COTUIT FIRE DISTRICT
PRUDENTIAL COMMITTEE MEETING
Via ZOOM and In Person Freedom Hall
COTUIT, MA 02635
September 22, 2025

The meeting was called to order by Mark Lynch on September 22, 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

<u>Public Comment:</u>
Lallie Lloyd, of 340 Vineyard Road and Moderator of the Cotuit Fire District, began by announcing her recent appointments to two key committees: the Policy Advisory Committee and the Bylaws Committee. She also shared the appointments of other residents: Patty Daly and Jim Canavan who were named to the Bylaws Committee, while Rimas Puskorius and Tom Klein were appointed to the Policy Advisory Committee. Ms. Lloyd explained that she has appointed herself to both committees ex-officio, granting her the same rights and privileges as other committee members but without voting authority, allowing her to stay informed and connected to ongoing discussions.

Jim Canavan introduced himself, noting that he has lived in Cotuit for 44 years and has been actively engaged with local politics, though not as an elected official. Encouraged by Ms. Lloyd, he accepted the opportunity to serve on the Bylaws Committee, expressing a desire to support the District's governance and policymaking processes.

Patty Daly, a resident of 45 Banfield Drive since the early 1990s, expressed enthusiasm for joining the Bylaws Committee, highlighting her long-term interest in participatory democracy and District meetings. She conveyed her commitment to helping advance community engagement and ensuring that governance processes remain transparent and inclusive.

Rimas Puskorius, of 39 Mashpee Road, Cotuit, shared that he and his family moved permanently to Cotuit two years ago, after purchasing a home five years earlier. Originally from Cleveland, Ohio, Mr. Rimas Puskorius spent four decades in Washington, D.C., working at the World Bank in corporate and project finance, focusing on infrastructure, health, and education sectors. Now retired, he serves on the board of a small Lithuanian nonprofit and is a certified facilitator. He emphasized his desire to contribute financial and organizational expertise to District policymaking, with the goal of supporting fiscally responsible, forward-looking decisions. He also noted that his Lithuanian heritage, combined with the welcoming Cape Cod community, influenced the family's decision to settle permanently in Cotuit.

Ms. Lloyd reminded the Commissioners that Tom Klein, the fourth appointee to the Policy Advisory Committee, would begin participation in October. She also confirmed with Commissioner Burdick that he would convene the first Bylaws Committee meeting, while Commissioner Havel would convene the first Policy Advisory Committee meeting.

Ms. Lloyd then introduced **Dan Smith,** the newly hired community minister at the Cotuit Federated Church. Prior to the meeting, Ms. Lloyd and Mr. Smith had discussed the issue of determining what "returning the land to nature" will entail for the property currently occupied by the school once demolition is complete. Mr. Smith raised questions regarding whether a budget or specific line item had been set aside for this stage of work, and what timeline the District anticipates for planning and implementation. While the immediate focus remains on demolition, both Ms. Lloyd and Mr. Smith emphasized the importance of initiating an open, community-centered conversation about the property's long-term use.

Mr. Smith suggested exploring potential partnerships with organizations such as the Native Land Conservancy (NLC), a Native-led conservation group founded in 2012. He explained that the NLC has experience working with conservation trusts and other organizations to return land to natural or Native stewardship, often through methods such as deed transfers or cultural respect easements. Mr. Smith noted that the NLC already owns property locally in Cotuit and could serve as a valuable partner in guiding the land's restoration in a manner consistent with ecological and cultural priorities. He encouraged the Commissioners to keep this option open for future consideration.

The committee was reminded that Mark Robinson, Water Commissioner, is listed as an advisor on the NLC website and could serve as a resource for exploring this partnership. Additionally, the NLC's founder, Ramona Peters of the Wampanoag community, was mentioned, with the caveat that while the organization is Native-led, it is not exclusively Wampanoag-led.

<u>Meeting Minutes Approval:</u>
MOTION: To approve the meeting minutes from May 19, 2025.
<u>Motion made by</u>: Mark Lynch **<u>Seconded by</u>: Seth Burdick**
Motion passed unanimously.

