

**DATE:** DECEMBER 4, 2017  
**TO:** BOARD OF SELECTMEN  
**FROM:** NAN BALMER, TOWN ADMINISTRATOR  
**RE:** CAPITAL PROJECTS AND DEBT:  
• FINANCIAL MODEL TO FUND MAJOR CAPITAL PROJECTS THROUGH DEBT EXCLUSION  
• UPDATE ON REFUNDING EXISTING DEBT

**BOARD ACTIONS REQUESTED:**

**CONSIDER A PRELIMINARY FINANCIAL MODEL FOR FUNDING MAJOR CAPITAL PROJECTS THROUGH PROPOSITION 2 ½ DEBT EXCLUSIONS APPROVED BY BOARD OF SELECTMEN**

**RECEIVE UPDATE ON DEBT REFUNDING**

**BACKGROUND:**

- I. Board of Selectmen: four roles within Wayland's annual budget process:
  1. FINANCIAL POLICY AND STRATEGY: A) The Board of Selectmen is the Town's Chief Executive and is the public body authorized to adopt town policy including financial policies such as those governing the use of free cash and debt. B) Under the Town Code, the Selectmen appoint a Town Administrator who will, working with the Finance Committee and the Finance Director, recommend long term financial strategies and budget guidelines for the Town.
  2. PROPOSITION 2 ½ OVER-RIDES AND EXCLUSIONS: Under state law in a process outlined in Board Policy, the Selectmen approve the placement of Proposition 2 ½ questions (overrides and exclusions) on the election ballot.
  3. OPERATING AND CAPITAL BUDGETS: Under the Town Code, the Selectmen receive operating and capital budgets only for departments under its jurisdiction by November 15<sup>th</sup> from the Town Administrator and file capital and operating budgets with the Finance Committee by December 15<sup>th</sup> for the next fiscal year. Under the Town Code, the Board appoints the Finance Committee which: 1) prepares the omnibus budget and submits it to Town Meeting and, 2) prepares and presents to the Town the 5-year capital improvement plan.
  4. AUTHORIZATION TO INCUR DEBT: Under state law, the Selectmen authorize incurrence of debt by the Treasurer.

- II. The Town's Financial Advisor from Uni-Bank, Clark Rowell, will present a preliminary financial plan to fund major capital projects while maintaining town operations at an assumed rate of growth.

The Board of Selectmen has the decision-making authority to approve the language and the placement of debt exclusion questions on election ballot. There are four, known major capital projects, at an estimated cost of \$38,000,000, on the horizon for which the Board may consider approval of debt exclusions.

Below are known projects, currently estimated costs and projected year of authorization.

<b>PROJECT</b>	<b>ESTIMATED COST</b>	<b>ANTICIPATED YEAR OF AUTHORIZATION</b>
Library	\$19,000,000 (Net of grant)	FY 19
School Athletic Facilities / Loker Field (may be separate projects)	\$8,900,000	FY 19
Town Building Improvements	\$4,700,000	FY 20
Council on Aging	\$5,581,000	FY 20

**ATTACHED DOCUMENTS:**

1. **FINANCIAL ADVISOR'S PRESENTATION**
2. **BOARD POLICY ON PROPOSITION 2 ½ BALLOT QUESTIONS**

CC: Finance Committee  
 Board of Assessors  
 Finance Director  
 Treasurer  
 Director of Assessing

**TOWN OF WAYLAND, MASSACHUSETTS**

04-Dec-17

- 1 3.00% - percent annual increase to remainder of general fund, unappropriated amounts and capital budget
- 2 4.00% - percent annual increase to school budget
- 3 6.50% - percent annual increase to middlesex retirement assessment, 2019 - 2024
- 4 5.20% - increase to assessment, 2025
- 5 3.99% - increase to assessment, 2026 - 2035
- 6 8.00% - percent annual increase to health insurance budget and OPEB
- 7 3.00% - percent annual increase to enterprises
  
