

**CAPITAL OUTLAY COMMITTEE**  
**QUESTION RECEIVED FROM THE PUBLIC**

November 19, 2015

- Q1. My understanding from last night (10/15/15) is that the Board of Selectmen will choose whether to place the question of the Debt Exclusion on the spring 2016 General Election ballot. The subject of a pass/fail of the debt exclusion can only be settled via general election and not at another Special Town Meeting. Is that interpretation correct?

**You are correct, only the Board of Selectmen can put a debt-exclusion question on the ballot. The Board of Selectmen determines the exact nature of the question. In this case, to exempt the remaining balance of the Jacobs and Memorial Middle School Debt. The question must be approved by a simple majority at an election. Town Meeting does not approve the debt-exclusion.**

- Q2. Has the town already targeted what the freed up funds in the general budget would be used for?

**The Capital Outlay Committee will prepare a list of projects to be funded for the next five years. The list would have to be adopted by the Board of Selectmen, but more importantly the funding for the projects would have to be voted on by Town Meeting by a 2/3 vote since the source is the Capital Stabilization Fund**

Q2A: Or would the budget recede with the funds moved?

**It is not anticipated to decrease the budget due to the lack of consistent capital funding.**

- Q3. And a point of clarification...with the vote placed at STM are we bound to a specific type of field (i.e. artificial turf) or will we be able to solicit a bid for a natural grass replacement?

**Given that the clear intent of the proponents of the article was for a synthetic turf field and all the discussion was about a synthetic field a change could be challenged on a variety of fronts. At a minimum Bond Counsel would have to provide a legal opinion as to whether a change from synthetic to natural turf would be permitted. Additionally since the life cycle costs of a turf field is different from a synthetic field it may not be eligible for bonding under the state statute used for a synthetic field.**

Q3A: Since we have not put the project out to RFP it would seem like we're not bound to a specific type of technology...only that the replacement of the high school football field is the priority in the proposed debt exclusion, correct?

**See my response immediately above (Q3). Ultimately the School Committee will determine if it will go forward as a turf or synthetic field project**

- Q4. Is it correct to say the seawall improvements we approved at special town meeting will not increase the tax burden on Hull residents (shy of a DE being approved)? I may have misunderstood that the vote at STM would result in a tax increase as a result of the project...if that is not the case, have backup plans been drawn up on how to absorb the costs into the operational budget should the debt exclusion fail?

**The seawall vote at Town Meeting was not contingent on the passage of a debt-exclusion. The annual cost to service the debt will be funded within the current confines of Proposition 2 1/2 and will not result in any extra tax assessment.**

- Q5. With the approval of Article 6 what is the source of the funds (\$75-100K?) which will be used to finance the study required for the upcoming RFP?

**The source for the funds to complete the engineering and permitting for the field is from a 2012 Bond issue passed at Annual Town Meeting for the building and facilities.**

Q5A: Additionally do we have any safeguards around the enforcement of the ~\$2M budget without altering the scope of the project (i.e. removing the walking track which made it a community resource)?

**I am not completely certain what you mean, but I will try. The bond authorization amount cannot be exceeded. The nature of the project cannot be changed, for instance the project cannot be changed from a field project to a seawall. Elements of**

the project can be changed, as long as the outcome is still a playing field. It is not uncommon to alter the final plans of a project based on costs or new information. For instance if it turns out that there is a superior in-fill mix for the field that costs quite a bit more a decision would have to be made to either eliminate certain elements of the project (like the track) to stay in budget or seek an increase in the authorization, or abandon the project.

There have already been discussions around the fill material and reviewing more eco-friendly (but more expensive) options in place of tire crumb.

- Q6. There are multiple communities currently struggling with the safety of tire crumb. In fact NBC News is running a series investigating the safety of the material and the EPA has recently refused to comment on the safety of the material. That information is dramatically different than what was presented at STM regarding the safety of this material. Has the town looked into potential liability issues should the material prove to be toxic?

The School Department would have the responsibility for this aspect of the project. I have advised the Superintendent to review the currently available information as part of the project development.

- Q7. How much total debt does the town of Hull have?

The Town had \$29,916,727 in outstanding permanent debt as of June 30, 2015.

- Q8. How much of this debt is attributed to the hull school system?

Of this \$14,127,869 or 47.2% is attributable to the School Department.