MOTION: To approve the Executive Session meeting minutes from August 25, 2025.
<u>Motion made by</u>: Mark Lynch **<u>Seconded by</u>: Seth Burdick**
Motion passed unanimously.

<u>Review of Sick Day Carryover Policy</u>

The Committee held an in-depth discussion of the Water Department's sick day carryover policy and its financial impact. Chair Lynch explained that employees may accrue unlimited sick time, but under the department's handbook only 25% is payable, and only upon retirement. This clarification reduced the District's liability estimate from $318,000 to roughly $60,000. Commissioners noted that while the lower figure is manageable, it still represents a meaningful obligation requiring careful planning, documentation, and accounting clarity. They discussed creating a stabilization fund to cover future payouts, ensuring obligations do not disrupt other operations or budgets.

- **Historical Background of Personnel Policy**

Although the Water Department's employment manual has long guided personnel practices, records suggest it may never have been formally approved by the Prudential Committee as required. Mr. Churbuck confirmed the current sick leave policy has been in place since at least 2018. Mr. Wiseman traced its origins to discussions in 1989, led by Commissioner Wiggins, with multiple revisions over five years. In January 1994, the Water Commission voted to eliminate a 120-day sick leave cap, allow unlimited accrual, and set a 25% payout at retirement. This framework, intended to provide a retirement benefit while limiting exposure, became the foundation for all subsequent policies.

- **Updates to the Employment Manual**

Following the 1994 vote, the personnel policy was formalized into an employment handbook. It was updated in 2012, 2018, and 2023, each time internally approved by the Water Department. Commissioners questioned whether Prudential Committee approval should also have been required, since sick leave payouts create long-term financial obligations for the District. Reference was made to Section Five of the 2018 handbook, which states that certain pay increases require voter approval—raising the possibility that sick leave policies may also need formal recognition at the District level.

- **Oversight, Budgeting, and Liability**

Commissioners emphasized that while GAAP financial statements reflect the 25% cap, state reports still show total accruals, creating potential confusion. They proposed adding clear notations in all reports distinguishing between total sick time and the portion payable. They also discussed whether the sick leave policy, lacking Prudential Committee approval, constitutes an unfunded liability. Legal opinions and consultant reviews have found the policy valid, but formal committee approval and documentation remain unclear.

Mr. Wiseman noted that in practice, very few payouts have been made, and costs were typically budgeted for in advance. Still, the possibility of unexpected retirements or deaths creates financial risk. Commissioners stressed the need for both accurate accounting and clear legal authority to prevent disputes or audit issues.

- **Funding Strategies and Stabilization Fund**

To manage the liability, Commissioners recommended treating it like a pension obligation: calculating annual accruals and gradually funding them through the operating budget. Any unused appropriations could revert to the general fund, ensuring flexibility. A dedicated stabilization fund was proposed as the most transparent and responsible solution. Such a fund could be created through a District meeting warrant article or a recurring budget line item, then funded annually according to projected retirements and accrual trends.

- **Comparison with Fire Department Practices**

Commissioners compared the Water Department's policy with the Fire Department's, which is governed by union contract and includes different accrual and payout limits. They clarified that Water Department payouts apply only at retirement or death, not upon resignation—a misunderstanding among some employees. The Commissioners noted that this restriction is essential for keeping the benefit generous but financially sustainable.

- **Next Steps**

The Committee directed the Treasurer and Assistant Treasurer to review historical records to determine whether the employment manuals, including sick leave provisions, were ever formally approved by the Prudential Committee. If approval is lacking, retroactive action may be required to validate past practices and protect the District legally and financially.
Commissioners agreed that next steps should focus on:

- Confirming historical approvals through documented records.
- Updating financial statements to reflect the 25% payout limit clearly.
- Establishing a stabilization fund for payouts.
- Ensuring legal and committee oversight of all personnel policies that create financial obligations.