- 8 2.00% - percent annual increase to state aid
- 9 2.50% - percent annual increase to local receipts
- 10 2.50% - percent annual increase to transfers from other funds
  
- 11 2.00% - percent annual increase in assessed valuation
  
- 12 3.50% - eleven-year compounded rate of increase, line items 15 through 19

13	FISCAL YEAR BUDGET	2018	2019	2020	2021	2022	2023	2024
14	operating budget	\$16,926,089	\$17,433,872	\$17,956,888	\$18,495,594	\$19,050,462	\$19,621,976	\$20,210,000
15	education	\$38,938,393	\$40,495,929	\$42,115,766	\$43,800,397	\$45,552,412	\$47,374,509	\$49,269,000
16	health insurance	\$7,197,800	\$7,773,624	\$8,395,514	\$9,067,155	\$9,792,527	\$10,575,930	\$11,422,000
17	retirement	\$4,362,369	\$4,645,923	\$4,947,908	\$5,269,522	\$5,612,041	\$5,976,824	\$6,365,000
18	current debt service	\$9,665,433	\$8,956,571	\$8,160,546	\$7,545,096	\$7,109,746	\$6,556,596	\$6,326,000
19	2018 municipal purpose bonds	\$0	\$452,050	\$441,900	\$431,750	\$416,600	\$406,625	\$396,000
20	"big four" debt service - 1	\$0	\$0	\$1,375,000	\$1,363,750	\$1,352,500	\$1,341,250	\$1,580,000
21	"big four" debt service - 2	\$0	\$0	\$0	\$835,000	\$823,750	\$812,500	\$801,000
22	bi-annual capital funding	\$0	\$0	\$0	\$320,000	\$312,000	\$304,000	\$296,000
23	bi-annual capital funding	\$0	\$0	\$0	\$0	\$0	\$320,000	\$312,000
24	bi-annual capital funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	bi-annual capital funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	bi-annual capital funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27	enterprises	\$4,760,376	\$4,903,187	\$5,050,283	\$5,201,791	\$5,357,845	\$5,518,580	\$5,684,000
28	subtotal	\$81,850,460	\$84,661,156	\$88,443,804	\$92,330,055	\$95,379,884	\$98,808,790	\$102,664,000
29	pay as you go capital	\$1,693,000	\$2,500,000	\$3,000,000	\$3,500,000	\$3,605,000	\$3,713,150	\$3,824,000
30	OPEB	\$243,828	\$600,000	\$648,000	\$699,840	\$755,827	\$816,293	\$881,000
31	total	\$83,787,288	\$87,761,156	\$92,091,804	\$96,529,895	\$99,740,711	\$103,338,233	\$107,370,000
32								
33	total debt service	\$9,665,433	\$9,408,621	\$9,977,446	\$10,495,596	\$10,014,596	\$9,740,971	\$9,712,000
34	debt service to total budget	11.54%	10.72%	10.83%	10.87%	10.04%	9.43%	9.04%
35	paygo capital to total budget	2.02%	2.85%	3.26%	3.63%	3.61%	3.59%	3.59%

