

Cotuit Fire District
Prudential Committee
16 November 2015
5:00 PM

Fran: I am going to call the November 16th, 2015 meeting of the Cotuit Fire District Prudential Committee to order. Can I have the committee please introduce themselves.

Laurie: Laurie Hadley.

Stan: Stan Goldstien.

Michael: District Treasurer, Michael Daily.

Charlie: Charles Eager, Clerk

Fran: Fran Parks, Chairman.

Fran: Jeff! Up, for your discussion of the tax classifications

Jeff: Do you need me there or do you want me to relax?

Fran: We have to record you. We can give you a mic to sit if you want.

Jeff: No, that's fine. Wanted to know where you needed me. Jeff Rudziak , Director of Assessing for the Town of Barnstable. We handle the recaps of fire districts as well. Tonight your option to vote on the three taxing options within your fire district, which happens to be the split tax rate possibility, whether you wish for residential exemption and to consider a small commercial exemption. In the past, Cotuit Fire District having virtually no commercial or industrial property whatsoever has stayed with a rate of 1 and no exemptions at all.

Proceeding on that basis, if you look to the second page you'll see your full cash value went up about \$340,000,000.00. Excuse me, No that's not quite right ... About 40,000,000 I'm sorry ... Went up about 3.3%. That's about average for the town. The town went up about 3.56 overall. As a result, since you did not increase your budget at the same rate, the net affected a single tax rate is reducing your tax rate from \$2.22 to \$2.20.

That's the combination of roughly 2.5% budget increase, and then the extra percent for the town for the evaluation difference and that's the way it always adds up. At that rate you would have 220, last year again you did no split rate or any exemptions. The most you could move the rate just to demonstrate how ... How should I say, futile that would be is \$0.03 for the residential property and you would drive the commercial industrial personal up a \$1.10 for what property you do have. That tax rate was meant for

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municipalities and districts where there's a high concentration of commercial industrial parcel and Hyannis is a good example of that.

You see on page 4 the split rates as they might move up. You can see that there's minimal movement on the residential rate making that not terribly practical. Page 5 gives you your actual mix in valuation. Your 97.76% residential with a value of 1.31 billion dollars. 52% of your parcels have qualified for residential exemption of the town. That thereby means your CIP is 2.24%, CIP being Commercial Industrial Personal. There's the amount of money below those at different rates shifts that you could see that you can move over to those folks if you so choose to.

Page 6 is just examples of different levels. Page 7 discusses the 5C option which once again is not intended for fire districts, that's meant for large municipalities. However, it is an option. It would only shift it within the residential class of properties and at a value of 1.136 million dollars, it would mean you don't get any break because the rate went up so much the exemption doesn't help you. It would shift taxes from 52% of your properties to 48% of the other properties.

Two examples are on page 8 at a 10% shift, and 9 at a 20% shift. The final page on the back is just a graphic demonstration of this and shows you at 11,000, 36,000 or excuse me, 1.136,650 second group of bars from the end and that's where it levels out to zero. I'm not even going to discuss these small commercial option. That's just ... You don't have any commercials to speak of so I don't recommend you do anything with that, nor the board recommend you do anything with the residential exemption. Questions if you have any.

Stan: Yes, page 2 says valuation is 1.34 million and on page 5 you get 1.313.

Jeff: That's because it's just the residential.

Stan: So then we have that much ...

Jeff: Yes, that's the difference between the residential and the commercial ... Not a whole ton. Is that it?

Stan: Personal property is like your real taxes that the fact that [inaudible 00:06:48].

Jeff: We're required on second homes. Basically people who do not file for the residential exemption, that's another good reason to actually file for it, no matter what your value is. Then you will not get a personal property bill and you still get the value of the exemption. I been saying this ever since the exemption was accepted by the town. Always file for it if you're qualified, because it means money in your pocket.

Fran: Any other questions?

Jeff: Thank you.

Fran: Thank you. Mr. Daily?

Michael : Let's take a couple things. First, why don't you take a vote on whether you want to classify or not .

Fran: Okay.

Michael : If you don't want to classify then you would vote a minimum residential factor of 1.0. You need a motion to use a minimum residential factor of 1.0, a second, and then a vote to desolate where you want to go.

Laurie: Okay, I move that we vote to accept the residential factor of 1.0.

Stan: Second.

Fran: All those in favor. It is Unanimous

Fran: So moved.

Michael : Thank you. Jeff, we're all set.

Jeff: Yes, just to throw out, when we do this motion it would be factor 1 no exemptions.

Michael : No exemptions.

Jeff: So you would just do the no exemptions vote.

Laurie: Okay, I move that we vote no exemptions.

Stan: Second that.

Fran: All those in favor? It is unanimous

Michael : We need to click some boxes on the DORs gateway.