With these actions, the Committee aims to secure compliance, transparency, and fiscal stability while maintaining fair benefits for employees.

Cotuit School Building Demolition Update

The Committee reviewed the status of the Cotuit School Building demolition project, focusing on current procedural steps and the expected timeline. A Request for Services (RFS) for a project manager has been posted on the Cotuit Fire District website, with responses due October 3rd. At least one firm has already scheduled an optional site visit, indicating early interest.
Massachusetts law requires hiring a project manager before substantive demolition steps can proceed. Once selected, the manager will be responsible for retaining an attorney and an architect. Together they will develop technical specifications that form the basis for a Request for Proposals (RFP), allowing qualified contractors to bid on demolition and site restoration work. Commissioners acknowledged that this multi-step process—legal review, contracting, and public notifications—means demolition is unlikely to begin before spring. This timeline, however, aligns well with planting and restoration, which are most effective in spring or late fall. To avoid delays, Commissioners discussed holding special Prudential Committee meetings between monthly sessions for interviews, approvals, and other time-sensitive actions. This proactive scheduling was seen as critical to maintaining momentum while ensuring compliance with procedural requirements.

- **Conservation Restrictions on the Property**

The Committee then considered whether to place a conservation restriction (CR) on the District's portion of the Cotuit School property following demolition. The town of Barnstable already holds a CR on its adjacent parcel, limiting development and preserving open space. Commissioners debated whether a similar "in perpetuity" restriction should be applied to the District's retained land.

Supporters argued that a CR would permanently protect the site, reinforcing the project's intent to restore the land to a natural state. Others expressed concern that committing the property permanently could limit future boards if unforeseen needs arise. Questions were raised about whether such a restriction would require a District meeting vote or could be approved directly by the Prudential Committee. Legal counsel—possibly Mark Boudreau or other District advisors—will be consulted to clarify statutory requirements. Commissioners leaned toward ensuring that any restriction complements the "return to nature" objectives, protecting long-term ecological and community value while balancing flexibility for the future.

- **Defining "Return to Nature"**

Commissioners emphasized that the demolition contract should be comprehensive, requiring the selected contractor to handle dismantling, grading, soil preparation, and landscape restoration in one "soup-to-nuts" arrangement. This approach ensures accountability and cohesion.

The ICON Architecture feasibility study provides a framework, including meadow mixes, tree plantings, erosion control, and pathways, offering ecological and design guidance. Partnerships with groups such as the Association to Preserve Cape Cod and the Barnstable Land Trust were identified as valuable for aligning with best practices. While the ICON study offers a strong foundation, Commissioners agreed the final definition of "return to nature" should combine professional expertise with Prudential Committee oversight and public input.

A key perspective was that the property belongs to District residents and they should have a voice in restoration decisions. However, some cautioned that embedding an extensive outreach process directly into the demolition contract could delay building removal. Consensus emerged that demolition must proceed on schedule, with broader landscaping and conservation discussions occurring in parallel.

- **Balancing Immediate Restoration with Long-Term Vision**

Commissioners stressed that the site cannot remain bare after demolition due to risks of erosion, dust, and runoff. The demolition contract includes over $180,000 for landscaping to stabilize the site immediately.

Opinions differed on scope: some favored minimal stabilization—loam, grass, limited plantings—leaving detailed design for later public input. Others supported a more comprehensive restoration upfront, integrating ecological elements directly into the demolition contract to avoid future delays. The Committee recognized the need to balance efficiency and cost while leaving room for community engagement in shaping final landscaping and ecological enhancements.

- **Public Input and Fiscal Responsibility**

The Committee discussed how and when to involve the public. One view favored early engagement, similar to the successful fire station project, allowing residents to weigh in on a unified plan. Others supported waiting until a contractor proposal is available, to keep discussions grounded in specific, actionable options.
Commissioners agreed public engagement must be meaningful but not disruptive to the timeline. They noted that while the ICON study presents a “Cadillac version” of restoration, cost constraints must be considered to protect taxpayer resources.
Consensus was reached to host public presentations once a contractor’s plan is available. This would allow residents to review demolition and restoration proposals, ask questions, and provide feedback. Final authority, however, remains with the Prudential Committee to ensure compliance and fiscal oversight. One Commissioner volunteered to lead community meetings and summarize feedback, ensuring structured input without delays.