#### DEBT PROFILE

PURPOSE	AMOUNT	PERCENT
School Buildings	\$ 14,127,869	47.2%
Sewer	\$ 11,903,858	39.8%
Departmental Equipment	\$ 1,310,000	4.4%
Buildings	\$ 1,080,000	3.6%
Cemetery	\$ 500,000	1.7%
Dredging	\$ 465,000	1.6%
Land Purchase	\$ 350,000	1.2%
Seawall	\$ 150,000	0.5%
Computers	\$ 30,000	0.1%
<b>Total:</b>	<b>\$ 29,916,727</b>	<b>100.0%</b>

- Q9. What will be new amount of debt that will be bonded/issued if the debt exclusion passes

The passage of the debt-exclusion will permit the Turf Field Bond to be in a position to be issued. If the bond is issued it would add about \$220,000 to the current annual debt servicing schedule and \$1,925,000 to the Total Debt the Town has issued.

- Q10. What will the savings/cash flow be in year 1 of the debt exclusion look like, approximate is ok.

The value of the excluded debt for the Jacobs and Memorial School in Year 1 is: \$1,116,902

The break-out is as follows:	Jacobs School:	\$ 895,470
	Memorial School:	\$ 221,432
	Total:	\$1,116,902

Q11. The average real estate tax bill for a Hull resident is 5,015.03, how much will the average tax bill be going up if the debt exclusion passes.

**Approximately \$228**

Q12. Am I to understand that only 1 project will be taken on, if the debt exclusion passes?

**The debt-exclusion will provide for \$1.1 million dollars per year of additional capital spending. There will be a variety of projects that can be funded both on an annual basis as well as bonded bases. The Capital Outlay Committee will determine the mix for presentation to the Selectmen and the public's consideration. In short there will be multiple projects.**

Q13. Can you provide me a breakdown by Town department the total the town pays for health benefits and insurance? I don't need by individual title just a sum total by dept. also could I have this for the past 5 years?

**We will not be able to provide the information exactly as you request due to federal regulation; *Health Insurance Portability and Accountability Act (HIPAA)*.**

**I will provide departmental totals for Police, Fire, Schools and Public Works. I will also provide a total for all other Departments as a lump sum and retirees as a lump sum for calendar years 2014 and 2015 to date. The Affordable Health Care Act (Obama Care) changed reporting requirements we are now required to report health insurance information as part of the year end w-2 process. As a result of this change we will be able to generate a report that will be the basis for final document that I provide you.**

**The reason I am cautious on providing information on smaller departments (1-6 employees) is that it would be too easy to determine the exact plans individuals may be on and type of plan family or single. That type of information is protected under both federal and state law and inappropriate disclosure would create a liability for the Town as well as violate the privacy rights of individuals. For example, a summary of the HIPAA Privacy Rule is below:**

*The HIPAA Privacy Rule establishes national standards to protect individuals' medical records and other **personal health information and applies to health plans**, health care clearinghouses, and those health care providers that conduct certain health care transactions electronically. The Rule requires appropriate safeguards to protect the privacy of personal health information, and sets limits and conditions on the uses and disclosures that may be made of such information without patient authorization. The Rule also gives patients rights over their health information, including rights to examine and obtain a copy of their health records, and to request corrections.*

**Below the information that I can provide and still remain within the confine if the HIPAA law. It should also be noted that under Massachusetts General Law (MGL) the Town is required to offer health Insurance coverage to all employees who work greater than 20 hours per week. We provide no coverage to employees working fewer than 20 hours per week.**

