

**COTUIT FIRE DISTRICT
PRUDENTIAL COMMITTEE MEETING
Via ZOOM and In Person Freedom Hall
COTUIT, MA 02635
August 25, 2025**

The meeting was called to order by Mark Lynch on August 25, 2025, @6:00pm at Freedom Hall, Cotuit, MA and could be seen virtually on ZOOM.

Mark led the Committee in the Pledge of Allegiance.

Mark did roll call:

Present: Chairman Mark Lynch, Prudential Committee Members Seth Burdick, John Havel, Treasurer, Ray Pirrone, Assistant Treasurer Ryan Ouellette, and Procurement Consultant Jannelvy Martinez.

Public Comment:

- **Lallie Lloyd, 340 Vineyard Road**, raised a procedural question regarding quorum requirements. It was clarified that two out of three commissioners constitute a quorum, allowing the meeting to proceed.

Meeting Minutes Approval:

MOTION: To approve the meeting minutes from July 28, 2025.

Motion made by: John Havel Seconded by: Mark Lynch

Motion passed unanimously.

MOTION: To approve the Executive Session meeting minutes from July 28, 2025.

Motion made by: John Havel Seconded by: Mark Lynch

Motion passed unanimously.

Introduction of Procurement Consultant and RFS Discussion

The Committee welcomed procurement consultant Jannelvy Martinez, who confirmed that Massachusetts law requires a project manager for a project of this size. Discussion centered on the draft Request for Services (RFS) document that will be issued for public bidding. Ms. Martinez explained that evaluation criteria could be structured without strict numerical scoring, instead using qualitative ratings such as “highly advantageous,” “advantageous,” or “non-advantageous.” This method had been used successfully in prior procurements.

The Committee agreed that this approach would provide flexibility and prevent rigid scoring systems from producing an unintended outcome. They also discussed whether to include a “management approach” criterion requiring hypothetical project responses. Chairman Lynch felt it imposed unnecessary work on bidders, and Ms. Martinez confirmed it could be deleted since it was part of a state template and not mandatory.

Contract Attachment and Legal Review

Attention turned to Attachment B of the RFS, which referred to a written contract but did not include one. The Committee debated whether to use a Massachusetts standard form, an architect's contract, or adapt a prior ICON contract. Chairman Lynch suggested consulting outside counsel, Attorney Boudreau, about drafting or adapting a concise, practical contract to attach to the RFS.

Clarification of "CM at Risk"

The discussion then addressed whether the project would involve a Construction Manager at Risk (CMAR). Ms. Martinez explained that this method is typically used for very large projects (over \$50 million) to protect the owner from cost overruns. Since the school demolition and rehabilitation project is much smaller, both Ms. Martinez and the Committee agreed that CMAR was unnecessary.

Selection Process Flexibility

The draft RFS required interviewing the top three respondents, but Chairman Lynch proposed using the phrase "approximately three" to allow flexibility in case two firms clearly stand out or more than three prove competitive. Ms. Martinez confirmed that the wording could be adapted to allow discretion for the evaluation committee.

Timeline and Scheduling

The Committee reviewed the anticipated timeline. The RFS for an Owner's Project Manager (OPM) would be issued within weeks, followed by hiring an architect, likely ICON, to prepare technical specifications for the construction bid. The construction/demolition bid would then be issued. Ms. Martinez clarified that under Massachusetts law, the chosen firm is based on qualitative evaluation first, followed by fee negotiation.

While an "accelerated schedule" was noted in the draft, it was clarified that the project realistically would not reach full demolition and site rehabilitation until spring 2026, with the goal of completion by summer 2026. However, if the procurement and contracting process moves efficiently and weather permits, the building could potentially be demolished as early as late 2025. Ms. Martinez suggested consulting ICON for more precise scheduling projections.

Timeline for Demolition and Replanting

The Committee continued its discussion of the project timeline, focusing on the importance of aligning demolition and replanting with the seasons. Chairman Lynch noted that restoring the property to nature involves extensive planting of trees, bushes, and meadow grasses, and that such work yields the best results either in early spring or late fall. This seasonal consideration reinforces the projected schedule, with demolition ideally completed before winter or by early spring 2026, to allow for proper replanting.

