



**COMMONWEALTH OF MASSACHUSETTS
TOWN OF NEW MARLBOROUGH
OFFICE OF THE BOARD OF SELECTMEN
807 Mill River Southfield Road, Mill River, MA 01244-0099
Phone: 413-229-8116 Fax: 413-229-6674
E-mail: nmbos@newmarlboroughma.gov**

**Michele Shalaby, Chair
Nathaniel H. Yohalem
Tara B. White
Board of Selectmen**

**Minutes of Selectmen's Meeting
Wednesday, June 24, 2015
10 a.m.**

Board Members Present: Michele Shalaby, Chair
Nathaniel Yohalem
Tara B. White

Others Present: Joseph Kellogg, Administrative Assistant
Sharon Fleck, Administrative Secretary
Mari Enoch
Clark Rowell, Unibank
Prudence Spaulding
Mark Carson
Peter Gay
Tim Newman

The meeting of the Board of Selectmen convened at 10:06 p.m.

Fire Truck/Highway Truck Financing – Clark Rowell advised that anytime there is a Statehouse loan over \$500,000, the Department of Revenue requires certain information. Joe Kellogg stated a 20 year bond was voted on by the Board of Selectmen for the Fire Truck which has been secured with a one-year note. Clark, however, stated that a 10-year Statehouse bond on the fire truck would yield a low interest rate, as interest rates are expected to rise. An early pay-off clause would also be a part of the 10-year bond. Joe Kellogg advised that a 15 year bond had been approved by the Board of Selectmen for the Highway Truck but secured with a one-year note. This topic will be discussed with the Finance Committee on June 25, 2015, after which Clark will be advised of their decision who will then contact the banks.

Clark was unsure as to whether or not the broadband bond would be issued as a tax exempt bond, but felt that it would be issued as a taxable bond. Joe Kellogg suggested that he and Mari have a discussion with Rick Manley, who writes opinions for the State regarding tax/tax exempt bonds. Selectmen Yohalem stated that a \$5,000 MBI planning grant has been applied for to be used for professional fees, such as bond counsel. A discussion arose regarding Wired West's ability/obligations to pay back debt service to the Town. It was discussed that Wired West is under no obligation to pay back any debt service to the town; and if they do, would that be a taxable amount. Clark felt that New Marlborough could be given a AA bond rating by Standard and Poor's. Clark and Joe Kellogg explored an opportunity to borrow \$5 million on a drawdown schedule, against the \$3.4 million needed, at approximately 3%, and invest the balance at

approximately 5%. This scenario would depend on whether or not the bond is issued as tax exempt. Clark stated he can help with the offering statement in preparation for the bond.

Chairman Shalaby discussed with Clark the best way to maximize the use the roughly \$900,000 in Town reserves. Joe Kellogg then explained that it is the goal of the Town to buy equipment with cash and only borrow for long-term projects. Clark requested that those cash reserves and stabilization fall below 10% of the budget until an audit can be completed, as these are important figures to be evaluated by Standard and Poor's. Clark also stated that if tax exempt bonds are issued and the debt service is paid out of Town funds, it may preclude the Town's borrowing power. Clark advised that he is a Financial Advisor and not an Investment Advisor, although would be happy to help up to a point where he would advise the Town that a Financial Advisor is needed. Clark also stated that much of what has been discussed today depends on decisions the Board must make.

Tim Newman then asked if he were to raise the \$500,000 for Wired West, would the Town, then be able to borrow \$500,000 less. Michele also advised Clark that Tim Newman is attempting to raise, through private donations, monies to pay the debt service on the broadband initiative for the first five years. Clark explained that if those funds were turned over to the Town, they would have to be kept in a separate account and not co-mingled with Town funds. Tim also asked if private funding would be tax deductible to the donor. Tim believed it would be tax deductible as it would be used for municipal purposes (501C3) but would need clarification on that issue. Tim also advised that in seeking donations of \$500,000, these funds would only be used for Wired West. The issue was then raised that if Wired West were not to be selected as the carrier for broadband, how would those raised funds be returned to the donors. Clark did not see a problem with donated monies going into the Trust Account and to be able to use those funds as seen fit for Wired West.

Selectman Yohalem then stated that a committee is being formed regarding Wired West and MBI. Questions will be submitted, in writing, to both organizations, with the expectation that answers will be responded to in writing. The committee will also be speaking with other providers. All of that information will be provided to the Finance Committee as well as the Board of Selectmen in order for them to make a decision.

Joe Kellogg advised the Board that prior to a bond being issued, an offering statement will have to be prepared, based on information the Town can provide to Clark. At some point, Moody's or Standard and Poor's will come to the Town Hall to evaluate the Town and Clark has offered his assistance with this project.

Select Chair, Michele Shalaby, raised the issue of possibly issuing a bond to fix many of the roads in town. Clark suggested that a ten year bond would be appropriate. .

Being that there was no further business to be brought before the Board, a motion was made, seconded and so voted by all members to adjourn the meeting at 11:53 a.m.

Respectfully submitted,

Sharon Fleck
Administrative Secretary