

**SOUTH BERWICK TOWN COUNCIL
PUBLIC HEARING
CHAPTER 60, BUILDING CONSTRUCTION
NOVEMBER 23, 2010**

Chairman David Burke opened the hearing at 6:30pm. Councilors present included David H. Webster and John C. Kareckas. Interim Town Manager Roberta L. Orsini and Code Enforcement Officer Joseph Rousselle were also in attendance. Councilors Jean Demetracopoulos and Gerald W. MacPherson, Sr. were not present.

The purpose of the hearing was to receive public comment on the proposed amendments to Chapter 60, Building Construction. Mr. Rousselle explained that the amendments are being proposed to bring our ordinance in line with the new Maine Uniform Building and Energy Code (MUBEC) which goes into effect December 1, 2010. Minor changes have been made to the fee schedule; still charging based on a flat rate or per square foot.

Richard Tetu, Hooper Sands Road, questioned a situation with propane installation. Mr. Rousselle stated that would fall under a different state regulated ordinance, not the Town's Building Code.

Mr. Kareckas stated that he hoped that the application form is clear and guidance is available. Mr. Rousselle explained that he goes over the process with each applicant.

Mr. Burke stated that he was happy that there are no significant changes.

The hearing was closed at 6:40pm.

Attest:

Barbara Bennett, CCM

SOUTH BERWICK TOWN COUNCIL NOVEMBER 23, 2010

Chairman David Burke called the meeting to order at 6:51pm. Those present included Councilors David H. Webster, and John C. Kareckas. Interim Town Manager Roberta Orsini was also in attendance. Councilors Jean Demetrapoulos and Gerald W. MacPherson, Sr. were not present.

APPROVAL OF MINUTES

1. Public Hearing – GA Ord 11-9-10: On a motion by Mr. Webster, seconded by Mr. Kareckas, it was unanimously voted to adopt the minutes as written.
2. Town Council 11-9-10: On a motion by Mr. Webster, seconded by Mr. Kareckas, it was unanimously voted to adopt the minutes as written.
3. Special Council 11-15-10: On a motion by Mr. Kareckas, seconded by Mr. Webster, it was unanimously voted to adopt the minutes as written.

SIGNING OF TREASURER'S WARRANT – Nov 23, 2010

On a motion by Mr. Webster, seconded by Mr. Kareckas, it was unanimously voted to sign the warrant.

PUBLIC COMMENT

1. Eric Pelchat, Front St, asked why the Council did not sign a 24-hour meeting notice waiver for the meeting held on November 6th. Mr. Burke stated that he decided the meeting was not going to be posted to protect the candidates' privacy. Mr. Pelchat asked if minutes had been taken at the meeting. Mr. Burke stated that there were not; the meeting was held solely to conduct interviews. Mr. Pelchat also expressed his concern that all of the other Councilors participated in the meeting.
2. Ruth Boston, Emery's Bridge Rd, asked for an update on the search for the town manager. Mr. Burke stated that the Council is making progress and he hopes a decision will be made in the next week or so.
3. John Belliveau, Vice-Chairman Friends of the Library, gave a brief update on the Friend's activities. Focus has been shifted to major donors and the donation sign (thermometer) should be unveiled soon. He thanked the community for the donations received in Gloria Roberge's name and the Council for the donation made in former Councilor Michelle Kareckas' name. He stated that grant applications are being sent in to the LIBRA and Stephen King Foundations. Fundraisers are ongoing.
4. Albert Roberge, Butler St, asked what was happening at the Day property. Mr. Burke stated that there is a turnaround area being constructed for Powderhouse Ski Hill. A small portion of the Day property is involved.
5. Norma Tutelian, Butler St, asked if the Fire Department had used the Day property for training. Yes (but not for burning).
6. Richard Tetu, Hooper Sands, praised Roberta Orsini for her hard work as Manager. He also asked when the work on the Great Hill Bridge will start. Mrs. Orsini stated that she expects it to begin within the next month or so, but does not have a confirmed date.
7. Norman Fortier, Rodier Rd, asked if the meeting held on November 6th was actually legal or not. Mr. Burke stated that he was informed that not posting the meeting was illegal. He added that both the Interim Manager and Clerk advised against holding the meeting without posting it. He went on to say that he believes there is some gray area, but to continue to debate the issue is futile. He stated that he accepts full responsibility, but believes it was the right thing to do at the time.