**Additionally we are required to offer health insurance to all retirees that elect to take coverage when they retire.**

INSURANCE TOWN OF HULL					
JAN 1, 2014 - DEC 31, 2014					
DEPARTMENTS	Number of Employees	Employee Contribution	Employer Contribution	Totals	% Share Of Total
POLICE DEPARTMENT	29	\$103,711	\$311,131	\$414,842	7.8%
FIRE DEPARTMENT	34	\$136,707	\$410,120	\$546,827	10.3%
PUBLIC WORKS DEPARTMENT	12	\$31,669	\$95,007	\$126,677	2.4%
TOWN DEPARTMENTS	44	\$166,257	\$582,542	\$748,799	14.1%
SCHOOL	142	\$511,011	\$1,533,033	\$2,044,044	38.4%
<b>Totals for Active Employees:</b>	<b>261</b>	<b>\$949,354</b> 24%	<b>\$2,931,834</b> 76%	<b>\$3,881,188</b>	<b>72.9%</b>
<b>Total For RETIREES</b>	<b>200</b>	<b>\$720,393</b> 50%	<b>\$720,393</b> 50%	<b>\$1,440,786</b>	<b>27.1%</b>
<b>Total All Active and Retirree</b>	<b>461</b>	<b>\$1,669,747</b>	<b>\$3,652,227</b>	<b>\$5,321,974</b>	<b>100.0%</b>
YTD JAN 1, 2015 -Oct 31, 2015 YTD					
DEPARTMENTS	Number of Employees	Employee Contribution	Employer Contribution	Totals	% Share Of Total
POLICE DEPARTMENT	26	\$85,686.61	\$257,059.83	\$342,746.44	7.5%
FIRE DEPARTMENT	32	\$105,785.46	\$317,356.38	\$423,141.84	9.3%
PUBLIC WORKS DEPARTMENT	11	\$31,671.03	\$95,913.09	\$127,584.12	2.8%
TOWN DEPARTMENTS	40	\$178,871.77	\$536,615.31	\$715,487.08	15.7%
SCHOOL	133	\$404,313.33	\$1,212,939.99	\$1,617,253.32	35.6%
<b>Totals for Active Employees:</b>	<b>242</b>	<b>\$806,328</b> 25%	<b>\$2,419,885</b> 75%	<b>\$3,226,213</b>	<b>71.0%</b>
<b>Total For RETIREES</b>	<b>191</b>	<b>\$660,337.36</b> 50%	<b>\$660,337.36</b> 50%	<b>\$1,320,674.72</b>	<b>29.0%</b>
<b>Total All Active and Retirree</b>	<b>433</b>	<b>\$1,466,666</b>	<b>\$3,080,222</b>	<b>\$4,546,888</b>	<b>100.0%</b>

Q14. One other question. Does the town offer any other types of insurance such as supplemental life insurance, long term disability insurance or just general life insurance in addition to the health insurance package?

**The Town does not offer Life Insurance or Long-Term Disability Insurances. Employees may purchase policies for these items with the employee bearing 100% of the cost through a state program if they desire.**

Q15. To me we only provisionally authorized the bond with the condition being that it only becomes valid if the DE is passed. If we fully authorized the bond and the DE fails, how do you have to carry that on the town books as a potential liability for the years until a DE is passed?

**You are right; the field debt is conditional upon the passage of a debt-exclusion. That was clearly explained and understood by most.**

**The Field bond has been authorized but can only be issued under one condition. The fact that it is authorized is noted by**

credit agencies, but that is not the same impact as issued. As a general rule if you have issued debt but not to the full amount of the authorization you seek a vote at a Town Meeting to rescind the balance remaining. We have done this on several occasions. The field authorization may follow the same path; if the debt exclusion fails then an article could be filed to rescind the authorization unless it was determined to leave it open. At some point however it needs to be either issued or rescinded.

Q16. If the DE is rejected in May at the general election, does Article 6's bond authorization die with it, or is Article 6 enduring meaning it will be attached to any future DE?

The Bond authorization would stay in place until it is rescinded, but the conditions for it to become operational would remain the same, i.e. passage of a debt-exclusion for the remaining balances of the Memorial and Jacobs School debt.

Q17. If the bond authorization is enduring, how does the town rescind it? Town Meeting? Capital Outlay Committee? Something else?

Town Meeting can authorize the rescission of the remaining value of an unused portion of previously authorized and issued debt. In this case the borrowing has been authorized but not issued. I will have to inquire from the Department of Revenue regarding the process to rescind a vote for debt that has been authorized but not issued.

(Follow-Up) We have consulted with Bond Counsel. They have indicated that a Bond authorization may be rescinded in whole or in part at a Town Meeting. A simple majority vote is required for rescission.

Q18. And a rejection of the debt exclusion is NOT required prior to rescind?

No the article to rescind must occur before debt is issued. The Debt Exclusion is not the key moving part it is the actual issuance that would put a prohibitive factor in place to rescind.

Q19. How much will the bond for the seawall we approved at STM consume annually?

