

Present: Christopher Morely (Chairman), Sherrill Cline, Jim Hill,  
Richard Bell, Bill Kneeland, Lynne Remington, and Dick Williamson

Absent: Seamus O'Kelly, John Drobinski, and Director of Planning and  
Community Development Jody Kablack

At 7:32 p.m., Chairman Morely called the meeting to order.

**Draft CPA Investment Policy and Presentation of the Morgan Stanley March 2012 Report - Discussion**

Present: Finance Director Andrea Terkelsen

Mr. Morely welcomed Finance Director Andrea Terkelsen to present the draft Community Preservation Act Fund Investment Policy to the Committee. The Board was previously in receipt of copies of a draft "Town of Sudbury Community Preservation Act (CPA) Trust Investment Policy" and an email from Finance Director Andrea Terkelsen dated March 30, 2012. Ms. Terkelsen distributed a revised version of the draft Policy, and she highlighted changes made to the section on "Delegation of Authority" on Page 4.

Ms. Terkelsen reviewed how the CPA Trust is monitored to be sure liquidity exists throughout the year to fund requisite projects and debt service. She stated the cash reserves have built up since 2001, which includes interest earned from investments.

Ms. Terkelsen stated the Town operates under a general policy for all its funds. However, given the CPA Trust's substantial balance, the Finance Committee had requested the Town establish a separate investment policy for CPA funds. Thus, the draft policy was prepared using existing investment policies already in place for all Town funds.

Mr. Williamson asked if anything unique was added to the CPA policy. Ms. Terkelsen stated she works in conjunction with an Advisory Committee to determine how the investments can be best diversified and laddered for maximum results. She described a few differences in the investment approach. Ms. Terkelsen stated that, since the CPA is surcharge-based, the recommendation was made to treat the funds similar to tax revenues. Thus a three-year limit was established for investments. She noted the CPA portfolio is held primarily with Morgan Stanley.

Chairman Morely stated Ms. Terkelsen reviews balances with him and Ms. Kablack throughout the year, as appropriate.

Ms. Terkelsen emphasized the most important investment criterion is to ensure the protection of principal, and thus conservative investments are made. She noted that interest earned has decreased significantly in recent years, due to the downturn in the national economy. Ms. Terkelsen described factors considered for investments, including that balances within institutions and/or funds fall within the FDIC-insured limits.

Ms. Terkelsen summarized the CPA Trust portfolio balances as of March 31, 2012. She stated slightly less than \$5 million is currently held in money markets and large sums are also held in certificates of

deposit. Ms. Terkelsen is in the process of planning for the approval of the CPA budget at the Annual 2012 Town Meeting, and any subsequent required investment actions. Once the budget is approved, the funds will be invested over a three-year period.

Mr. Bell opined three years seems short, when compared to the typical bonding timeframe of 20 years for projects. Chairman Morely and Ms. Terkelsen explained the rationale for the conservative time periods chosen.

Ms. Terkelsen stated the total CPA Trust Fund balance market value as of March 31, 2012 was \$8,680,088, which includes project funds appropriated but not spent, and reserves.

It was estimated that the appropriated funds could be in excess of \$1 million. Chairman Morely also noted that an additional \$1.2 million is allocated for bonding, and he asked how the current bond market looks.

Ms. Terkelsen stated Sudbury has maintained its AAA rating by Standard & Poor, which affords the Town excellent bonding rates. Mr. Hill asked for an estimate of what the anticipated bond rates might be. Ms. Terkelsen stated it is possible rates could be in the 2% range for a 20-year bond.

Chairman Morely referenced the two land purchases proposed as warrant articles for the Annual 2012 Town Meeting. If the articles are approved, he stated the Committee would need to meet to discuss payment options based on recommendations by Ms. Terkelsen.

On motion duly made and seconded, it was unanimously:

VOTED: To accept receipt of the draft "Town of Sudbury Community Preservation Act (CPA) Trust Investment Policy" as distributed and reviewed tonight by Finance Director Andrea Terkelsen.