TOWN MANAGER'S REPORT

- The Brownfields Grant work is nearly complete and we are on track for the Friends of the Library to transfer the ownership of the property back to the Town on December 10th.
- The Building Committee has set up interviews with two teams to discuss the development plan for the Young Street property. They will present their recommendations to the Council at an upcoming meeting.
- Has received a resident request for a traffic light at the intersection of Route 236 and Quarry Drive. Mr. Kareckas stated that it is a DOT issue. It was agreed that it was an item for future discussion. The intersections at Route 91 and the Great Works School were mentioned as issues for the discussion also. It was suggested that a workshop be considered; inviting the resident and SMRPC rep Tom Reinhauer.
- The Christmas Parade will step off at 4:00pm in Rollinsford on Saturday.
- Several community events are scheduled: Home for the Holidays on December 3rd and 4th, Community Chorus on Dec 5th, and several church craft fairs.

UNFINISHED BUSINESS

1. On a motion by Mr. Kareckas, seconded by Mr. Webster, it was unanimously voted to hold a public hearing on Tuesday, December 14th at 6:30pm to receive comment on the establishment of a Downtown TIF District and the Development Plan for the CMP Corridor TIF District.

NEW BUSINESS

1. On a motion by Mr. Webster, seconded by Mr. Kareckas, it was unanimously voted to approve the renewal of Fogarty's liquor license.
2. Mr. Webster made a motion to adopt the amendments to Chapter 60, Building Construction. Mr. Kareckas seconded the motion.

On a motion by Mr. Kareckas, seconded by Mr. Webster, it was unanimously voted to include the emergency preamble in the motion. Amendment passed unanimously.

The original motion as amended passed unanimously as follows: Be it hereby ordained, by the Town Council of the Town of South Berwick, that Chapter 60, Building Construction of the South Berwick Code is amended as follows. Be it further ordained: Because the Maine Uniform Building and Energy Code (MUBEC) must be applied and enforced on December 1, 2010 in South Berwick which is in less than 30 days, and the Council finds and declares that such circumstances constitute an emergency within the meaning of Article II, Section II of the Charter these amendments shall take effect on December 1, 2010.

3. On a motion by Mr. Kareckas, seconded by Mr. Webster, it was unanimously voted to approve the transfer of forfeiture assets in the amount of \$942.00 to be placed in the Police Department Equipment account #4230-4050.

Mr. Webster received confirmation that the \$942.00 was 1 amount encompassing 2 defendants.

COUNCIL MEMBER COMMENTS

1. Mr. Webster:
 - Asked why the Historic District Commission did not hold meetings in the last couple of months. Mrs. Orsini stated that they have only been meeting when there is business before the board.
 - Congratulated SoBo on their hard work for organizing Home for the Holidays events.
 - Asked for the status of the Comcast performance bond. Mrs. Orsini stated that the bond is still in question because the Town has not yet received a confirmation from Comcast stating that the build-out is complete.

2. Mr. Burke:

-Stated that he is solely responsible for the decision not to post the meeting held on November 6th. He added that he believes it was the right approach at the time. He went on to say that he does regret the negative impact the decision has had on South Berwick. He expressed his hopes that everyone can move forward in a positive fashion.

EXECUTIVE SESSION

1. On a motion by Mr. Kareckas, seconded by Mr. Webster, it was unanimously voted to enter executive session at 7:30pm pursuant to 1M RSA §405.6A to review candidates for the town manager position.