36	DEBT SERVICE PAYABLE	2018	2019	2020	2021	2022	2023	2024
37	current debt service	\$9,665,433	\$8,956,571	\$8,160,546	\$7,545,096	\$7,109,746	\$6,556,596	\$6,326,546
38	REVENUES / AVAILABLE FUNDS	2018	2019	2020	2021	2022	2023	2024
39	levy	\$65,042,037	\$68,271,813	\$72,135,289	\$76,093,781	\$78,812,241	\$81,904,311	\$85,417,241
40	other local receipts	\$4,709,404	\$4,827,139	\$4,947,818	\$5,071,513	\$5,198,301	\$5,328,258	\$5,461,241
41	state aid	\$5,284,621	\$5,390,313	\$5,498,120	\$5,608,082	\$5,720,244	\$5,834,649	\$5,951,241
42	CPC funds	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000
43	Free Cash	\$1,427,858	\$2,000,000	\$2,060,000	\$2,121,800	\$2,185,454	\$2,251,018	\$2,318,241
44	enterprises	\$4,760,376	\$4,903,187	\$5,050,283	\$5,201,791	\$5,357,845	\$5,518,580	\$5,684,241
45	other available funds	\$3,622,125	\$1,993,703	\$2,025,296	\$2,057,928	\$2,091,626	\$2,126,417	\$2,162,241
46	total resources	\$83,787,288	\$87,761,156	\$92,091,804	\$96,529,895	\$99,740,711	\$103,338,233	\$107,370,241
47	fiscal 2018 total	\$85,221,421						
48	OTHER AVAILABLE FUNDS	2018	2019	2020	2021	2022	2023	2024
49	transfers from other funds	\$1,623,125	\$1,663,703	\$1,705,296	\$1,747,928	\$1,791,626	\$1,836,417	\$1,882,241
50	Free Cash	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0
51	overlay	\$200,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
52	bond premium	\$85,245	\$80,000	\$70,000	\$60,000	\$50,000	\$40,000	\$30,000
53	total other available funds	n.a.	\$1,993,703	\$2,025,296	\$2,057,928	\$2,091,626	\$2,126,417	\$2,162,241
54	ASS'D VALUATION / TAX RATE	2018	2019	2020	2021	2022	2023	2024
55	assessed valuation	\$3,607,434,100	\$3,679,582,782	\$3,753,174,438	\$3,828,237,926	\$3,904,802,685	\$3,982,898,739	\$4,062,556,241
56	tax rate	\$18.03	\$18.55	\$19.22	\$19.88	\$20.18	\$20.56	\$20.94
57	percent increase of tax rate	n.a.	2.91%	3.59%	3.42%	1.54%	1.89%	2.27%
58	percent increase of levy	n.a.	4.97%	5.66%	5.49%	3.57%	3.92%	4.30%
59	maximum \$20 tax rate	n.a.	n.a.	n.a.	n.a.	\$20.00	\$20.00	\$20.00
60	tax revenue	n.a.	n.a.	n.a.	n.a.	\$78,096,054	\$79,657,975	\$81,251,241
61	shortfall from projected levy	n.a.	n.a.	n.a.	n.a.	\$716,188	\$2,246,336	\$4,166,241
62			4.46%	- eleven-year compounded rate of increase to tax levy				

## TOWN OF WAYLAND, MASSACHUSETTS

\$4,630,000.00 General Obligation Municipal Purpose Loan of 2018 Bonds

Dated March 1, 2018

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2018	-	-	-	-
06/30/2019	290,000.00	3.500%	162,050.00	452,050.00
06/30/2020	290,000.00	3.500%	151,900.00	441,900.00
06/30/2021	290,000.00	3.500%	141,750.00	431,750.00
06/30/2022	285,000.00	3.500%	131,600.00	416,600.00
06/30/2023	285,000.00	3.500%	121,625.00	406,625.00
06/30/2024	285,000.00	3.500%	111,650.00	396,650.00
06/30/2025	285,000.00	3.500%	101,675.00	386,675.00
06/30/2026	285,000.00	3.500%	91,700.00	376,700.00
06/30/2027	280,000.00	3.500%	81,725.00	361,725.00
06/30/2028	280,000.00	3.500%	71,925.00	351,925.00
06/30/2029	230,000.00	3.500%	62,125.00	292,125.00
06/30/2030	230,000.00	3.500%	54,075.00	284,075.00
06/30/2031	230,000.00	3.500%	46,025.00	276,025.00
06/30/2032	230,000.00	3.500%	37,975.00	267,975.00
06/30/2033	230,000.00	3.500%	29,925.00	259,925.00
06/30/2034	125,000.00	3.500%	21,875.00	146,875.00
06/30/2035	125,000.00	3.500%	17,500.00	142,500.00
06/30/2036	125,000.00	3.500%	13,125.00	138,125.00
06/30/2037	125,000.00	3.500%	8,750.00	133,750.00
06/30/2038	125,000.00	3.500%	4,375.00	129,375.00
<b>Total</b>	<b>\$4,630,000.00</b>	<b>-</b>	<b>\$1,463,350.00</b>	<b>\$6,093,350.00</b>