Fran: affirmative

Michael : Generally what the board has done is just vote to have me go in and click all the boxes for the board members electronic signatures so if you'd make that motion as well, we'll do that in the morning.

laurie: I move that we authorize Mr. Daily to vote the electronic signatures for the committee members.

Stan: I'll second the vote.

Fran: All those in favor? It is unanimous

Michael : Thank you very much. Anything else, Jefferey?

Jeff: That's it.

Michael : Thank you. Just as a final, I would like to hand you these documents. This is a little bit different look at what's been going on in the district. One each. It's a pretty good history. We usually look at it each year. The recap sheets itself is this document, which is a 4 page documents which is going in. As Jeff said the gross value of the district is 1,343,464,130 is the total value. Of that, residential property is 1,313,303,179. Your commercial property is 15,248,121. It's a modular percentage. Your industrial property is \$103,400.00 of value. Your personal property is 14,809,430. You have very small comparison to the billion 3 of residential value.

As far as personal property goes, it is corporate owned property is subject to the personal property tax. For example, my corporation pays taxes on the desks, the chairs, the file cabinets. Every corporation that has corporate property inside of a unit pays a tax on that. If you own a second home it's like a business venture. Your contents, your chairs, your couch, your television, your dishes ... All that stuff in a second home would be taxed as personal property as well. That's worth about 14 almost 15,000,000.

On the spreadsheet I just wanted to go through with you a little bit of the history and the year we just took action on is fiscal 16 on the far right. Just as a little understanding of what the districts been up to, during the past year the district voted to spend just under 6.0 ... Well, we'll call it 7 million dollars. That's up 52% over the prior year when you've spent about 4.6 million dollars.

How we paid for that was local receipts were 168 and the water revenue was 582 and then we used \$217,000.00 of free cash as you come down to the far right column. You voted \$2,406,000.00 worth of debt. That's the high street property and the tank. You voted to use stabilization in to the tune of 550 thousand for the new fire truck, and the [OPEB 00:11:41] and overlay were required 107,000.

You boil that down and it comes down to 2,955,621. That's how many dollars in taxes you voted to raise tonight through the votes you just took. 2,955,621. That's a tax levee increase over the amount of levee of last year up 2.39%. You just voted to increase taxes less than 2.5%. That was our goal. We complied more than enough with the standards of 2.5. You'll see if you watch ... You pay attention to what the town does, they annually raise taxes about 3%. They raise the 2.5 and they're new growth constitutes roughly about .5% of new levee. You're probably falling well below the town, your property values total went up from 1 billion 3 in small change to a billion 343 so you're total district property values are up about 4.75, 4.73 to be exact.

All your tax rates are the same. You didn't split or defer ... Use shifting in any way. The residential tax rate, the commercial tax rate, the industrial tax rate and the personal property tax rate are all the same and that's what you are doing, just that. You could have voted to have different rates through that vote you just took.

Your residential parcels grew from 2,060 to 2,076 so we picked up 16 new residential properties between fiscal 15 and fiscal 16. Most of that's going on out on 28.

Laurie: Right. To the Meadows.

Michael : The residential value just what we call the 101s, which isn't all the residential, these are just the single family home values are \$1,110,000,000.00. When you take those 2,076 properties and you average that value across those properties, the average single family residence in the village is now valued at about \$535,000.00 by the town. The average residential tax bill, the average for those 2,076 properties is \$1,177.00. That's up about 1.87% over last year. While the levee went up about just under 2.5 the average tax bill only went up about 1.9% and that's because the values have been moving around as well.

Fran: Yes.

Michael : The levee went up a little more than the average tax bill went up. Also what happens is the average residential tax bill is also adjusted up and down by the changes in commercial, industrial and personal property values. That's a little keepsake from ...

Stan: One question, so because the value of the properties went up and we didn't increase the taxes, that's why we're lower than ...

Michael : The rate is a derivative of taking the total amount of taxes divided by the value.

Stan: Right.

Michael : The value helped drive the rate down more so than the lack of spending.

Stan: Okay.

Michael : The spending went up and the levee went up just about 2.5% but the average tax payers bill is going to up less 2%. That's just the mathematics of everybody's values going up and or down. You put a deck and your value went up, somebody took a deck off their value went down. There's a constant movement of values across all 2 thousand plus parcels.

That completes the tax rate set for fiscal 16. We have the recap also to go, actually the DOR will be here tomorrow. If there's any final touches. Charlie's delivered me a couple piece of papers we need for them. I've got the newspaper clippings from the advertisements for this hearing that we have to give to them to prove that we comply with the law. He just said our tax rate should be set as of tomorrow, I think.