Review of Attachments to the RFS

The draft Request for Services (RFS) was reviewed in detail, including its attachments. Attachment A will be the ICON feasibility study, which outlined three scenarios for the property, including demolition and return to nature. Attachment B will be the draft contract for project management services, which Chairman Lynch intends to finalize with outside counsel Attorney Boudreau. Attachment C is the standard Owner's Project Manager (OPM) application form, which was confirmed to be detailed but standard practice. Attachment D will include the required certifications of qualification and expertise. There was some confusion over an "Exhibit E" referenced in the draft; Ms. Martinez confirmed it was unnecessary, and Chairman Lynch deleted the language.

OPM Fees and Responsibilities

The Committee discussed how OPM compensation should be structured. Ms. Martinez explained that contracts typically involve a "not-to-exceed" maximum fee combined with detailed hourly rates for specific staff. This ensures transparency and prevents cost overruns. While some projects set OPM fees as a percentage of overall project costs, the standard range is usually 1–2%. Ms. Martinez confirmed that the OPM will be responsible for keeping the project on schedule and within budget, reinforcing the importance of careful selection.

Next Steps with the RFS

Chairman Lynch proposed implementing the agreed-upon changes with assistance from Ms. Martinez and circulating the revised draft to Commissioners Havel and Burdick for final review. Ms. Martinez confirmed she would assist with preparing attachments and refining language. Once complete, the RFS will be ready for issuance.

Discussion with ICON on Continuing Services

The Committee then discussed its recent negotiations with ICON, the architectural firm that had completed the feasibility study. ICON had submitted a proposal under a "continuing services contract," which is permissible under district policy and confirmed by legal counsel. The proposal included five tasks, though two of them more appropriately fell under the responsibilities of an OPM rather than the architect. ICON accepted this adjustment. Chairman Lynch reported that ICON had included demolition-related work in their feasibility study that was unlikely to be part of the final plan, such as trails and parking lots. He emphasized that the Committee's definition of "return to nature" must be clarified to ICON to refine their bid. The Committee agreed to limit further discussion to maintain confidentiality in negotiations but confirmed ICON would remain a key partner.

Offer to Purchase the Property by Jim Sincada

The Committee reviewed a proposal submitted by resident Jim Sincada, who expressed interest in purchasing the property for \$2 million to develop a senior living and community center hybrid. The non-binding letter of intent specified that the site would be delivered as a “clean site,” meaning the existing school building would first be demolished.

Committee members unanimously opposed the proposal, citing several reasons. Most importantly, the village had already voted to demolish the building and return the land to nature, explicitly rejecting commercial or institutional redevelopment. Furthermore, the property is not zoned for commercial use and declaring it surplus for sale would be a complex and costly legal process. Chairman Lynch also cautioned that the Town of Barnstable, which sold the property to the district for one dollar, could potentially sue if the district attempted to profit from resale. Both Commissioners Havel and Burdick agreed, noting that the proposal was inconsistent with the community’s expressed will and with regulatory constraints. The Committee resolved to decline the offer.

Website Development Progress

The Committee then heard an update on the district’s new website. Significant progress has been made: the framework is functional, with department pages, meeting archives, and a new system for managing Freedom Hall bookings. The new platform, built in WordPress, will allow staff to upload notices or meeting documents through a simple dashboard interface, streamlining operations and ensuring long-term usability. A development site will soon be made available for review, though the existing site will remain live until the transition is finalized. Commissioners praised the progress and agreed to keep the item on the agenda for continued updates.

Sick Day Carryover Policies

The next topic addressed inconsistencies between the fire and water departments regarding sick day carryover. Under the fire department’s contract, employees may carry forward up to 10 sick days per year, but the days are not cumulative beyond that limit. In contrast, the water department has allowed employees to accumulate unused sick days over multiple years, creating what Ray described as significant “unfunded liabilities.” This practice appears to have been normalized by department supervisors, despite the potential financial risks. Each department maintains its own personnel files, so the extent of documentation is unclear. The auditors have noted the liability in their reports, but the accounting system used by the district complicates how these obligations are formally recorded.

