

Gloucester Community Preservation Committee

Committee Meeting Report for January 26, 2011

Members attending: Stacy Randell, Sandy Dahl-Ronan, Karen Gallagher, Dan Morris, J.J. Bell, Scott Smith, John Feener
Members absent: Bill Dugan
Staff: Matt Lustig, Community Development Staff; Jeff Towne, City Treasurer

1. The meeting began just after 6:00 p.m. Ms. Gallagher moved to adopt the minutes of the meeting held on December 8, 2010, without amendment; Mr. Bell seconded, and the committee unanimously approved the motion.
2. Mr. Towne addressed the CPC regarding discussions the previous night at the City Council meeting and some subsequent analysis he had run regarding the term of the bond that would support the City Hall project. Mr. Towne presented four bonding scenarios and discussed the relative merits of each.

At its meeting on January 25, 2011, the City Council adopted all of the recommendations of the CPC to fund first round projects, except for the City Hall project, the discussion of which was continued pending further analysis and discussion by the CPC. Some members of the Council are interested in shortening the recommended bond term for the project to something less than 20 years. Mr. Towne said that some councilors were interested in terms of less than 10 years. Following the meeting, Mr. Towne worked with First Southwest Bank to develop scenarios that would reduce the term of the bond while keeping the annual payment at a manageable level. Mr. Towne reasoned that level to be about \$215,000 per year, an increase of \$30,000 per year over the amount recommended by the CPC.

The following are some of the key points of the discussion:

- Rates for municipal bonds are creeping up following historic lows. Depending on the scenario and timing of the bond, the CPC should expect a rate of 4.25-4.75%. The bond rates are best in May, July, and September.
- If the project comes in under the bonded amount, the excess bond proceeds may be transferred to a “like project”; i.e., a capital improvement project. The accounting relative to charges to the CP fund would be sorted out.
- The bond would be issued under the state’s Municipal Finance Oversight Board. The state guarantee would allow the bond to be issued under the state’s rating and would get a better rate.
- To keep the annual payment at no more than \$215,000 per year, under Mr. Towne’s precautionary assumptions, the shortest term that can be realized would be 16 years.

The CPC’s original funding recommendation had been to award \$2.6 million if the terms of the bond were as anticipated or to adjust the total award down in order to preserve an annual debt service of no more than \$185,000. The CPC discussed the Council’s desire

to shorten the term and the effect it would have on the CP funds available annually for award and asked Mr. Towne many questions about the scenarios he presented.

Ms. Gallagher offered the following motion:

- That the CPC reconsider its recommendation to the City Council regarding the City Hall project.

Mr. Feener seconded, and the motion carried unanimously.

Mr. Feener offered the following motion (as perfected by subsequent discussion):

- That the CPC recommend to the City Council to provide CP funds for the City Hall project in the amount of up to \$2.6 million, through issuance of a bond for a term of no less than 16 years and with annual payments from the CP fund of no more than \$215,000 per year (plus a one time payment for transaction costs, not to exceed \$10,000), and that in all other respects, the original recommendation remains the same.

Ms. Dahl-Ronan seconded, and the motion carried unanimously.

The Council's Budget and Finance Committee will take up the matter at its next meeting on February 3, 2011.

3. CPC members offered their observations of the previous night's proceedings at the Council meeting. Mr. Smith noted that Mr. Bell and Ms. Dahl-Ronan did a fine job of introducing the projects and setting the right context and tone for the Council's discussion. The Council was very respectful of the CPC's recommendations.

A letter of thanks will be sent to the Councilors and to all applicants after the next Council meeting and all awards are made.

4. Mr. Feener announced his intent to resign from the CPC. His arborist business is enjoying a growth in business, some of it with the City. He is concerned about giving the appearance of having a conflict of interests. Mr. Feener has contributed a great deal to the CPC and the community. He and the CPC regret this development. But Mr. Feener vowed to continue working for improvements in the City. In fact, he is conducting some gratis tree removal work for the Gloucester High School's CP funded project. Another member of the Conservation Commission is interested in the seat and will likely be appointed.

Ms. Gallagher's term on the CPC expires next month. She has requested reappointment, representing the Planning Board. Mr. Smith will contact the mayor regarding reappointment to his at-large post.

The Historical Commission has recommended that the mayor appoint Tom O'Keefe to the CPC to fill seat of the late Ian Lane.

5. Mr. Lustig has been developing a template for grant CP grant award letters. He has reviewed many examples and culled the best parts for Gloucester's template. Mr. Dugan is consulting with Mr. Lustig regarding the housing grant agreement. A second template may be needed for that type of grant awards. Mr. Feener suggested that a standard term of the agreement be that the recipient use only Massachusetts licensed contractors. The grant agreement will be signed by the mayor, the applicant, the project manager, and the City attorney.

6. Mr. Lustig said that he had met with the City auditor regarding funding sources and timing for CP awards. Mr. Costa does not support using category constrained funds from all years before using first year unconstrained funds, as the CPC has recommended.

7. Ms. Dahl-Ronan led a brief discussion of outreach opportunities. Ms. Randell suggested featuring a CP funded project each month in a press release. Mr. Feener noted that the GHS project is poised for work in February and could be the first. Ms. Randell will talk to the GHS intern at the community access TV station about keeping a video record of the project.

Other outreach venues may be speaking engagements at the Chamber of Commerce, the Rotary, and other civic organizations. The CPC discussed putting a note about CP projects and funding in the quarterly tax bill. The notice could include a link to the CP webpage, which would be include project updates.

8. Project work site signs have been made and picked up from the vendor. The City is unable to pay the bill for the signs, because some of the CP administrative funds have been redesignated, and cannot be used for the purchase. Consequently, there is about a \$600 shortfall. The vendor has agreed to wait until funds become available after July 2011.

9. The next meeting of the CPC will be on February 23, 2011, at 6:30 p.m.

10 The meeting adjourned around 8:15 p.m. on Mr. Smith's motion, Ms. Gallagher's motion second, and the CPC's unanimous consent.

Documents used during the meeting

1. Handout on four bonding scenarios for the City Hall project, by Jeff Towne.