WEBSITE STATUS UPDATE

The Committee reviewed progress on the District website. Mr. Havel reported that work has moved more slowly than expected due to competing demands, though steady improvements are being made. A recent consultation with Jen Nash of the Water Department provided practical input on usability, content layout, and navigation. Many of her recommendations have already been incorporated, making the site more functional and accessible for residents and ensuring that information about District operations, meetings, and projects is easier to locate.

Committee members expressed appreciation for the work underway. Mr. Havel reiterated his view that the District may eventually benefit from hiring a professional web designer to guarantee modern standards for user experience, accessibility, and technical reliability. Others argued that the volunteer-led approach remains cost-effective, since once the site is complete it will require minimal maintenance, preserving District funds for other priorities.

The Committee agreed to keep the website as a standing agenda item until the relaunch is finalized. While no hard deadline has been set, members discussed aiming for completion before year’s end. The discussion closed with consensus that continued oversight, regular updates, and community feedback will be important to ensure the site fully meets the needs of residents and staff.

TREASURER’S REPORT

The Treasurer reported favorable financial results for the two months ending August 31st, noting that the District’s overall fiscal performance is generally ahead of expectations at this early point in the year. District revenue was at 24% of the annual budget, which is notably above the 17% target typically expected for this period. Expenditures were reported at 25% of the budget, but this figure included significant one-time payments, such as employee retirement contributions and risk insurance premiums. When adjusted to exclude these extraordinary items, regular operational spending was in line with budgeted projections, indicating controlled and prudent management of ongoing expenses.

Tax revenue specifically was running at approximately 23% of the annual projection, reflecting a strong early collection cycle, bolstered by payments on liens, penalties, and accrued interest. The Water Department reported 26 % of projected revenue, which is slightly above expectations; however, the Treasurer reminded the committee that water revenue inherently lags behind actual consumption because billing occurs after usage. This means that the current revenue numbers reflect water usage from earlier in the year, and timing differences should be considered when interpreting the results.

Ambulance service revenue was reported at 23%, tracking closely with budget assumptions. Grant revenue, however, was particularly strong, primarily due to awards from FEMA and state programs. These grant funds will be deposited into the special revenue fund, with matching expenses recorded in the same fund. This approach ensures that grant receipts do not artificially inflate the general fund, while still providing additional resources to offset specific costs and relieve pressure on the District's primary operating budget.

The Treasurer also noted that interest income has exceeded projections so far, benefiting from higher short-term rates earlier in the year. However, there is a note of caution, as recent Federal Reserve rate cuts could reduce future returns on cash balances. Conversely, falling bond yields could have a negative impact on the District's cost of borrowing for capital projects, including Fire Department upgrades and other infrastructure investments. The Treasurer emphasized that this dynamic will require close monitoring over the coming months, particularly as the District plans for upcoming capital expenditures and potential financing needs.

Overall, the early-year financial results were strong, with revenues exceeding expectations and expenditures largely in line after accounting for timing and one-time payments. Commissioners expressed satisfaction with the fiscal performance but agreed that continued oversight and monitoring of revenue trends, interest rates, and capital financing costs will be important to maintain budgetary stability throughout the fiscal year.

Expenditure Review and Fund Status

The Treasurer continued his report with updates on expenditures and the status of District funds, providing a closer look at both operational and capital accounts. Overall, spending remained either on budget or slightly under budget, but the Treasurer cautioned that with only two months of the fiscal year completed, it is still too early to draw definitive conclusions about longer-term trends. He emphasized that monitoring would continue to ensure early indicators are used to guide prudent financial management without overinterpreting temporary fluctuations.

