

Hanover Advisory Committee
550 Hanover Street
Hanover, MA 02339
Meeting Minutes
Thursday, September 22, 2016 – 7:00 pm

Opening:

The meeting was opened at 7:01 p.m. by Edward Hickey, Chairman.

Committee Attendees:

Edward Hickey
Angela Blanchard
Jerry O’Hearn
Wayne Moores

Joan Port-Farwell
Sandra Hayes
Emmanuel Dockter
Gavin Little-Gill

Absent

Brandon Freeman

Other Attendees:

Ms. Janine Smith, Director of Municipal Finance

Review of Meeting Minutes

Angela Blanchard made a motion to accept the minutes from September 13, 2016 as written. This was seconded by Wayne Moores. All were in favor and the motion passed.

General Discussion

The Committee discussed the “Hanover Debt Financing” chart (*attached*) created by Committee member Gavin Little-Gill. The Committee agreed the document is an excellent tool for explaining the process, and appreciated Mr. Little-Gill’s time and effort.

Article 1 – Payment of Prior Fiscal Year(s) Expenditures:

The Committee briefly discussed Article 1. Sandra Hayes made a motion to accept the motion as written. This was seconded by Wayne Moores. All were in favor and the motion passed. The following commentary was reviewed: *This is a general housekeeping item. The amount identified as a “Use” in the chart shown is an invoice presented for payment after the close of the fiscal year. The amount shown as a “Source” on the chart is excess funds remaining and unexpended from an appropriation made at the FY 2014 Annual Town Meeting that is no longer needed. Pursuant to state law, a Town Meeting vote is required to accept and pay these outstanding invoices.* Angela Blanchard made a motion to accept the commentary as written. This was seconded by Wayne Moores. All were in favor and the motion passed.

Article 2 – Appropriate Funds – Center School Renovations

The Committee discussed Article 2 at length. Janine Smith stated that an informational sheet explaining the debt financing process for the Center School Project would be provided at the Hanover Special Town Meeting. Including the timeframes for current debt dropping off was discussed, but it was agreed that it was best to present the Center School Project future debt separately. The Committee briefly discussed the possibility of a long term lease for the Sylvester School once the Center School Project is complete. Edward Hickey read the proposed motion for Article 2. Jerry O’Hearn inquired if the Massachusetts School Building Authority (MSBA) has made a commitment to the Town of Hanover to grant the