Unfunded Liabilities and Sick Day Accrual Crisis

The Committee delved into a critical discussion about unfunded liabilities stemming from accumulated sick and vacation days in the Water Department. Treasurer Pirrone explained that under Massachusetts’ modified cash basis of accounting, such liabilities are not formally recognized in district financial records. Nevertheless, the district is contractually obligated to pay them out—typically within two weeks—should an employee leave or retire.

One alarming case was cited: a single Water Department employee could potentially be owed around \$220,000 in accrued sick and vacation time. While most employees' liabilities fall in the \$30,000–\$50,000 range, the total unfunded liability across the Water Department was reported as \$318,830 as of June 30, 2025. This amount equals roughly 60% of the Water Department's \$560,000 annual operating budget, raising serious concerns about financial sustainability. Commissioner Burdick questioned how such debt could be legal without voter approval, noting that municipalities typically require appropriations or borrowing authority for such obligations. He warned that if a large payout were suddenly triggered, the district could face lawsuits if unable to pay. The discussion highlighted confusion over whether the Water Department has the legal authority to incur this debt, or whether it violates the principle that voters must approve all district borrowing.

Documentation and Budgeting Concerns

The Committee asked how these figures were calculated. Water Department supervisors reportedly granted sick-time accruals annually, but documentation of such approvals may only exist in individual personnel files, which are independently maintained by the department. This lack of centralized records raised doubts about whether the liabilities were consistently or formally authorized.

Chairman Lynch argued that if the policy had been implemented correctly from the start, the Water Department should have budgeted annually for earned sick and vacation time, just as it budgets for retirement contributions or water tower maintenance. Instead, the failure to recognize these as current-year expenses has allowed unfunded obligations to accumulate unchecked for decades. The Committee acknowledged that retroactively funding such liabilities could require a 10% increase in the overall district budget—an extreme burden that taxpayers could reject.

Legal Questions and Auditor Review

Both Chairman Lynch and Commissioner Burdick stressed the need for legal clarification. Key questions include whether the district is truly liable for these debts, whether a subsidiary board can incur them without district-wide approval, and what options exist for addressing them. Chairman Lynch committed to consulting district counsel, Mark Boudreau, for a formal opinion. The Committee also considered involving auditors, who have previously acknowledged the liabilities in reports but without prompting corrective measures. Commissioners emphasized that from a corporate governance perspective, indefinite sick day accruals are outdated and risky, with most private-sector employers abandoning them decades ago due to spiraling costs.

Policy Gaps and Immediate Risks

The issue became known after the recent departure of the Assistant Treasurer, who inquired about her sick time benefits. In reviewing her case, it became clear that the Fire Department's contract caps sick leave carryover at 10 days annually—non-cumulative and budgeted for each year—while the Water Department had allowed unlimited accrual. Moreover, the district has no overarching policy for non-union employees, leaving gaps and inconsistencies between departments.

Commissioners expressed alarm that an employee could retire at any time and immediately trigger hundreds of thousands of dollars in obligations with no funds set aside. Chairman Lynch noted that even stabilization funds cannot be tapped without voter approval, leaving the district effectively unprepared. Treasurer Pirrone confirmed the \$318,000 figure is accurate as of June 30, 2025, but likely higher today.

Next Steps

The Committee agreed to seek legal counsel, engage with auditors, and request an explanation directly from the Water Department about how and why the accrual policy was allowed to persist. They also resolved to draft a district-wide policy to standardize sick and vacation benefits, likely capping them to prevent future liabilities.

Despite acknowledging that the issue has existed for decades, Commissioners emphasized the urgency of addressing it immediately. The risk of a sudden, unbudgeted payout remains a “ticking time bomb” that could destabilize district finances if not resolved before the next annual meeting.