The District's cash position remains strong, reflecting careful oversight of both revenue collection and expenditures. However, the operating account reconciliation was still behind schedule, primarily due to year-end backlogs and carryover accounting adjustments. The Treasurer anticipated that reconciliations would be caught up by late September or early October, coinciding with the Town of Barnstable's expected tax recap and classification meeting, which could provide additional clarity on overall municipal revenue flows and property tax allocations.

Several individual funds were reviewed in detail:

- The OPEB (Other Post-Employment Benefits) Fund showed strong early-year growth, increasing from $2.7 million to nearly $2.75 million in just the first two months. This increase reflects both planned contributions and favorable investment performance, signaling healthy progress toward long-term retiree benefit obligations.
- The Stabilization Funds had not yet received all scheduled contributions, which are expected to be made by late September and early October. These funds provide financial flexibility for unanticipated expenditures or future capital projects, and timely contributions are critical for maintaining the District's reserve strength.
- The Capital Fund was significantly supported by a $1.2 million bond issued in June, which netted $400,000 after issuance costs. These proceeds are earmarked to support fire station activities through November, ensuring that construction and related capital expenses can be covered in the near term.

The Treasurer also provided an update on funding for the fire station project, noting increasing concern about securing USDA financing. Federal fiscal year-end deadlines and timing constraints make it unlikely that USDA funds or interest rates will be confirmed in time to meet the construction schedule, which requires substantial funding by late November or early December. While USDA support remains a goal, the Treasurer indicated that he is preparing a market bond anticipation note (BAN) as a fallback option, ensuring that construction could proceed even if USDA financing does not materialize. He described his outlook on USDA funding as increasingly pessimistic, underscoring the need for contingency planning to avoid delays in this critical capital project.

Overall, the Treasurer's report conveyed a fiscally sound position, with strong early-year fund performance and careful monitoring of expenditures. At the same time, it highlighted the importance of proactive planning and contingency strategies, particularly for large capital initiatives like the fire station, where funding certainty is essential to maintaining project timelines and protecting the District's financial stability.

Former Assistant Treasurer's Computer Issue

The committee revisited the matter of the former assistant treasurer, Lisa Haven, who had used her personal computer to conduct District business with prior approval. Commissioners noted that, at the time of her departure, the District had offered her $700 toward the purchase of a new computer as an incentive to ensure that all District files were completely removed from her personal device. Ms. Haven declined the monetary offer, instead agreeing to take personal responsibility for clearing her system of any District-related information.

While the committee acknowledged that files stored locally on her computer were no longer the primary concern, attention shifted to cloud-based systems, particularly SharePoint, which contains sensitive payroll and personnel data, including social security numbers, birth dates, and other personally identifiable information. Ensuring that her access to these systems had been fully revoked was considered a critical security matter, both for protecting employee privacy and for maintaining compliance with applicable data security standards.

The committee discussed the importance of verifying that all access had been successfully transitioned to her successor, Brian, and that no accounts remained active under Ms. Haven's credentials. To accomplish this, the District's IT consultant, Secure Networks, was tasked with conducting a comprehensive review across all systems, including Office 365 subscriptions, payroll platforms, and ledger accounts, to confirm that access had been properly terminated. After reviewing procedures and planned verification steps, the committee concluded that, provided these administrative removals were confirmed by Secure Networks, there was no active security risk remaining. Commissioners emphasized that the District had taken appropriate safeguards, including account revocation, monitoring of cloud-based data, and oversight of transition responsibilities, to ensure that sensitive information remains protected even after the departure of key personnel.

PUBLIC COMMENT

Patty Daly raised concerns regarding the District's sick time rollover policy, noting that in her decades of public service across municipal, county, and state governments, the standard approach was typically "use it or lose it." She encouraged the Prudential Committee to consider revising the District's policy going forward to align with common practice and to mitigate accumulating long-term liabilities.