Fran: Great, thank you. Anyone recording? Amy Kates is recording? Any public comment? No public comment? Mr. Daily, any movement on the water tower?

Michael : Within substance, I think you're aware that the engineering firm is coordinating the application process. The federal application process is targeted to be first cut of the draft this week. The bank BP that we deal with was on vacation last week. I haven't seen much of anything from the engineers.

I would expect that sometime this week we'll see some movement. As I told you I think we can't take any temporary borrowings while we're in the application process. If we went to the market, held a note sale, borrowed some money to pay bills with it, we would void our ability to do the federal grant.

We're looking at both loans for federal purposes because they're both water related and while they're pretty confident about the 2.1 infrastructure borrowing, we're also looking at doing the water restriction through that process as well. Once we get the applications in the approval process, the fed does not move so I don't want to optimize anything here. They just will take our papers and god knows what they'll do with them.

Laurie: As long as they don't lose them.

Michael : Well, that's true. Tomorrow the bureau's here and with any good fortune we'll compete the free cash certification tomorrow. We blew out the stabilization fund because one of our options ... The bureau lets us make internal loans. You may recall we did one maybe a year ago or so.

Fran: Right.

Michael : We sort of loaned our self money while we were waiting for ... I can't even remember the instance for it. We can use our stabilization as collateral, if you will, and we can use our free cash as collateral.

We have no stabilization because we spent \$550,000.00 out of it but we should have enough free cash once it's certified that we can probably do an internal vote, use our in-house cash and move forward at least with water restrictions because we won't be borrowing to avoid the federal process.

laurie: Right.

Michael : That's on the table right now and I'll have a preliminary conversation with the bureau tomorrow so one way or another once we get the free cash certified I think we can do some things internally to move that process along, no promises. They should approve our internal borrowing if we ask for one. They've never said no before. I think we should have enough free cash to at least do the loan to ourselves for the purpose of executing the deed at the closing.

Stan: Is that like a short term note?

Michael : It's actually taking from Peter and paying Paul. It's going to come right out of our surplus cash that's devoted not ... See, we voted ... Under law, we can't pay bills for these

projects until we borrow the money because it's loan proceeds. We can't use in-house money to pay bills for borrowed proceeds, we have to borrow money. What we can do is get the bureau to say, well, since you got let's say 500,000 in free cash then our own equity we use to drain the down the treasury if you will until we borrow the proceeds and pay ourselves back.

I don't think we can sustain the \$2,100,000.00 tank deal for very long by doing internal borrowings but we can probably handle the 225 we need for the deed restrictions. That's in play, it will be a couple more weeks. Your December meeting is the last Monday of the month so that would be something in the early 27th, 28th.

Laurie: I didn't bring my calendar.

Michael : If we're going to do an internal borrowing, we have to do a voted board. We can at least promise ourselves if nothing happens that we'll put that on your agenda for that meeting.

Stan: That's the 28th.

Michael : 28th.

Fran: 28th, so it's after Christmas. Good.

Michael : We can worst case take a vote that night get the authorization and then send the paperwork to the DOR and early January we could do a transaction. If we get the free cash certified and you want to do it sooner you would have to call a meeting to do the loan. We'll just plan on the meeting of the 28th to take it up and if we haven't gotten through the fed and able to go to the market with a true note sale then we'll do a vote of internal borrowing and then be able to do that one transaction sometimes in early January.

Stan: How would that affect the money needed for deed restriction.

Michael : That's what I'm saying. Once we get the free cash certified then you take the vote and the bureau signs off on our internal loan then we could proceed to put that transaction on a warrant.

Stan: Is that ... May I ask, Jackie, is that work for ...

Michael : Doesn't matter, you have no choice.

Stan: Have no choice.

Michael : Whether it works our it doesn't, that's the way it is.

Stan: Okay.

Michael : We will do ... If you want to expedite that transaction, you will have to do loan, and internal borrowing vote and get the DOR to approve that. If the fed says, "You're good to go, go do your note sale." We'll do that because that's what we really need to do. Instead of doing single borrowing transaction, we'll do two votes of the board. One to loan ourselves the money so that we can expedite that transaction and then a second one to actually to do the borrowing. When the proceeds comes in from the borrowing, the real borrowing, they'll just replace the money that left the treasury with the approval of the DOR.

Stan: How soon would we be able to, if we needed to, to take the vote to loan ourselves money?

Michael : I just reviewed it with you. That's your 28th meeting unless you want to schedule one the week of Christmas or the week before. We wot have the free cash certified. Until we have that done we can't do anything.

Stan: When's the free cash get certified?

Michael : That's the state's hands. They're coming tomorrow. We may have their final paperwork approved and then it's just signature gathering in Boston. Maybe by the end of the week, maybe next week.

Stan: Just what I'm leading to is to accommodate the BLT for their closing.