Historical Precedent and Past Payouts

The Committee reflected briefly on past cases where sick or vacation liabilities had been paid out, including one involving an employee who had died. Members recalled that such payouts had not created a crisis at the time, likely because the amounts were relatively small—perhaps in the range of \$1,000. In those cases, the department had simply absorbed the cost within its existing annual operating budget. This reinforced the sense that the current liability, measured in the hundreds of thousands, represented a sharp departure from past practice and a much larger financial risk.

Action Plan: Legal Counsel and Water Department Engagement

After further discussion, the Committee agreed on concrete next steps. Chairman Lynch will consult district counsel, Mark Boudreau, to determine whether the accrued liabilities are legally binding and whether the Water Department acted within its authority. At the same time, the Water Department itself will be invited to attend the Committee's next scheduled meeting to explain how the accrual policy evolved, how it was documented, and what procedures were followed. Commissioners agreed that it was best to address the issue directly with Water Department leadership, rather than through the superintendent, to ensure full transparency.

Valuation of Accrued Time at Current Rates

Another concern raised was how accrued sick and vacation time is valued. Treasurer Pirrone confirmed that under current practice, all accumulated time is valued at an employee's current pay rate, not the rate when the time was originally earned. This approach has significant financial implications, as Water Department salaries have increased over the years—sometimes at rates averaging over 10% annually. As a result, what may have begun as modest accruals decades ago has escalated dramatically, compounded by wage growth. Commissioners noted that in effect, the district is paying a retroactive bonus that grows every year, far exceeding what would have been budgeted had the time been expensed when earned.

Auditor Responsibility and Oversight

The Committee turned to the role of auditors in monitoring the district's financial health. Treasurer Pirrone confirmed that while the auditors include these liabilities in the Governmental Accounting Standards Board (GASB) adjustments required for Generally Accepted Accounting Principles (GAAP) reporting, they do not appear in the district's official state filings under Massachusetts' modified cash basis of accounting. This gap left Commissioners frustrated. Commissioner Burdick in particular expressed disappointment that the auditors had not flagged the issue in management letters or formally warned of the financial risk, despite their obligation to do so when liabilities of this scale could significantly impact the district.

Formal Steps Forward

With consensus reached, Chairman Lynch committed to contacting legal counsel and to writing directly to the Water Department commissioners to inform them of the issue and request their participation in the next meeting. This would allow the Committee to confront the problem with all relevant parties present.

Treasurer's Report

The Committee then moved on to the Treasurer's Report. Fiscal Year 2025 remains in the process of being closed, with a target completion date of late September. This timeline is driven in part by the Town of Barnstable's requirement to finalize tax classification in early October, which in turn requires the district's financial statements to be filed and approved by the state. Another priority is preparing the district's free cash calculation, which must be submitted before the autumn backlog. Treasurer Pirrone praised new staff member Assistant Treasurer Ouellette for quickly learning the process and expressed confidence that deadlines would be met.

Tax Reconciliation with the Town

Treasurer Pirrone reported on the annual reconciliation with the Town, which had once again concluded that the district owed money back to the Town due to overpayments. He explained that the Town pays the district first when taxes are collected, but after abatements and exemptions are applied, it often emerges that too much money was distributed to the district. The Town then bills the district to recover the difference. Commissioners expressed skepticism, noting that the outcome always seems to favor the Town. Commissioner Burdick shared documentation provided by Town Treasurer Sean O'Brien and conceded the explanation was at

least “facially plausible,” Commissioners remained unconvinced. Nevertheless, they acknowledged the district had little choice but to comply, since the Town controls tax collections. A check to the Town had been held pending discussion at this meeting, but Commissioners agreed to release it.

Fiscal 2026 Accounting Irregularities

Turning to Fiscal Year 2026, Treasurer Pirrone noted a technical problem in preparing the July statements: the budget rollover had duplicated itself in the system. While he was able to adjust the error for reporting purposes, the underlying issue still needs to be corrected. Resolving it may require a long journal entry, but the Treasurer’s office is continuing to investigate the cause and appropriate fix.