Ms. Terkelsen stated the Policy will also be presented to the Board of Selectmen and the Finance Committee for acceptance. She further stated she would provide the Committee with year-end balances after June 30, 2012.

Chairman Morely asked if the entire Finance Committee has reviewed the draft policy. Ms. Terkelsen stated only a subcommittee of Mr. Kneeland and Chuck Woodard has reviewed it to date.

### **2012 Annual Town Meeting – CPA Articles – Determination of Presentations**

Chairman Morely stated he will begin the presentation at Town Meeting with his usual overview. It was then determined the Town Meeting articles would be presented by the following people:

Town Hall Architectural and Design Study – Building Inspector Jim Kelly

Town Center Landscaping Restoration – Planning and Community Development Director Jody Kablack

Town Clerk Historic Document Preservation – Town Clerk Rosemary Harvell

Sudbury Historical Commission (SHC) - Historic Multi-Projects – SHC Vice-Chairman James Hill

Town-wide Walkways – Ms. Kablack

Sudbury Housing Trust –10% Allocation - a member of the Sudbury Housing Trust or Housing Specialist Beth Rust

Pantry Brook Farm Preservation Restriction – Ms. Kablack and Conservation Coordinator Debbie Dineen

15 Hudson Road – Ms. Kablack

Amend Article 43 of the 2006 Annual Town Meeting, Sudbury Housing Authority Unit Buy-Down – SHA Chair Kaffee Kang

Chairman Morely will conclude the CPA section of Town Meeting with a presentation of the General Budget and Appropriations article.

### **FY13 Budget Reserves**

Chairman Morely asked the Committee to begin to think about whether funds should be used from the CPA Historic Reserves first, or from next year's budgeted revenue. The consensus of the Committee was that the Historic Reserves be used first.

### **15 Hudson Road - Update**

Chairman Morely stated the purchase price is now available for 15 Hudson Road. The price to be presented at the Annual 2012 Town Meeting is \$300,000, allocated as \$275,000 for the property and \$25,000 for demolition, asbestos removal and land restoration.

Mr. Williamson noted a specimen tree, possibly a large ash, on the property should try to be retained, if possible.

VOTED: To recommend the project to Town Meeting for a price of \$300,000.

### **Pantry Brook Farm - Update**

Chairman Morely stated Ms. Kablack reports negotiations are progressing well. However, a purchase amount is not yet available. Mr. Hill asked if an appraisal has been received from the property owners. Mr. Williamson asked if the Town has completed its own appraisal. Chairman Morely stated appraisals have been completed. Additional information on Pantry Brook Farm is expected to be available for the Committee's next meeting on May 2, 2012, in advance of Town Meeting.

Chairman Morely stated the Committee has heard feedback in recent years that the CPA reserves were too large. However, he noted, the money was preserved for exactly the purpose of purchasing large parcels such as Pantry Brook Farm, which was identified in several studies as a premier Sudbury property.

**Project and/or Member Updates**

Mr. Hill reported the air conditioning and temperature control systems have been installed at the Hosmer House. Work has begun on the chimney and a liner will be installed. The Sudbury Historical Commission is working with Building Inspector Jim Kelly to research storm windows similar to those installed at The Parsonage.

Ms. Cline reported the SHA began its demolition of the old homes to be converted to affordable housing duplexes.

Mr. Bell reported the Conservation Commission is short two members, but it will not appoint anyone new until the Johnson Farm hearings are closed. Chairman Morely encouraged anyone interested in serving to contact the Commission.

**Minutes**

On motion duly made and seconded, it was unanimously:

VOTED: To approve the minutes of January 18, 2012.

**Miscellaneous**

The Annual 2012 Town Meeting will begin on Monday, May 7, 2012.

**CPC Future Meeting Schedule**

The next meeting will be held Wednesday, May 2, 2012 at 7:30 p.m. in the Silva Conference Room of the Flynn Building.

On motion duly made and seconded, it was unanimously:

VOTED: To adjourn the meeting at 8:35 p.m.