The Chairman reported the following to the Clerk:

On a motion by Mr. Webster, seconded by Mr. Kareckas, it was unanimously voted to end the executive session at 7:47pm.

ADJOURNMENT

On a motion by Mr. Webster, seconded by Mr. Kareckas, it was unanimously voted to adjourn the meeting at 7:48pm.

Attest:

Barbara Bennett, CCM

**SOUTH BERWICK TOWN COUNCIL
SPECIAL MEETING
DECEMBER 4, 2010**

The Chair reported the following to the Clerk:

Chairman David Burke called the meeting to order at 8:00am. Those present included Councilors Jean Demetracopoulos, Gerald W. MacPherson, Sr., David Webster, and John Kareckas.

EXECUTIVE SESSION

1. On a motion by Mrs. Demetracopoulos, seconded by Mr. MacPherson, it was unanimously voted to enter executive session at 8:02am pursuant to 1MRSA §405.6A and §405.6D to discuss the manager search and PWD union negotiations.

On a motion by Mr. Kareckas, seconded by Mr. MacPherson, it was unanimously voted to end the executive session at 8:50am.

ADJOURNMENT

On a motion by Mrs. Demetracopoulos, seconded by Mr. Kareckas, it was unanimously voted to adjourn the meeting at 8:50am.

Attest:

Barbara Bennett, CCM

**SOUTH BERWICK TOWN COUNCIL
SPECIAL MEETING
DECEMBER 6, 2010**

The Chair reported the following to the Clerk:

Chairman David Burke called the meeting to order at 6:00pm. Those present included Councilors Jean Demetracopoulos, Gerald W. MacPherson, Sr., David Webster, and John Kareckas.

EXECUTIVE SESSION

1. On a motion by Mr. Kareckas, seconded by Mr. MacPherson, it was unanimously voted to enter executive session at 6:00pm pursuant to 1MRSA §405.6A to discuss the manager search.

Vice-Chairman MacPherson took the Chair's seat when Mr. Burke left the meeting at 6:35pm.

On a motion by Mr. Webster, seconded by Mrs. Demetracopoulos, it was unanimously voted to end the executive session at 7:40pm.

ADJOURNMENT

On a motion by Mrs. Demetracopoulos, seconded by Mr. Kareckas, it was unanimously voted to adjourn the meeting at 7:42pm.

All councilors signed the 24-hr notice of meeting waiver.

Attest:

Barbara Bennett, CCM

TOWN OF SO. BERWICK
CHECK REGISTER

Check Number	-----Account-----	Date Paid	Amount
00053072	189999 REFUNDS	12/14/2010	4.00
00053073	140532 NCO FINANCIAL SYSTEMS INC	12/14/2010	17.47
00053074	132500 SECRETARY OF STATE M/V	12/14/2010	10,726.93
00053075	189999 REFUNDS	12/14/2010	200.00
00053076	140532 NCO FINANCIAL SYSTEMS INC	12/14/2010	15.00
00053077	132500 SECRETARY OF STATE M/V	12/14/2010	13,279.10
00053078	090151 UNITED STATES TREASURY	12/14/2010	287.50
00053079	132500 SECRETARY OF STATE M/V	12/14/2010	13,140.85
00053080	140532 NCO FINANCIAL SYSTEMS INC	12/14/2010	14.00
00053081	189999 REFUNDS	12/14/2010	350.00
00053082	189999 REFUNDS	12/14/2010	98.00
00053083	189999 REFUNDS	12/14/2010	18.00
00053084	010660 AMERICAN TEST CENTER	12/14/2010	1,052.00
00053085	011100 LOUISE ANDERSON	12/14/2010	23.50
00053086	011110 ANDY'S AUTO DETAILING	12/14/2010	325.00
00053087	011250 TREASURER, STATE OF MAINE	12/14/2010	182.00
00053088	011495 ATLANTIC RECYCLING EQUIP LLC	12/14/2010	90.00
00053089	020410 STACY BARLOW	12/14/2010	38.00
00053090	021200 BERGERON PROTECTIVE CLOTHING	12/14/2010	614.42
00053091	021510 TOWN OF BERWICK	12/14/2010	5,028.04
00053092	022850 BUSINESS EQUIPMENT UNLIMITED	12/14/2010	694.00
00053093	021580 BIT O'GREEN LANDSCAPING LLC	12/14/2010	3,150.00
00053094	021668 BLOW BROS	12/14/2010	54.00
00053095	021800 BOB'S TROPHIES & AWARDS	12/14/2010	15.00
00053096	022240 GARY BOUCHER	12/14/2010	25.00
00053097	022503 SHARON BRASSARD	12/14/2010	34.50
00053098	030530 CENTRAL TIRE CO INC	12/14/2010	767.62
00053099	030510 CENTRAL MAINE POWER	12/14/2010	5,141.54
00053100	030725 CITIZENS BANK (CHG)	12/14/2010	458.71
00053101	030920 CLEAN-O-RAMA	12/14/2010	423.42
00053102	031425 COLONIAL LIFE & ACCIDENT INS.	12/14/2010	1,631.72
00053103	031430 COMCAST	12/14/2010	99.95
00053104	031500 COMMUNITY MUTUAL AID	12/14/2010	1,000.00
00053105	031570 CONSOLIDATED ELECTRICAL	12/14/2010	62.18
00053106	031579 CONSTELLATION NEW ENERGY	12/14/2010	2,326.32
00053107	031586 COPS PLUS INC	12/14/2010	128.22
00053108	031850 COUNSELING SERVICES INC	12/14/2010	375.00
00053109	034950 DATAMAXX	12/14/2010	319.00
00053110	050815 EMPLOYEE HEALTH & BENEFITS	12/14/2010	572.02
00053111	050816 EMPORIUM FRAMING & GALLERY INC	12/14/2010	105.50
00053112	060100 HOWARD P FAIRFIELD INC	12/14/2010	153.61
00053113	141000 FAIR POINT COMM	12/14/2010	137.91
00053114	060300 FAVORITE FOODS INC	12/14/2010	339.31
00053115	060370 FEDERATED CHURCH	12/14/2010	30.00
00053116	061203 FOGARTY'S RESTAURANT	12/14/2010	50.00
00053117	061500 FOSTER'S DAILY DEMOCRAT	12/14/2010	146.40
00053118	070200 P GAGNON & SON INC	12/14/2010	1,867.62
00053119	070210 GALL'S INC	12/14/2010	94.99
00053120	180478 RICHARD GENEST INC	12/14/2010	150.00
00053121	070565 GORHAM LEASING GROUP	12/14/2010	96.56
00053122	070600 GEORGE GORMAN	12/14/2010	81.66
00053123	071086 GREAT WORKS FAMILY PRACTICE	12/14/2010	350.00
00053124	071180 GROUP DYNAMIC INC	12/14/2010	165.00
00053125	071275 ANGELA GUILLETTE	12/14/2010	60.00
00053126	071500 GUNSTOCK GROUP SALES	12/14/2010	200.00
00053127	080248 HANSCOM'S TRUCK STOP INC	12/14/2010	14,786.34