**Town of Hull - Crescent Beach Seawall Project  
April 2016 Borrowing, Estimated Rate of 4.25%, Thirty Year Term**

Fiscal Year	State Low Interest Loan \$1,500,000	Market Bond 4.25% \$3,750,000	Total Debt Service \$5,250,000
2016	0	0	0
2017	105,000	284,375	389,375
2018	103,500	279,063	382,563
2019	102,000	273,750	375,750
2020	100,500	268,437	368,937
2021	99,000	263,124	362,124
2022	97,500	257,811	355,311
2023	96,000	252,498	348,498
2024	94,500	247,185	341,685
2025	93,000	241,872	334,872
2026	91,500	236,559	328,059
2027	90,000	231,246	321,246
2028	88,500	225,933	314,433
2029	87,000	220,620	307,620
2030	85,500	215,307	300,807
2031	84,000	209,994	293,994
2032	82,500	204,681	287,181
2033	81,000	199,368	280,368
2034	79,500	194,055	273,555
2035	78,000	188,742	266,742
2036	76,500	183,429	259,929
2037	0	178,116	178,116
2038	0	172,803	172,803
2039	0	167,490	167,490
2040	0	162,177	162,177
2041	0	156,864	156,864
2042	0	151,551	151,551
2043	0	146,238	146,238
2044	0	140,925	140,925
2045	0	135,612	135,612
2046	0	130,299	130,299
<b>Totals</b>	<b>\$1,815,000</b>	<b>\$6,220,110</b>	<b>\$8,035,110</b>

Q20. Do you have any idea (ballpark) how much the School infrastructure bond (1.7M discussed at the SC meeting) will also cost to service?

The School Department's capital needs have not been broken into their component parts for the purposes of financial planning. For instance, I understand that some of the items in the \$1.7 million dollar total have already been addressed, and other would be addressed within the existing and future operating budget. There are some larger items that will require long term financing, but the amount will be driven en by a variety of factors. Some or all of the larger cost items may be eligible for state assistance through the School Building Assistance Program. Although it should be noted that these programs typically provide an approximate 50% grant.

In short, it is the responsibility of the School Committee, Superintendent and School Business manager to present a plan for consideration that takes into consideration of the above the items.

Q21. How long is the bond for the Turf Field? What is the annual cost of that debt over 15 years is \$220k? Or do the payments drop off earlier than 15years?

Below is the Bond Schedule for the Turf Field

Principal Amount:	\$ 1,925,000
Interest Rate:	4.25%

Payment Number	Fiscal Year	Principal Outstanding	Principal	Interest	Total Annual Pmt
1	2016	\$ 1,925,000	\$ 128,333	\$ 81,813	\$ 210,146
2	2017	\$ 1,796,667	\$ 128,333	\$ 76,358	\$ 204,692
3	2018	\$ 1,668,333	\$ 128,333	\$ 70,904	\$ 199,238
4	2019	\$ 1,540,000	\$ 128,333	\$ 65,450	\$ 193,783
5	2020	\$ 1,411,667	\$ 128,333	\$ 59,996	\$ 188,329
6	2021	\$ 1,283,333	\$ 128,333	\$ 54,542	\$ 182,875
7	2022	\$ 1,155,000	\$ 128,333	\$ 49,088	\$ 177,421
8	2023	\$ 1,026,667	\$ 128,333	\$ 43,633	\$ 171,967
9	2024	\$ 898,333	\$ 128,333	\$ 38,179	\$ 166,513
10	2025	\$ 770,000	\$ 128,333	\$ 32,725	\$ 161,058
11	2026	\$ 641,667	\$ 128,333	\$ 27,271	\$ 155,604
12	2027	\$ 513,333	\$ 128,333	\$ 21,817	\$ 150,150
13	2028	\$ 385,000	\$ 128,333	\$ 16,363	\$ 144,696
14	2029	\$ 256,667	\$ 128,333	\$ 10,908	\$ 139,242
15	2030	\$ 128,333	\$ 128,333	\$ 5,454	\$ 133,788
TOTAL:			\$ 1,925,000	\$ 654,500	\$ 2,579,500

Q22. What will be the rating of the bond?

The Bond will have the same rating as the Town's Rating: Long Term AA/Stable

Q23. Will it be GO or a REV bond?

General Obligation

Q24. What will be coupon?

This information will not be available until the Bond prospectus is prepared

Q25. What will be the maturity of the bond?

15 Years