote to amend the contract but you did not take a vote to make the reserve fund transfer. Do you want to do that tonight or do you want to do that at a future meeting? It doesn't matter to me.

Fran: We'll do it tonight.

Mike: I think you're budget is going to be ...

Fran: Okay, I move that we transfer the sum of \$8250 from the reserve fund to meet the obligation for the treasurer's services .

Fran: Is there a second?

Stan: Second.

Fran: All those in favor? Unanimous

Mike: Okay, so I kind of covered the compensation and the fee but you still are on the RFP track.

Fran: We'll work on the RFP at our next meeting. Is that okay?

Stan: Yes, I just have one question.

Fran: Sure.

Stan: Is it a simple matter of just taking the wording from the West Barnstable RFP and combining it with what Elaine did for, that the county did for us?

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- Mike: You need to look at that model to understand what it, how it leverages the buyer.
- Fran: Okay.
- Mike: I don't think the buyer full leveraged itself when it went out to bid the last time.
- Fran: Okay.
- Mike: It certainly didn't leverage the seller either but I think you need to think in more terms of making the proposers give you a sense of how many hours it's going to take to accomplish whatever it is that you're seeking to be served and if it's going to be start July 1, close this year, and then oh, by the way, next year you're going to close next year, that's the way we've been doing it. Our contract has just been do whatever needs doing during the 12 months. You get to the end of the 12th month, it expires with no obligation to do anything else. That's a weakness, I think, from the buyer's perspective.
- Fran: Thank you.
- Fran: Could I have you review the minutes from the February 26th meeting, for the February minutes?
- Laurie: That's when I started really running into trouble with the computer. I've read them quickly. I didn't see anything.
- Fran: Okay. Stan, do you have the corrections for those minutes?
- Stan: I'm not sure if I do or not to tell you the truth.
- Fran: We can hold off and wait until the next meeting to approve them.
- Laurie: Well, we can do them at the workshop.
- Fran: Yes.
- Mike:] that's fine.
- Fran: The other thing is that what we need to do and we can't do now is release the executive session minutes from, concerning the purchase of 56 High Street and

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so I need approval to release the minutes of June 19th, July 10th, and August 18th of 2014.

Laurie: I move that we release the executive session minutes from 06/19, June 19th, July 10th, and August 18th of 2014.

Fran: Do I have a second? All in favor? So moved

Fran: Then regarding the October 27th executive meeting, which was held to discuss the negotiating of the contract with the fire fighters. Those are clearly not ready to be released since that process is still ongoing. Those executive session minutes will remain confidential for the moment. Okay. Ms. Hadley, do you want to ...

Ms. Hadley: Yes, in a previous board that Ms. Kates was a member of, we adopted a policy of all inform-, requests for public information to go to the clerk, the district clerk who would evaluate and make sure that there was no privileged information or anything like that that was being requested and if he approved it then he could release the information. I think we've been ... That's sort of fallen by the wayside. I think it was a good policy. I think we should vote to ... I'm not sure what the word is but to continue that policy.

Fran: Reinstitute it?

Ms. Hadley: To reinstitute it and to make sure that the chairman of the fire and water commissioners are fully aware of it.

Fran: Does that include the treasurer's office?

Ms. Hadley: And the treasurer's office.

Fran: Yes.

Ms. Hadley: Okay.

Fran: I'm not aware of any allowance unless the treasurer is that if somebody just sort of writes one letter and say they want ongoing copies of the treasurer's reports that that's sufficient to get those reports, certainly it wouldn't be sufficient with the town of Barnstable treasurer, which I've worked with in the past.

Mike: I have no problem sending the weekly report to whoever is on its circulation list. It's not ... It's ... The statutes don't say you can't. The whole concept of sunshine week and all of the freedom of information in the world is the more you give

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out, the better off you are. I have no problem if as you can see, we've been easily circulating it to not only yourselves, the department heads, whoever wants one. Every week we issue it. I don't have ... I would actually ask if the clerk would allow that to be continued just because it's easy. It's not going ... There's no mistakes. There's less labor involved issuing ...

Ms. Hadley: And no printing cost to the district.

Mike: It's a PDF file on an email so I have no problem doing that. I would encourage you to allow me to do that and if you don't, I understand.

Fran: Is that weekly or monthly?

Mike: Weekly. Every week, she sends it out. You've asked not to receive it, I think, weekly.

Fran: No.

Mike: Somebody asked not to receive it only monthly but I get one every week from her and I don't look at who is on the list right now.

Ms. Hadley: No, I don't care, weekly.

Mike: You can have them weekly.

Ms. Hadley: May ask a question of Ms. Kates?

Fran: Sure.

Ms. Hadley: Are you indicating that you would be happy with monthly reports?

Ms. Kates: My request was for monthly.

Ms. Hadley: Okay. Okay.

Mike: It gets harder to know who is on what circulation.

Ms. Hadley: So it's easier for you to do it weekly.

Mike: Whoever wants them gets them every week. They can delete them. It doesn't take but a millisecond to do it and they're current and it's easy to just have a circulation list than it is to this one is on this list on this day. There's going to be

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mistakes made the more complicated it gets made but if we just ... If nobody wants them weekly, we'll just do it on the Thursday before the meeting.

Ms. Hadley: I would be ... I would be fine with the Thursday before the meeting.

Fran: Yes. I'll check with water and fire but ...

Mike: That's fine. The Thursday before your meeting, we'll just circulate the most current version and we'll circulate it to the list of whoever wants to be on it, if that's all right with you all.

Fran: In terms of any other documents or requests for Information from the district, they all should go through the district clerk, which is the proper procedure. Could I have a second for the motion to reinstitute that policy?

Laurie: I'll second that.

Fran: All those in favor? Unanimous

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Stan: Is there any way of in the future posting these on the website so people can just download them so you don't have to have a circulation list and if somebody in Moscow

Mike: I think it's more difficult to post anything on a website than to send it in an email. Once we've sent it, we've sent it. If you want us to send it to the posting person who posts the email to the website, we'd be happy to add them to the weekly list or monthly list.

Fran: I can ask Patricia.

Stan: Yes, see if that can be done. This way, you don't have to worry about it.

Ms. Hadley: But that does incur a cost because we pay Patricia for everything she does.

Fran: Yes.

Stan: But it's still a good thing to do.

Fran: I'd just assume have it on the website so that ...

Ms. Hadley: Okay.

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Fran: Everybody can see it.

Mike: We'll add her to the circulation list. You just let us know when she's good for it and we'll send it to her as well.

Fran: Okay, so the Barnstable Patriot about two weeks ago in the early files in 1935 ...

Ms. Hadley: Tom read that to me.

Fran: Freedom hall, the meeting place for Cotuit, for all Cotuit activities was accepted as a gift from its owners by the fire district at the annual Monday evening meeting, the discussion of the evening centered on the proposition. Some 200 voters attended the meeting and motioned to appropriate \$5000 for enlarging the building so to provide a dance floor, showers, bowling alley, and suitable basketball court was adopted 76 to 62 but lacking the required two thirds vote for the appropriation, it was not effective. I can tell you out of all of this, they got the basketball court.

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Fran: That's it. We could have a motion to adjourn. So moved. Thank you. We're adjourned.