Chairman called the meeting to order 6:05 PM

Members present: Hunt Dowse, Dave Drasba, Tom Shevenell, Rich LeFebvre, Chair

Rich volunteered to keep minutes.

Rich apprised the committee of the Select board's request that CIP play a more proactive role in helping them shape processes and policies to allow them to be better prepared to make long term financial decisions in regards to managing capital assets.

The CIP Committee agreed with the select board that the system employed in the past was not working well and is willing to take a more proactive role.

Tom Shevenell provided a copy of Hancock’s Capital Asset Policy dated 2013. After preliminary review the committee decided that a copy should be obtained, reviewed in depth and updated if necessary, by the Select board. Tom agreed to follow up with Jon Coyne, the town administrator.

The CIP committee members accepted and agreed on the definitions

1. an operating expense as an expense required for the day-to-day functioning of a business.
2. capital expenses are payments by the town to buy or improve long-term capital assets. Common types of capital assets are buildings, land, equipment, and vehicles.

The CIP committee members recognized that Hancock uses the following criteria to determine what constitutes a capital expense:

1. A gross cost of at least $10,000; and
2. A useful life of at least 5 years; and
3. Is non-recurring (not an annual budget item); OR
4. Any project requiring bond financing.

The CIP committee members agreed to follow an updated Capital Asset Policy approved by the Select board.

Hunt noted the cash flow problems of the past couple of years. The committee acknowledged that the Select board would welcome assistance in finding the best policies for capital management going forward.

Tom produced a spreadsheet from his last year on the Select board that could serve as a cash flow tool for the town especially managing cash flow for capital expense. He will provide a copy to each member of the committee. The spreadsheet would show long term debt and depreciation so annual investment could be ascertained leading to means to determine best ways to fund a capital program.

The committee discussed an outline for establishing a new capital improvement program and process to manage the town capital assets that would be used into the future. That outline would follow as such:
1. Ask the Select board to review and update the town’s Capital Asset Policy (December 2013).

2. Meeting between the Select board and CIP Committee to discuss how they wish the committee to proceed in developing a capital management program.

3. Develop an inventory of all the town’s assets (land, roads, buildings, equipment, etc.) so the CIP committee will have a macro understanding of what the project entails.

4. The CIP committee discussed the successful Meetinghouse maintenance program developed by Dave which employs a stewardship committee to oversee the building’s needs. After discussion it was agreed that a stewardship committee program could be utilized for other town buildings (as well as other assets including roads). In each case the users of the building (or asset) would be part of the committee.

5. A capital asset maintenance plan would be developed once an inventory of all town assets could be made. Such a program would be developed with town officials and implemented providing continuity and passed on to successors for future use.

The committee discussed Laurie Bryan’s suggestion of gathering data for a capital assets program through a letter to town personnel involved in the budgeting process. Such a letter would include a questionnaire that would provide information needed to form policy. Once the data has been gathered and the CIP committee has some initial recommendations a meeting of town officials could take place in March or April. The purpose would be to share and understand how each official operates within their departments which would lead to fine tuning a capital asset management program.

The town would have a better understanding of funding needed to maintain and improve our capital assets. The select board could employ a variety of funding options that include capital reserves, borrowing, leasing, paying cash depending on the overall economic situation and financial markets. The overall goal of the capital asset management program would be to minimize impact on taxpayers by avoiding spikes and onerous borrowing rates.

Meeting was adjourned at 6:55 PM.

Minutes respectfully submitted by Rich LeFebvre