Check Number	Account	Date Paid	Amount
00053128	080450 HARVARD PILGRIM HEALTH CARE	12/14/2010	20,225.63
00053129	080518 HAYDEE'S PEST FREE MGMT	12/14/2010	49.50
00053130	022665 C.E. HOLMES CONSTRUCTION	12/14/2010	690.00
00053131	080998 HOME DEPOT	12/14/2010	250.25
00053132	081100 HOUSING PARTNERSHIP	12/14/2010	250.00
00053133	081305 HSE GOULD	12/14/2010	558.24
00053134	090124 INFORMATION MANAGEMENT CORP	12/14/2010	3,540.00
00053135	090120 INLAND FISHERIES & WILDLIFE	12/14/2010	334.00
00053136	100200 JEWETT/EASTMAN MEMORIAL COM	12/14/2010	239.00
00053137	110500 KITTEERY TRADING POST	12/14/2010	1,810.28
00053138	120510 LAWSON PRODUCTS INC.	12/14/2010	365.43
00053139	122210 THE LUNCH BOX	12/14/2010	109.00
00053140	122300 LYONS COFFEE SERVICE	12/14/2010	324.00
00053141	127000 CORRINE J MAHONY	12/14/2010	1,612.50
00053142	131660 MAINE ASSN/ASSESSORS	12/14/2010	30.00
00053143	132400 MAINE SAD #35	12/14/2010	506,747.81
00053144	132404 MAINE SAD#60	12/14/2010	213.50
00053145	130626 MAINE OXY/SPEC AIR GASES	12/14/2010	196.00
00053146	133375 MAINE ENERGY RECOVERY CO.	12/14/2010	6,049.24
00053147	132328 MAINE STATE POLICE	12/14/2010	84.00
00053148	133358 W.B.MASON	12/14/2010	219.45
00053149	133380 PAMELA HAYNES MCCARTHY	12/14/2010	630.00
00053150	133382 PAT MCLELLAN	12/14/2010	60.00
00053151	132200 MAINE FIRE CHIEFS ASSOC.	12/14/2010	83.00
00053152	133925 MINUTEMAN TRUCKS INC	12/14/2010	237.95
00053153	134665 MONTROSE-SANFORD HYDRAULICS	12/14/2010	33.51
00053154	140105 NAPA OF SOMERSWORTH	12/14/2010	363.95
00053155	140825 NE FIRE EQUIP & APPARATUS CORP	12/14/2010	105.17
00053156	140600 NEPTUNE INC	12/14/2010	292.85
00053157	140965 NEW ENGLAND TRUCK TIRE CTR	12/14/2010	1,548.44
00053158	141080 NEXTEL	12/14/2010	172.09
00053159	141300 NO.BERWICK LUMBER & HARDWARE	12/14/2010	15.36
00053160	141400 NORTHERN DATA SYSTEMS INC	12/14/2010	375.00
00053161	150025 OAKWOODS LUMBER INC	12/14/2010	3,000.00
00053162	150282 ROBERTA ORSINI	12/14/2010	753.74
00053163	150290 OVERHEAD DOOR COMPANY	12/14/2010	558.00
00053164	150755 PALMER SPRING COMPANY	12/14/2010	34.68
00053165	200700 PIKE INDUSTRIES INC	12/14/2010	539.91
00053166	160692 POLAND SPRING	12/14/2010	92.10
00053167	161265 PORTSMOUTH FORD	12/14/2010	1,009.17
00053168	168500 QUALITY FIRE PROTECTION	12/14/2010	862.00
00053169	170000 QUILL CORPORATION	12/14/2010	382.38
00053170	180125 RANSOM ENVIRONMENTAL INC	12/14/2010	6,761.25
00053171	180165 MARGARET RAYMOND	12/14/2010	430.00
00053172	180185 RCP LLC	12/14/2010	387.50
00053173	180400 RED'S SHOE BARN INC	12/14/2010	62.98
00053174	180435 WM RENAUD JR TRUCKING INC	12/14/2010	1,700.00
00053175	180680 R.J.ENTERPRISES INC	12/14/2010	23,000.00
00053176	181536 JOSEPH ROUSSELLE	12/14/2010	54.00
00053177	190094 SANEL AUTO PARTS CO	12/14/2010	1,007.67
00053178	190540 SEACOAST FIRST AID & SAFETY	12/14/2010	29.90
00053179	191500 MAURICE ROBERGE	12/14/2010	475.00
00053180	191765 SMITTY'S CINEMA	12/14/2010	443.44
00053181	192400 SO BERWICK PETTY CASH ACCOUNT	12/14/2010	100.00
00053182	192920 SO BERWICK YOUTH CENTER	12/14/2010	9.95

