

Accepted: 8/27/2015

Voted: 3-0-0

MEETING MINUTES OF ASHFIELD FINANCE COMMITTEE

August 13th, 2015 at Ashfield Town Hall

Members Present: Ted Murray (Chair), Ricki Carroll, David Newell, Tom Schreiber

Absent: Janet Rogers

Ted called the meeting to order at app. 1:02

1. Minutes:

The minutes of July 15th were read, a motion was made, seconded and passed unanimously to accept as written. 4-0-0 (See Doc. 2)

5. Broadband:

Joe Markarian (FRCOG), and Jim Drawe of Wired West were present to speak about financial concerns and answer questions regarding the borrowing of 2.3 million dollars for the build out of broadband in town. Joe provided a handout (Doc 3) of projected debt service. He voiced concern in regards to a financial advisor for the town. He suggested strongly to get one before the Special Town Meeting. The financial advisor will fill out all paperwork for the borrowing, offer advice along the way, and will keep debt schedules, etc.

Ted explained that Clark Rowell, the town's Financial Advisor from Unibank, is coming Monday, August 17, to go over all of this.

EQV is not an issue, we will be okay.

As for State Qualified Bonds, the Town is eligible, but is unlikely to be approved for them by the Massachusetts Financial Oversight Board (MFOB).

Raising funds through a debt exclusion must have a 2/3 vote at Special Town Meeting on Tuesday, September 8, with a simple majority written ballot vote on Thursday the 10th.

Citizens will want to know what the costs are to them. Keep the information simple and easy to understand. Don't go into the details for the Bond process, but do let people know how much the bottom line will cost be: \$3.7 million total cost, with \$1.4 million coming from the state. If we get a bond anticipation note there are interest only payments during the design, engineering and legal stages. The law allows interest-only notes for two years. Another 3 years of notes with interest plus partial reduction of principal are allowed, and after that, it is presumed we would issue 15-year bonds for a total of 20 years of borrowing. We could go longer, but must get approval from the MFOB. However it will come with higher costs due to the debt service. If the debt issue is approved, the designers will start in approx. January 2016, the make ready application will be approx. March/April/May.

Joe spoke about the fluctuation of bond rates and considered them minimal over the long run. The current 20 year bond rate is 3.74%.

Keep in mind payments are due on bonds May & October, first interest only, and then principal. (MBI has received \$19 million from the state to date and does not expect any borrowing to have to happen until FYI 17)

The Town must have an opinion from Bond Counsel before this goes to Town Meeting. Rick Manley was mentioned.

Debt exclusion language must follow exact rules.

Some experts claim when fiber goes past your home the value goes up between 3-5%.

Some Questions and Comments:

What are the chances of overruns? How do we deal with them?

Yes they are likely to happen, this is a relationship between Ashfield and MBI, the Town would have to absorb all extra costs arising in Ashfield.

MBI – 100% of drops to houses, providing redundancy; drops are only 20% of total project cost, \$650.00/poll (make ready costs)

There was a discussion about asking for more money in the article; in the end this did not seem necessary.

We can borrow now and change it to a debt exclusion later.

Is there any other vehicle other than the tax rate?

No- can not do a betterment charge.

We can assess people who do use the service extra and set the service rates high

In VT there are laws forbidding taxes funding broadband. Can we charge an extra fee for users? Yes.

What are some of the expected outside costs? Bond Counsel \$46,000.00, and if someone wants to sue for any reason and the project is delayed. If the design phase goes smoothly there may be money for contingencies. (See Doc 4, provided by Jim Drawe of WiredWest.)

The project has to go down every street but not down every driveway.

Money coming in goes to the Municipal Light Plant (MPL), who answers to the Select Board.

10. Future Meetings

Ted suggested we start to schedule monthly meetings. The next meeting is August 17, then August 24th, which will be a hearing at 7pm on Broadband and it's financing. We have also been requested to attend a School Committee meeting on August 26th.

11. There being no other business before the board, a motion to adjourn was made, seconded and passed unanimously 4-0-0. The meeting was adjourned at app. 3:15pm.

DOCUMENT LIST

1 - Agenda

2 - Minutes from July 15th

3 - Projected Debt Service from FRCOG

4 - Town of Ashfield Worst/Best Case Projections from Wired West

Submitted by, Ricki Carroll, 8/24/2015