matching funds in the event that the project passes at the Special Town Meeting and the polls. Janine Smith stated that she believes the MSBA project agreement has been signed. Angela Blanchard made a motion to accept the motion as written. This was seconded by Joan Port-Farwell. All were in favor and the motion passed. Edward Hickey read the following proposed commentary: *We would like to begin with an explanation of the amount of the appropriation and approval requested by this Article. The Commonwealth of Massachusetts has established a grant program, administered through the MSBA, to assist cities and towns with school building projects and to reduce the fiscal impact of such projects on local communities. In connection with the proposal you will hear about tonight, the Town has been conditionally approved for a grant from the MSBA in the amount of \$15,861,754. In order to take advantage of the MSBA grant, the Town must appropriate and approve financing related to the full estimated cost of the project - \$32,446,161. For this reason, the full project cost amount is reflected in the Article, however, as the project is completed, the MSBA grant program will provide a reimbursement to the Town in accordance with a Project Funding Agreement up to the total amount of the grant. As such, the amount of borrowing authorized under this Article is reduced by the amount of the grant. Upon completion, the Town's share of the projected cost of the Project is \$16,348,717. This is the amount that the Town will finance through the issuance of bonds, to be repaid over thirty year period. After due consideration, the Advisory Committee has concluded that the proposed addition to Center School is necessary to address a long-standing and compelling need to upgrade the Town's elementary school building facilities. Specifically, the Town has engaged multiple experts over the past fifteen years to assist in evaluating municipal buildings and the experts have focused on the Sylvester School - concluding that the "building is obsolete", it has "effectively outlived it's usefulness as a school", and "should no longer be used for grade school student education." The proposed investment in a major renovation of the Center School has been carefully planned and considered and we believe that it represents the best financial alternative for the Town. The Advisory Committee has concluded that Center School proposal is in the best interest of the Town and, therefore, we strongly recommend passage of the Article as presented. The MSBA grant presents an excellent opportunity for the Town to address the Sylvester School deficiencies and other current needs at the Center School in a fiscally prudent manner. We should expect that the conditional approval of the MSBA grant will be withdrawn in the event the Town does not take two affirmative steps in the coming week. The first is approval of this Article by a 2/3 majority tonight. The second is the approval by ballot vote on October 1, 2016 of an exemption of the amounts required for the payment of interest and principal on the bond issuance from the limitations on taxes imposed by proposition 2½. If the Town does not take either of these steps, it is expected that the MSBA grant will be withdrawn and the Town would have to decide whether to the start the multi-year vetting and approval process over. Additionally, if the town does not approve this measure, we anticipate several Articles will appear on the next Annual Town Meeting Warrant seeking appropriations for capital expenditures in order to address long deferred but urgently needed upgrades and accessibility issues at the Sylvester School. These costs will likely be significant and would implement only a short-term fix – a "band aid" approach, rather than a prudent investment based on a reasoned analysis of the best alternatives. In addition, there are no MSBA grant funds available for this type of repairs and renovations at the Sylvester School. Financing the Town's share of the cost of the project will have an impact on taxpayers. If approved, the debt incurred by the Town will be exempted from the limitations on taxes imposed under Proposition 2½. The resulting exempt debt service paid by Hanover property owners would be added to the other Town Meeting approved spending, including the annual budget, to determine the tax rate. As a result, taxes may increase more than the 2½% for years in which the debt service related to this project is due. If approved, the project is expected to be completed in 2019, at which time the permanent bond financing for the project would be put in place. The annual increase in taxes resulting from the financing has been estimated for Hanover homeowners based on the assessed value of a home as follows: \$122 per year if assessed value is \$300,000; \$202 per year if assessed value is \$500,000; and \$282 per year if assessed value is \$700,000. Keep in mind that these estimates utilize reasonable assumptions but will be subject to change based on timing and interest rates. In reaching our recommendation today, we have taken into consideration the extensive efforts*

and input over the past four years of numerous Hanover residents, professionals engaged by the Town, and the Center Sylvester School Building Committee. We have also weighed the recommendations of the Hanover School Committee, the Hanover Board of Selectmen, the MSBA, the Town Manager and many other Hanover officials who have participated in the process. It should be noted that numerous alternatives have been explored – including renovating the existing Sylvester School building. The design and review process completed by the Building Committee has been rigorous. The Building Committee rejected a variety of design options and repeatedly requested that the architect refine their design to a lower budget. Because of the efforts and review of the Building Committee millions of dollars were reduced from this project. The building has been designed as a green building, which not only maximizes MSBA reimbursement points, but also will allow the Town to realize energy cost savings in the future. The MSBA review process has added a beneficial layer of expertise and oversight. The proposed project is the best alternative for the present and future needs of the Town and will result in modernized space and a state of the art educational facility that will benefit generations of Hanover school children.

The Committee discussed various topics to possibility add to the commentary, but ultimately it was decided the proposed commentary was sufficient. Joan Port-Farwell made a motion to accept the commentary as written. This was seconded by Jerry O’Hearn. All were in favor and the motion passed.

Next Meeting

The next meeting will be on Monday, September 26th at 6:30 pm at Hanover High School to discuss any last minute issues prior to the start of the Hanover Special Town Meeting at 7 pm.

Adjournment

Angela Blanchard made a motion to adjourn. This was seconded by Jerry O’Hearn. All were in favor, and the meeting adjourned at 7:57 pm.

T: Prepared to reflect the Advisory Committee's Understanding of the Center School Building Approach and Impact September 22, 2016