Ms. Daly also cautioned against adopting permanent conservation restrictions on District property, emphasizing that such restrictions are effectively irreversible without legislative action. She suggested that the District explore more flexible alternatives that would allow for conservation while preserving the ability to adapt land use to future needs. Additionally, she observed that if demolition of the Cotuit School building were delayed until the fall, there would be sufficient time to conduct meaningful public input sessions regarding the future use of the land. She recommended engaging professional facilitators or consensus-builders to ensure that community feedback is structured, constructive, and actionable.

Rimas Puskorius presented a structured approach for addressing the sick leave liability issue, outlining four key steps:

1. Decide whether to formally recognize the liability.
2. Clarify whether existing sick leave policies had been properly approved by the Prudential Committee or District meeting.
3. Determine whether to modify those policies going forward.
4. Establish a plan to fund any resulting obligations, including potential use of a stabilization fund or other financial mechanisms.

This speaker also expressed concern about the computer security issue, highlighting that personal devices frequently contain downloaded files or cached data that should be independently verified as deleted, rather than relying solely on assurances from departing personnel.

Chris Rebello, participating via Zoom, offered a different perspective on sick leave rollover. As a retired teacher, she noted that she had personally benefited from a similar policy and confirmed that such practices are in place in other municipalities. While she supported covering the associated liability, She emphasized that discussions should remain general and professional, avoiding references to specific employees. She also reiterated concerns regarding computer security, noting that she had raised this issue at the prior meeting and highlighting the importance of verifying access revocation and data deletion.

Chris Wiseman brought up a maintenance concern regarding a hole near a drain in the shared parking lot. Chairman Lynch directed Mr. Ouellette to inspect the location promptly and coordinate any necessary repairs to ensure safety and proper drainage.

PFAS Stabilization Fund

Commissioners agreed that a more thorough review was necessary before taking formal action. The matter was therefore deferred to the next meeting, allowing the committee to receive guidance from legal counsel and confirm accounting procedures. This approach ensures that the District can prudently manage these settlement funds, balancing the need for fiscal oversight with compliance obligations and long-term planning for PFAS-related responsibilities.

Computer Security

Before adjourning, Mr. Havel raised concerns about the former Assistant Treasurer's use of a personal computer for District business. He noted that it is impossible to know whether sensitive files were ever downloaded or cached locally, underscoring the need for a formal policy prohibiting the use of personal devices for District operations going forward.

The discussion then turned to contingency planning. Mr. Pirrone recommended acquiring a standby laptop dedicated to payroll and other critical functions, ensuring continuity if the Treasurer's computer fails or becomes unavailable. Such a machine would require full licensing, integration with Secure Networks, and ongoing IT oversight, with associated costs for software and access. Commissioners agreed that redundancy planning was prudent to safeguard essential operations.

Regarding Ms. Haven's personal device, members acknowledged the District had little authority over it. While Ms. Haven had indicated a willingness to cooperate, Secure Networks declined to service an unlicensed personal computer due to liability and security concerns. Some speculated she was reluctant to involve outside parties because of personal files stored on the device. Several Commissioners emphasized that the risk of exposure was mostly theoretical, as all credentials for District systems—including SharePoint, payroll, and financial accounts—had already been revoked. Even so, they stressed the importance of documenting the steps taken, confirming that Ms. Haven's disengagement was handled responsibly, and ensuring no vulnerabilities remain.

The Committee concluded that while the situation was not ideal, the risk was largely contained. They agreed to revisit the question of purchasing a dedicated backup computer at the next meeting. In the meantime, Commissioner Havel—given his IT expertise—would coordinate with Secure Networks and manage related technical questions to ensure informed decisions and effective oversight.

Public Comment on the Computer Security Issue

Ms. Lloyd suggested the possibility of hiring an independent professional to clean the device, transferring personal data to an external location and securely erasing any District-related materials, but no formal decision was reached on that option.

MOTION: To adjourn.
Motion made by: Seth Burdick Seconded by: Mark Lynch
Motion passed unanimously.

Meeting adjourned at 7:38pm.

Respectfully submitted,

Gina Gonsalves

Gina Gonsalves