#### Yield Statistics

Bond Year Dollars	\$41,810.00
Average Life	9.030 Years
Average Coupon	3.5000000%
Net Interest Cost (NIC)	3.5000000%
True Interest Cost (TIC)	3.5000000%
Bond Yield for Arbitrage Purposes	3.5000000%
All Inclusive Cost (AIC)	3.5000000%

#### IRS Form 8038

Net Interest Cost	3.5000000%
Weighted Average Maturity	9.030 Years

**TOWN OF WAYLAND, MASSACHUSETTS**

\$25,000,000.00 General Obligation Municipal Purpose Loan of 2019 Bonds

Dated March 1, 2019

**Debt Service Schedule**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
06/30/2019	-	-	-	-
06/30/2020	250,000.00	4.500%	1,125,000.00	1,375,000.00
06/30/2021	250,000.00	4.500%	1,113,750.00	1,363,750.00
06/30/2022	250,000.00	4.500%	1,102,500.00	1,352,500.00
06/30/2023	250,000.00	4.500%	1,091,250.00	1,341,250.00
06/30/2024	500,000.00	4.500%	1,080,000.00	1,580,000.00
06/30/2025	1,500,000.00	4.500%	1,057,500.00	2,557,500.00
06/30/2026	2,250,000.00	4.500%	990,000.00	3,240,000.00
06/30/2027	2,500,000.00	4.500%	888,750.00	3,388,750.00
06/30/2028	3,500,000.00	4.500%	776,250.00	4,276,250.00
06/30/2029	1,250,000.00	4.500%	618,750.00	1,868,750.00
06/30/2030	1,250,000.00	4.500%	562,500.00	1,812,500.00
06/30/2031	1,250,000.00	4.500%	506,250.00	1,756,250.00
06/30/2032	1,000,000.00	4.500%	450,000.00	1,450,000.00
06/30/2033	1,000,000.00	4.500%	405,000.00	1,405,000.00
06/30/2034	1,000,000.00	4.500%	360,000.00	1,360,000.00
06/30/2035	1,000,000.00	4.500%	315,000.00	1,315,000.00
06/30/2036	1,000,000.00	4.500%	270,000.00	1,270,000.00
06/30/2037	1,000,000.00	4.500%	225,000.00	1,225,000.00
06/30/2038	1,000,000.00	4.500%	180,000.00	1,180,000.00
06/30/2039	1,000,000.00	4.500%	135,000.00	1,135,000.00
06/30/2040	1,000,000.00	4.500%	90,000.00	1,090,000.00
06/30/2041	1,000,000.00	4.500%	45,000.00	1,045,000.00
<b>Total</b>	<b>\$25,000,000.00</b>	<b>-</b>	<b>\$13,387,500.00</b>	<b>\$38,387,500.00</b>

**Yield Statistics**

<b>Bond Year Dollars</b>	<b>\$297,500.00</b>
<b>Average Life</b>	<b>11.900 Years</b>
<b>Average Coupon</b>	<b>4.5000000%</b>

<b>Net Interest Cost (NIC)</b>	<b>4.5000000%</b>
<b>True Interest Cost (TIC)</b>	<b>4.5000000%</b>
<b>Bond Yield for Arbitrage Purposes</b>	<b>4.5000000%</b>
<b>All Inclusive Cost (AIC)</b>	<b>4.5000000%</b>

**IRS Form 8038**

<b>Net Interest Cost</b>	<b>4.5000000%</b>
<b>Weighted Average Maturity</b>	<b>11.900 Years</b>