Michael : That's what we're trying to do in this discussion. You can't expedite any more than I'm doing. Let's not forget, your fiduciary is to the district not to the land trust. You're fiduciary is to follow the laws and do what's in the best interest of the district.

Stan: Yes.

Michael : Okay. That what we're trying to do and at the same time we're trying to be as expedition as we can with it. The best j way for me would be to sit back, let the fed approve it, and then go to the market and borrow the notes. That will be whenever the feds says thank you very much. In order to expedite it, I'm offering you an alternative that we're scheduling for your December meeting as of right now. If things slip, then it will go to your January meeting.

Stan: So what I'm trying to say is that we just didn't clarify in my own mind if we wanted to do it earlier all we can do is call a meeting.

Michael : No you have to have the free cash certified first.

Stan: Okay, well free cash, that's ...

Michael : Right. Once that's certified, I'll let you know. You want to call a meeting? Be my guest, call a meeting. Okay? Until then, we can't do anything.

Stan: Okay.

Michael : Okay?

Stan: I'm with you.

Michael : thanks.

Stan: Thank you.

Jackie: After the last meeting ... Sorry, Jackie Barton, Barnstable Land Trust. After the least meeting I asked Michael when we would anticipate seeing the cash so that we can do the second part of the closing. He said maybe the earliest he said was the middle of December. I took that back to the board and I took it back to the attorneys that are involved in the town and everything and the bottom line is at this point the attorneys have set up a closing for December 16th. I am going to my board of directors at the Barnstable Land Trust this Wednesday and asking them to borrow the money necessary to enable that closing on the 16th.

The question that they have for me is and I hear part of it from Michael is that how long will it be after we close and have borrowed the money before the district is then able to pony up your cash. Part of what I'm hearing is January, probably sometime. If I can just get a better picture of that. I don't want to push you guys. I just need to get the project done and I just want to make sure that it gets done in a timely fashion and I can report to the board of directors what that timely fashion looks like.

Fran: I'm one person, if our free cash is certified and we can do the vote sooner and do the internal loan that certainly would be my preference and I suspect that would be the preference of the rest of the board. We won't know, until the free cash is certified. We're not going to be able to give you any sort of date.

Jackie: If the free cash is certified you have to post a meeting.

Fran: Right.

Jackie: Then you can the vote and then the question from Michael is what is a reasonable amount of time after that that ...

Michael : At least two weeks.

Jackie: Two weeks. It feels to me that regardless of what we all do, if my closing schedule on December 16th I need to borrow the money to make that all happen. I think it's important that we not make work for one another basically in the process.

Fran: Thank you. All right. Freedom Hall painting. We've had two painters come and view the property. Third person has coming Thursday and then I believe the closing date is Monday for the project.

Basement flooding. Mr. Kerr came and cleaned up the water in the basement and it clearly came in from the window on the north side. If you have some time and you drive by, you'll see that before the house was built behind us, it was a shared driveway with Harbor View and the house behind us. When they built the house behind us, they significantly raised that driveway which raised all the land on the north side of the building which is a drainage problem.

I have gone over with Mr. Kerr suggestions and one is to knock out the back of the copper gutter so that they'll be a larger drainage going out the back and captured by ... From the main roof captured by the down spouts there and also adding a third down spout on the side of the building which should give us relief and stop the basement from flooding. That's where we stand on that.

Mrs. Hadley you wanted to talk about the High Street building?

Laurie: It had occurred to my husband, I think, that it might be a good idea if we are going to wind up tearing the building down that we would in the meantime, rent, get an office trailer and get up a district office there. We couldn't do it until after the next district meeting but we could certainly be looking into it and finding out if it's feasible or not. We already have water, sewer and electricity there. When we were discussing a trailer before for a district office, any place we could think of to put it we would have had problems with all the utilities.

Stan: I guess a couple things come to mind, what kind of zoning would we run into by putting a trailer there?

Laurie: We're not affected by it.

Stan: The other things is we probably really need to find out what we're going to be doing with the building before we go up and look at.

Laurie: Yes we have to. We have discussed that last meeting and we know we have to get someone to . Again these are just ideas to think about now because we won't be able to actually be able to do anything until the end of next fiscal year anyway.

Fran: Yeah, okay. Stan did you get a chance to look at the minutes?

Stan: I did, they look fine to me.

Laurie: I gave you a couple of typo things.

Fran: I'll take a motion to accept the minutes of the October 15th minute meeting with the typos corrected.

Laurie: I move we accept the minutes of the October 15th meeting with minor corrections of typos.

Stan: Second.

Female: All in favor Unanimous

Fran: I'll take a motion to adjourn.

Laurie: So moved.

Female: We're adjourned. Thank you.