

## **Hanover Finance Committee**

### ***Minutes***

**February 13, 2023**

**Location:** Murray Room, Howe Library, 13 South St., Hanover

**Attendees:** Kari Asmus (Chair), Carey Callaghan (Vice-Chair), Bill Geraghty (Selectboard Member), Kimberly Hartmann (School Board Representative), and Herschel Nachlis.

- 1) Meeting called to order at 5:03 p.m.
- 2) Public Comment--None
- 3) Review Selectboard's Capital Financing Policy

The committee reviewed the Selectboard's 2019 policy, noting that items in the Capital Improvements Plan costing \$500,000-\$1,000,000 were eligible to be paid for with capital reserves, through lease financing or issuance of bonds. Items over \$1,000,000 are to be paid for through the issuance of bonds.

Wording could clarify that notes or other forms of borrowing are also permitted.

- 4) Review of Proposed Water and Wastewater Bonds and Determination of Preliminary Commentary

The committee reviewed payment schedules for existing and proposed bonds as well as the impact of rate increases to an "average" household. Because current bonds will be paid off prior to when payments for the proposed bonds begin, the water and sewer rates will only need to increase incrementally. It was also noted that Lebanon, as a customer of the Hanover wastewater system, will pay a share of the cost, spreading the impact across a larger base. Additionally, there is approximately \$1,000,000 in the Wastewater Undesignated Fund Balance which could further lessen the impact. The Finance Committee found this plan to be very reasonable in the current borrowing environment and also noted the possibility of grant funding.

- 5) Review of Proposed Fire Engine Purchase and Determination of Preliminary Commentary

Inflation has driven the replacement cost of the engine from \$400,000 to over \$1,000,000, outstripping the available reserves. The Town is considering pre-

ordering to lock in the price and guarantee delivery in two years and to bond the purchase. The Finance Committee found this a reasonable approach.

6) Update on Town Budget Process, Drivers, and Net Assessed Valuation (NAV)

The Selectboard set a tax rate target increase of 6 to 7%. This would increase the blended tax rate from \$5.49 per thousand to approximately \$5.89 assuming the projected increase of \$14M in the Net Assessed Value (NAV). Because the NAV is set based on valuation as of April 1, there is no possibility that dorms built in the fall could influence the tax rate.

The current projection of a \$14M increase would raise an addition \$77,000 in tax dollars at the current rate. The drop in the NH Retirement System (NHRS) employer contribution rates for Police and Fire of 8% will help offset a 10% increase in health premiums. NHRS has said that rates are going down because of good market returns, but because rates remain basically unchanged for teachers and other employees, results of actuarial studies after Covid may also be responsible for the variable rate changes between groups.

7) Review of Veteran's Tax Credit Warrant Article and Determination of Commentary

A prior study by the Finance Committee showed that compared to other communities, Hanover issued a below-average number of credits, and that changing the credit from \$500 to \$100, as discussed by the Selectboard as the benefit is not based on need, would have little impact on the tax rate. It was further noted that with inflation, \$100 is not a great deal of money and that reducing a benefit is harsh.

8) Termination Benefits Fund and Determination of Commentary

In the past, the Town has paid the cash value of accumulated benefits to employees upon separation through vacancy savings or lower compensation savings when a new employee with less experience is hired. The Town Manager would like to build an amount to cover the cost of these benefits into the budget instead. There is also a reserve fund for this purpose with a \$95,000 which has not been used in many years. The Finance Committee would like to see the monies in the fund used.

9) Approval of Minutes

The minutes of January 17, 2023 were approved.

10) Report of Chair

The Chair reviewed upcoming meeting dates.

11) Report of School Board Member (time permitting)

A number of bills under consideration in Concord could potentially affect local education in significant ways. The state may also provide 80m more in adequacy aid next year. Closer to home, there may be one or two open positions on the School Board.

12) Adjournment at 6:30 p.m.