



**LANCASTER FINANCE COMMITTEE (“FinComm”)
Meeting Minutes of Tuesday, August 22, 2023, 6:30pm
Meeting held via ZOOM
(Meeting ID 842 9587 9930)**

1. CALL TO ORDER & MEMBER ROLL CALL

Richard Trussell called the meeting to order at 6:30PM. Roll call was taken, Jocelyn Mylott, present; Michelle Vasquez, present; Emily Kerrigan, present; Stanley Starr, present; Richard Trussell, present. Also in attendance were Finance Director Cheryl Gariepy, School Committee Member and Building Committee Chair Joe Gleason, Ken Frommer, Building Committee Member, and School Superintendent Kirk Downing.

Mr. Trussell noted that agenda items would be taken out of order to accommodate guests.

2. APPROVAL OF MINUTES, AUGUST 14, 2023 MEETING

Mr. Trussell reported that minutes have not been received for the August 14, 2023 meeting.

3. PUBLIC COMMENT

School Superintendent Downing stated that he was looking for the support of the Lancaster Finance Committee regarding the High School Building Project and the related Warrant Article at the upcoming Special Town Meeting. He presented a PowerPoint slideshow titled “NRHS Building Project Borrowing Estimates.” (Superintendent Downing to email presentation to Chair Trussell following the meeting; all materials available at the following link:).

<https://www.nrsd.net/cms/One.aspx?portalId=1159936&pageId=94992250>

Mr. Trussell asked when residents could tour the high school to see conditions as they are right now. Mr. Gleason stated that the next walk-through is scheduled for September 9. Reservation forms are available on the Building Committee website.

Mr. Trussell asked how residents could ask questions directly. Mr. Gleason stated that there is an opportunity to submit questions on the Building Committee website, and questions can also be emailed to the Superintendent at superintendent@nrsd.net.

Mr. Trussell asked if there was an actual square foot cost for the building as proposed. Superintendent Downing stated that it is about \$1,150/square foot, adding information about the escalating cost of construction. Further details were contributed by Mr. Frommer. This number includes furnishings. Discussion was had about future growth and what items were and were not

eligible for state reimbursement. Superintendent Downing stated that this forecast should be for at least the next ten years. Ms. Vasquez expressed concern about carrying a 30-year bond if the buildout was only good for ten years; discussion continued.

Mr. Starr asked what the recommendation has been from the bond consultants. The interest percentages are most likely between 4 and 4-1/2%. Mr. Downing talked about the possibility of bonding the project in stages rather than all at once. Mr. Downing needed to leave the meeting at 7:00p.m.

Mr. Starr asked why there had been a spike of about 7% in Lancaster's assessment for FY24. Mr. Gleason said that he did not know but will talk to Superintendent Downing and will find out.

Mr. Trussell polled Ms. Mylott and Ms. Kerrigan for questions; no additional questions were heard.

Mr. Trussell opened the meeting to Public Comment, noting that comments would be limited to school financing.

Mr. Trussell recognized Roy Rezac, (no address given). Mr. Rezac asked about the utilization of Atlantic Union College (AUC) as an alternative high school site. Mr. Gleason stated that the architects and the committee had gone through a rigorous site selection process before deciding to build on the existing school site, noting that site acquisition is not a state-reimbursable expense. Mr. Gleason also noted that the regional school district agreement requires the school to be as centrally located in the district as possible. Mr. Frommer suggested that this had also been addressed in several public forums and that the recording of these forums is available at the Building Committee website (above). Mr. Rezac asked about the cost per square foot, citing the 2022 "Guide for Commercial Construction" which indicates that a mid-rise commercial building is currently running \$474-\$569/square foot. He asked why there would be such a difference. Mr. Frommer explained that the school cannot be compared to a mid-size commercial building, and that the team has looked at other school projects. Mr. Frommer spoke to comparisons to construction at Minuteman, and that the large increase in building costs makes it not "apples to apples." Mr. Gleason added that the state is currently reimbursing \$393/square foot, which is a recent slight improvement. Mr. Frommer noted that the state no longer reimburses some construction costs that had been previously covered.

Mr. Trussell recognized Town Administrator Kate Hodges, who addressed Mr. Starr's question on the 7% increase in the school assessment for FY24. Ms. Hodges explained that this was based on an aggregate number over four years. She offered to send the information from this year's budget proposal.

Mr. Trussell recognized Lisa Engel, 922 Main Street. Ms. Engel asked about loss of accreditation and how far out the vote could be pushed before accreditation is at risk. Mr. Gleason explained the existing calendar. If the Building Committee is unable to secure approval from all three communities within 60 days, there is a two-week remediation period during which the MSBA could deny or set aside approval.