Technical Issues with July Statements

Treasurer Pirrone reported further complications in producing the July financial statements. The district’s bank recently updated its website, creating delays in retrieving bank statements. This, in turn, held up reconciliation of the expenditure account and delayed preparation of the funds report. While the funds page issue has now been resolved and will be available this week, the reconciliation problem remains unresolved until the bank completes its system adjustments. Despite these technical challenges, Treasurer Pirrone emphasized that July’s financial results were unusually strong. Historically, July has been dismissed as too early in the fiscal year to provide meaningful data, but this year’s early tax collections painted a positive picture. By the end of the first month of FY2026, the district had collected 12% of its budgeted revenue, well above the 8% monthly target. This figure already accounts for \$58,000 attributed to prior-year collections. Department-level revenues varied, with the Water Department at 11% and the Fire Department slightly under at 7%. Interest income was also running high relative to budget, but Treasurer Pirrone clarified that this was intentional: interest projections are always set conservatively to avoid overstating income in state reports.

Expenses were largely on budget, though the annual retirement contribution, which is paid in July, distorted the year-to-date employee cost figures. This single payment represented approximately 51% of the employee expense line, but Treasurer Pirrone confirmed it was expected and budgeted appropriately.

Revisiting Sick Pay Liabilities

Treasurer Pirrone briefly circled back to the earlier discussion of sick time accrual, stressing again the need to adopt a district-wide policy. Without such a framework, confusion will persist each time an employee retires or leaves. Commissioners agreed the issue must be resolved promptly, given the risks highlighted earlier in the meeting.

Freedom Hall Scheduling and Access

The Treasurer next raised a practical issue involving Freedom Hall rentals. In the past, a former commissioner had gone out of her way to open the hall for renters at all hours, including weekends. While appreciated, this level of accommodation was unsustainable and has now defaulted to district staff, specifically Assistant Ouellette, who is a 40-hour, Monday-to-Friday employee. Commissioners agreed it was unreasonable to expect him to work weekends to unlock the building.

Several possible solutions were discussed, including providing renters with one-time digital PINs, installing a remotely controlled lock, or leaving a key at the fire station for pickup. For now, Assistant Treasurer Ouellette will assume responsibility for scheduling and managing hall access and will report back after a trial period on whether additional measures, such as electronic locks, are necessary. Commissioners emphasized the goal of keeping the building well-used and well-maintained without creating false expectations for unlimited staff availability.

Separation Agreement and Former Employee's Computer

The Committee then turned to a letter from former Assistant Treasurer Lisa Haven, who raised concerns about the use of her personal laptop during her tenure. Although the district eventually provided her with an official computer—now reassigned to Assistant Treasurer Ouellette—she had relied on her own device early in her employment and installed district software, including Office 365 and email accounts. Haven claimed this compromised the utility of her laptop and requested remediation.

When Ms. Haven left, she signed a separation agreement that outlined her benefits, including two weeks of paid sick leave, intended as a final resolution. However, she later identified the laptop issue and asked the district to hire a forensic IT company to remove the district programs. This would require engaging the district's IT support provider outside of their current service schedule, likely at additional cost.

Commissioners debated how best to resolve the matter. One option was to have the IT provider remove the district programs, which might be a quick and inexpensive task. Another was to avoid prolonging the issue by simply offering Ms. Haven a new computer or a gift card toward one, considering the old laptop's limited value after eight years of use. Some argued that since a settlement letter had already been signed, the district was under no further obligation. Others stressed that, regardless of strict legal responsibility, the district should ensure Haven is left with a functioning computer.

It was also noted that during the pandemic, the IT provider had already worked on her laptop to enable remote work, meaning that much of what she requested may amount to undoing those installations. Commissioners agreed to seek an estimate from the IT provider before deciding,

while also considering the fair market value of the computer and whether a replacement might be a simpler solution.

District Equipment Policy Going Forward

Finally, the discussion turned toward ensuring that current staff are properly equipped with district-owned devices. Assistant Treasurer now has both a district laptop and will soon receive a district phone. Commissioners agreed that this is essential to prevent personal equipment from being used for official business, which creates security, ownership, and liability concerns. Other necessary tools, such as monitors, printers, and credit cards, have already been provided.