**TOWN OF WAYLAND, MASSACHUSETTS**

\$13,000,000.00 General Obligation Municipal Purpose Loan of 2020 Bonds

Dated March 1, 2020

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
06/30/2020	-	-	-	-
06/30/2021	250,000.00	4.500%	585,000.00	835,000.00
06/30/2022	250,000.00	4.500%	573,750.00	823,750.00
06/30/2023	250,000.00	4.500%	562,500.00	812,500.00
06/30/2024	250,000.00	4.500%	551,250.00	801,250.00
06/30/2025	500,000.00	4.500%	540,000.00	1,040,000.00
06/30/2026	500,000.00	4.500%	517,500.00	1,017,500.00
06/30/2027	1,000,000.00	4.500%	495,000.00	1,495,000.00
06/30/2028	1,000,000.00	4.500%	450,000.00	1,450,000.00
06/30/2029	1,000,000.00	4.500%	405,000.00	1,405,000.00
06/30/2030	1,000,000.00	4.500%	360,000.00	1,360,000.00
06/30/2031	1,000,000.00	4.500%	315,000.00	1,315,000.00
06/30/2032	1,000,000.00	4.500%	270,000.00	1,270,000.00
06/30/2033	1,000,000.00	4.500%	225,000.00	1,225,000.00
06/30/2034	1,000,000.00	4.500%	180,000.00	1,180,000.00
06/30/2035	500,000.00	4.500%	135,000.00	635,000.00
06/30/2036	500,000.00	4.500%	112,500.00	612,500.00
06/30/2037	500,000.00	4.500%	90,000.00	590,000.00
06/30/2038	500,000.00	4.500%	67,500.00	567,500.00
06/30/2039	500,000.00	4.500%	45,000.00	545,000.00
06/30/2040	500,000.00	4.500%	22,500.00	522,500.00
<b>Total</b>	<b>\$13,000,000.00</b>	<b>-</b>	<b>\$6,502,500.00</b>	<b>\$19,502,500.00</b>

**Yield Statistics**

Bond Year Dollars	\$144,500.00
Average Life	11.115 Years
Average Coupon	4.500000%
Net Interest Cost (NIC)	4.500000%
True Interest Cost (TIC)	4.500000%
Bond Yield for Arbitrage Purposes	4.500000%
All Inclusive Cost (AIC)	4.500000%

**IRS Form 8038**

Net Interest Cost	4.500000%
Weighted Average Maturity	11.115 Years

**TOWN OF WAYLAND, MASSACHUSETTS**

\$3,000,000.00 General Obligation Municipal Purpose Loan of \_\_\_\_\_ Bonds

Dated \_\_\_\_\_

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
06/30/2020	-	-	-	-
06/30/2021	200,000.00	4.000%	120,000.00	320,000.00
06/30/2022	200,000.00	4.000%	112,000.00	312,000.00
06/30/2023	200,000.00	4.000%	104,000.00	304,000.00
06/30/2024	200,000.00	4.000%	96,000.00	296,000.00
06/30/2025	200,000.00	4.000%	88,000.00	288,000.00
06/30/2026	200,000.00	4.000%	80,000.00	280,000.00
06/30/2027	200,000.00	4.000%	72,000.00	272,000.00
06/30/2028	200,000.00	4.000%	64,000.00	264,000.00
06/30/2029	200,000.00	4.000%	56,000.00	256,000.00
06/30/2030	200,000.00	4.000%	48,000.00	248,000.00
06/30/2031	100,000.00	4.000%	40,000.00	140,000.00
06/30/2032	100,000.00	4.000%	36,000.00	136,000.00
06/30/2033	100,000.00	4.000%	32,000.00	132,000.00
06/30/2034	100,000.00	4.000%	28,000.00	128,000.00
06/30/2035	100,000.00	4.000%	24,000.00	124,000.00
06/30/2036	100,000.00	4.000%	20,000.00	120,000.00
06/30/2037	100,000.00	4.000%	16,000.00	116,000.00
06/30/2038	100,000.00	4.000%	12,000.00	112,000.00
06/30/2039	100,000.00	4.000%	8,000.00	108,000.00
06/30/2040	100,000.00	4.000%	4,000.00	104,000.00
<b>Total</b>	<b>\$3,000,000.00</b>	<b>-</b>	<b>\$1,060,000.00</b>	<b>\$4,060,000.00</b>