Mr. Trussell recognized Victoria Petracca, 67 Woodland Meadow Drive. Ms. Petracca thanked the Building Committee for their dedicated work. She stated that she does not think that housing has been fully taken into consideration, and that it is ironic that the Commonwealth is requiring all three towns in the district to significantly expand affordable housing, while at the same time the growth figures generated by MSBA do not allow this expansion to be considered in growth projections. She shares Ms. Vasquez' concerns that the projected number of students may not be sufficient. Secondly, she expressed concern that local citizens may be struggling with higher taxes as a result of last year's override, and that the FinComm may want to advocate for the Tax Fairness Committee to help address this.

Mr. Trussell presented state figures for per pupil expenditures, averaging \$19,062 per pupil over the State's 351 cities and towns, versus the Nashoba District's \$19,569, or 2.66% over the overall average for the state. However, when looking strictly at Lancaster, the number is \$15,119 per student, or 79.3% of the state average. Even when adding in the cost of the new school, Lancaster would still only be 97% of the state average. Additionally, in 1958 the residents of Lancaster decided to regionalize and to fund the school for 30 years, or through 1991. Today's residents have been the beneficiaries of 32 years of no capital debt for education. He said that unfortunately, today's residents find that they now have to face a decision.

Mr. Trussell recognized Mr. Rezac again, who asked about contingencies. He noted two items identified as contingencies and remarked that the number seems somewhat low. He asked how this, and escalation, was factored in to the project. Mr. Frommer explained how this was derived and why the Committee was comfortable with the numbers shown. Mr. Gleason suggested that additional questions could be submitted and that he would work with the Project Manager to get a more comprehensive response.

Mr. Trussell recognized Ms. Engel again who had questions about the per pupil numbers presented by Mr. Trussell.

NOTE: The Nashoba Regional High School Building Committee website is:

https://www.nrsd.net/school_committee/subcommittees_advisory_meeting_agendas/n_r_h_s_school_building_committee

4. UPDATE ON BOND ADVISORY SUBCOMMITTEE MEETING #2; DISCUSSION

Ms. Vasquez reported on the prior night's meeting with Hilltop Securities regarding bonding for the school building project. Another meeting will be held because existing figures do not show interest earned on the bond. She stated that 4% seems to be the most likely rate to be obtained. Current proposals are to bond \$75 million in the first two years and the remaining \$100 million later. Interest received on the bond will be in the neighborhood of 3.3%, and may help to "smooth out" payments at the beginning. Current projections are being built based on 4%, but it is difficult to estimate where interest rates will be in another two years. Mr. Starr questioned why the borrowing amounts are to be split \$75/\$100 million. TA Hodges offered some explanation.

Mr. Trussell asked if ARPA money could be used to buy bonds; Ms. Gariepy explained that this was not possible. Mr. Trussell asked who bought these bonds; Ms. Vasquez explained that it

could be anyone, that these bonds are sold on the open market. The first payment due would be in July of 2024 (FY25).

Another meeting will be held next week. At that time calculations should be available for interest to be received.

Ms. Hodges asked if the FinComm would like to consider establishing a School Building Stabilization Fund at a future meeting. Mr. Trussell expressed concern that this would limit flexibility and that moving Free Cash might affect the Town's bond rating. Ms. Hodges explained that this might help defray some costs for future years. Ms. Vasquez would like to discuss this at the next meeting after the Special Town Meeting. Ms. Gariepy verified that the only way to fund any of the Reserve Funds is through Free Cash.

5. NEXT MEETING DATE

Mr. Trussell advised the FinComm that they are required to make a recommendation at the Special Town Meeting. It can be aye, no, or no recommendation. He asked FinComm if they would consider meeting a half-hour prior to the Special Town Meeting to decide on their recommendation. Mr. Starr expressed concern that more time might be needed.

Several committee members moved to schedule the next FinComm meeting to an in-person meeting 45 minutes prior to the beginning of the September 18 Special Town Meeting. Ms. Mylott seconded the motion. *Vote taken, Joelyn Mylott, Aye; Michelle Vasquez, Aye; Emily Kerrigan, Aye; Stanley Starr, Aye; Richard Trussell, Aye. Motion passed. [5-0-0]*

6. ADJOURNMENT

Ms. Vasquez moved to adjourn the meeting at 8:12p.m.. Ms. Kerrigan seconded. *Vote taken, Joelyn Mylott, Aye; Michelle Vasquez, Aye; Emily Kerrigan, Aye; Stanley Starr, Aye; Richard Trussell, Aye. Motion passed. [5-0-0]*

APPROVED October 17, 2023
Emily Kerrigan, Clerk