The Committee briefly considered whether it might be safer to request Ms. Haven's old laptop back altogether but acknowledged that she may not be willing to part with a device containing personal files. Offering her the option between IT cleanup or a replacement was seen as a fair middle ground.

Resolution on Former Employee's Laptop

The Committee concluded its discussion of the former Assistant Treasurer's laptop.

Commissioners agreed on a two-part approach: first, to ask the district's IT provider for an estimate on the cost and feasibility of securely removing district software from the device; and second, to give Ms. Haven the option of either pursuing that route or accepting a contribution toward a new laptop. This compromise was intended to balance fairness with fiscal responsibility. Chairman Lynch also asked Treasurer Pirrone to inform Ms. Haven that her letter had been received and that the district was actively working on a response, so she would not feel ignored.

Public Comment regarding Former Employee's Laptop

Christine Robello of 309 School Street asked if what needs to be cleaned off is confidential and the Commissioner's explained that it is District programs that need to be removed, while maintaining her personal ones.

Warrant Delivery and Email Issues

Chairman Lynch noted that he had not yet received any of the district's financial warrants for review. Assistant Treasurer Ouellette was asked to investigate why they were not being delivered properly. Discussion suggested that the issue might involve whether warrants were being sent to the correct internal and external district email addresses. As a temporary workaround, the warrants could be sent to Chairman Lynch's personal Yahoo account, but in the long term, delivery must be routed through the official Cotuit Fire District email system. Commissioners acknowledged this had been a recurring problem in the past and needed to be resolved permanently.

Fire Station Renovation Update

The Treasurer gave a brief update on the fire station renovation project. At present, there was no new financial activity to report. The district still had two loan options under consideration: a USDA loan and a market-rate loan. Treasurer Pirrone is continuing to follow up with USDA to determine whether funding is available and what additional documentation may be required. Chairman Lynch cautioned, however, that federal and state grant requirements had recently become more complex, particularly around legal assurances related to diversity, equity, and inclusion (DEI). Signing such certifications without full compliance could expose the district to whistleblower complaints and legal liability. He expressed skepticism that USDA funds would ultimately be available, either because of these conditions or limited USDA capacity. Commissioners agreed to monitor the loan market closely, with decisions expected within 30 days, though they did not expect any major decreases in interest rates.

Public Comment

Two members of the public offered comments and questions.

Patty Daly asked three questions:

- Who the district's current auditors are, and how long they have served. Treasurer Pirrone confirmed the auditors are Roselli & Clark, in place for three years.
- What does the acronym GAAP mean? Commissioners explained it refers to "Generally Accepted Accounting Principles," which govern the preparation of municipal audit reports.
- Whether issues with incorrect W-2 forms for Water Department employees had been resolved. Treasurer Pirrone confirmed that the matter was corrected.

Lallie Lloyd, 340 Vineyard Road, raised two issues:

- She suggested that the district consider aligning personnel policies between the Fire Department and Water Department to avoid future discrepancies like those involving accrued sick leave. Commissioners explained that the Fire Department operates under a renegotiated union contract every three years, with negotiations involving fire commissioners, a Prudential Committee representative, and department leadership. The Water Department, however, does not have a similar collective contract structure, and it is unclear whether individual contracts exist for some employees. Chairman Lynch agreed to inquire further with Water Department leadership. Ms. Rhoad proposed that a district-wide employee handbook could be developed to provide consistency for non-union employees across all departments.
- She also expressed concern about delays in posting meeting minutes online. She noted that as of that day, minutes for the three most recent meetings were still missing from the website. She urged the Committee to ensure prompt posting as a matter of public transparency. Chairman Lynch acknowledged the concern and asked Assistant Treasurer Ouellette to review past approvals and ensure that all approved minutes are posted in a timely fashion.

MOTION: To adjourn.

Motion made by: Seth Burdick

Seconded by: John Havel

Motion passed unanimously.

Meeting adjourned at 7:41pm.

Respectfully submitted,

Gina Gonsalves

Gina Gonsalves