**Yield Statistics**

Bond Year Dollars	\$26,500.00
Average Life	8.833 Years
Average Coupon	4.0000000%
Net Interest Cost (NIC)	4.0000000%
True Interest Cost (TIC)	4.0000000%
Bond Yield for Arbitrage Purposes	4.0000000%
All Inclusive Cost (AIC)	4.0000000%

**IRS Form 8038**

Net Interest Cost	4.0000000%
Weighted Average Maturity	8.833 Years



## POLICY ON PROPOSITION 2 1/2 BALLOT QUESTIONS <sup>2</sup>

### Board Policy

From time to time, the Board may be asked by the Finance Committee or other boards or committees to place a Proposition 2 1/2 levy limit override question ("Override Question") or debt exclusion question ("Exclusion Question") on the ballot (although the Board can choose to place such questions on the ballot without having been asked by any other board or committee). Set forth below are the minimum steps that the Board should take before voting to place an Override or Exclusion Question on the ballot:

The Board shall ask the requesting board or committee to provide it with a written request to place an Override or Exclusion Question on the ballot. Such written request should be received at least two weeks prior, if possible, to the Board's vote. In the case where the Board desires to place an Override or Exclusion Question on the ballot without having been asked by any other board or committee to do so, it shall request a written recommendation from the Finance Committee. Such written recommendation should be received at least two weeks, **if possible**, prior to the Board's vote.

The Board shall ask the Finance Committee to make a presentation to the Board at a public meeting in which it reviews in detail (i) the Town's current and projected financial position, (ii) its understanding of the rationale for both the timing and amount of the Proposition 2 1/2 override or exclusion, (iii) the consequences of not placing the question on the ballot or, alternatively, the question being rejected by a majority of the voters, (iv) any discussions it may have had with other boards or committees concerning the need for a ballot question, and (v) any other information that it or the Board determines to be important in making a decision on placing the question on the ballot, e.g., any available details related to the Town's budget or the School budget. Such meeting should be held at least one week prior to the Board's vote.

After completing the above, the Board will discuss the merits of placing the Override or Exclusion Question on the ballot, review the ballot question language, and vote on whether or not to place the question on the ballot.

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<sup>2</sup> Proposition 2 1/2 limits the amount of revenue a town may raise from local property taxes each year to fund municipal operations. This amount is known as the annual levy limit. General Laws Chapter 59, Section 21C allows a town to increase tax revenues above that limit with voter approval.

Proposition 2 1/2 establishes two types of voter approved increases in taxing authority, i.e., levy limit overrides and exclusions. A levy limit override increases the amount of property tax revenue a community may raise in the year specified in the override question and in future years. The purpose of an override is to provide funding for municipal expenses, such as annual operating and fixed costs. An exclusion increases the amount of property tax revenue a community may raise for a limited or temporary period of time in order to fund specific projects, e.g., land acquisitions or building construction.

To seek voter approval, Proposition 2 1/2 referenda questions are placed on an election ballot by vote of the "local appropriating body," which is defined in towns as the Board of Selectmen. A majority vote of the entire board is needed to place an override question on the ballot. A two-thirds vote of the entire board is needed to place an exclusion question on the ballot. The board must vote the question exactly as it will appear on the ballot. Except for the purpose of the override or exclusion, specific language must be used for the ballot question. Proposition 2 1/2 referenda questions may not be placed on the ballot by vote of town meeting or through use of a local initiative, i.e., petitioners.

Following a vote to place an Override or Exclusion Question on the ballot, the Board shall hold a publicly noticed meeting at which the subject of the Override or Exclusion Question is discussed. The Board shall ask the Finance Committee to make a presentation similar to the one noted in (2) above. The public should be given the opportunity to ask questions and make comments at this publicly noticed meeting.

The Board may or may not decide to take a formal position on the merits of the Override or Exclusion Question prior to the Town Election at which such question will be voted on by the electorate.

*Adopted on November 12, 2002; revision prepared 10/1/10*