

WISCASSET BOARD OF SELECTMEN,
BOARD OF ASSESSORS AND OVERSEERS OF THE POOR
SEPTEMBER 3, 2013

Tape recorded meeting

Present: Vice Chair Judy Colby, Pam Dunning, Tim Merry, Chair Ed Polewarczyk, Jeff Slack and
Town Manager Laurie Smith

1. Call to Order

The chairman called the meeting to order at 7 p.m.

2. Pledge of Allegiance to the Flag of the United States of America

3. Approval of Treasurer's Warrant: September 3, 2013

Pam Dunning moved to approve the Treasurer's Warrant. Vote 5-0-0.

5. Approval of Minutes: August 27, 2013

Judy Colby moved to approve the minutes. Vote 5-0-0.

6. Public Comment – none

7. Department Head or Committee Chair report – none

8. Unfinished Business – none

9. New Business

A. Investment Committee Discussion of Withdrawal of Reserve Funds to pay for RSU 12 Withdrawal Costs

Daniel Lay of H. M. Payson discussed the impact of using \$2,000,000 from the reserve fund for withdrawal costs. He reviewed the historical performance of the fund since H. M. Payson took over management, which at that time was invested in fixed income assets. The Investment Advisory Committee developed an investment policy for the town which has resulted in a 60% equity position. The value has been increasing since the change in policy. Since inception of the policy, the annualized return on the portfolio is just under 8% per annum; equities have increased 22%. Lay displayed a slide showing the expected returns analyses over a five- and a ten-year period. At 4% per year, over ten years the expected value of \$2 million would be \$3 million. In other words, if \$2 million were withdrawn for the RSU withdrawal costs, the annual draw for capital improvements from the reserve account, based on a percentage of the growth, would necessarily be less.

Lay said the total payment of a \$2 million loan over ten years at 3-1/2% would be \$2.45 million. Pam Dunning pointed out that if the town used \$2 million of the reserve fund, over ten years the town would be losing not only \$2 million but \$1 million in anticipated earnings. A loan would cost the town \$443,000 in interest over ten years, but the reserve fund would not be reduced. Lay said in order to

recuperate the \$2 million the town would need to not withdraw funds for capital improvement for a period of years.

In response to Judy Colby's question regarding the board's ability under the investment policy to take money from the reserve account for the RSU withdrawal, Lay deferred to the town attorney's opinion.

Lay said from a financial perspective, he would recommend bonding rather than taking \$2 million from the reserve account. The latter alternative would defeat the purpose of the reserve fund.

Pam Dunning pointed out that the \$2 million would not be needed immediately if the town voted to withdraw from the RSU and the board had time to consider the best way to fund the withdrawal. Judy Colby said that a petition which is being circulated asking that the funds for the withdrawal come from the reserve account would be on the ballot but the selectmen and budget committee would have an opportunity to recommend for or against.

Ed Polewarczyk said he had not seen the petition but whether the Town borrows the money or uses the reserve fund, it will affect taxes.

B. Appointment of Selectmen Subcommittee for communications with Mason Station LLC

Pam Dunning moved to appoint Ed Polewarczyk and Tim Merry as the Selectmen's representatives to communicate with Mason Station LLC regarding Town affairs and the disposition of Town property. Vote 5-0-0.

10. Town Manager's Report

Smith reported that the MMA convention will be held on October 2 and 3; a vote on the amendments to the bylaws will be taken on October 2 at 1:30 p.m. She asked board members to let her know if they plan to attend, as an official delegate must be appointed.

The caucuses for municipal officers will take place on September 12 at 7 p.m. at the Lincoln County Courthouse Commissioner's meeting room. The attendance of all selectmen from each town is required by law.

The state preliminary valuation numbers had been distributed to the board.

An anticipated opening for a Code Enforcement Officer will be advertised in the newspapers on September 12.

In response to Smith's inquiry, it was the consensus of the board that a general information newsletter be sent with the tax bills as usual, but a separate information sheet be included regarding the RSU withdrawal issues including costs. Smith will submit drafts to the selectmen.

11. Other Business

A. Executive Session regarding the possible expansion project and TIF with Molnlycke

Judy Colby moved to go into executive session pursuant to 1 MRSA Section 405 (6)(C) to discuss a TIF agreement proposal for the Molnlycke project. Vote 5-0-0.

The board exited executive session at 8:32 p.m.

12. Adjournment

The board adjourned at 8:33 p.m.