TOWN COUNCIL
Agenda Information Sheet

Meeting Date: December 14, 2010	Item # NB 1
Agenda Item: Signal Request: Rt. 236 & Quarry Drive	
Interim Town Manager's Recommendation	
<p>Resident Jack Reynolds has requested the Town begin proceedings to install a light at the intersection of Quarry and Rt. 236. Tom Reinauer, Transportation Director with SMRPC has suggested if the Town Council wishes to pursue a signal at this intersection we should contact the Assistant State Transportation Engineer at MDOT.</p>	
Requested Action	
Council Wishes	
Vote	

TOWN COUNCIL
Agenda Information Sheet

Meeting Date: December 14, 2010	Item # NB 2
Agenda Item: Wentworth Fund	
Interim Town Manager's Recommendation	
The attorney has provided the Council with a recommendation regarding the investment of a portion of the Wentworth Fund (see attached). Options for category 1 or 2 investments include T Bills or Money Market Funds. The investment needs to be insured by the FDIC or collateralized by another bank or funding institution. The funds have been in a CD which matured on 11/28/10. The funds available for investment are \$31,303.44. Under state statute, investments are made by the treasurer as directed by the municipal officers.	
Requested Action	
Council Wishes	
Vote	

BERNSTEIN SHUR

COUNSELORS AT LAW

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207-774-1127 facsimile
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PO Box 9729
Portland, ME 04104-5029

Christopher L. Vaniotis
207 228-7205 direct
cvaniotis@bernsteinshur.com

November 19, 2010

Roberta Orsini
Interim Town Manager
Town of South Berwick
180 Main Street
South Berwick, Maine 03908-1535

Re: Questions relating to Florence Wentworth Trust

Dear Roberta:

We have looked into the question of the status of the \$25,000 payment received by the Town in June 2004 in exchange for the Town's assignment of its contingent interest in the residuary trust created under the sixteenth paragraph of the Last Will and Testament of Florence S. Wentworth (the "Wentworth will"). Based on our review of the relevant documents and the applicable legal principles, it is our view that the \$25,000 payment is not subject to the restrictions of the sixteenth paragraph of the Wentworth will. That is, the Town is not restricted by the terms of the Wentworth will to preserving the \$25,000 principal amount and expending only the income.

As I understand it, when the Town received the payment in 2004, the Town deposited the \$25,000 in the "Charles H. Wentworth Fund" maintained by the Town. That fund was created by the fifteenth paragraph of the Wentworth will, which bequeathed to the Town \$2,500 to be held in trust and invested, with the income to be used for the benefit of the Fire Department. That fund is a separate trust from the one created in the sixteenth paragraph of the Wentworth will, and the Town was not obligated to deposit the \$25,000 payment into the Town's Wentworth Fund. The fact that the Town did so does not subject that \$25,000 payment to the restrictions of the fifteenth paragraph of the Wentworth will. The Town can use both the \$25,000 principal amount and interest earned thereon if it so chooses.

This is all rather complicated, but I hope this explanation helps to some degree. If you have additional questions, feel free to contact me.

Roberta Orsini, Interim Town Manager
November 19, 2010
Page 2 of 2

Sincerely,



Christopher L. Vaniotis

CLV/lc

TOWN COUNCIL
Agenda Information Sheet

Meeting Date: December 14, 2010	Item # NB 3																		
Agenda Item: Fund Balance Policy																			
Interim Town Manager's Recommendation																			
<p>In order for the Town to obtain a bond rating (required prior to selling the Library Construction Bond) it has been requested the Council adopt a Fund Balance Policy.</p> <p>The policy submitted here for your review is based on a draft provided by Moors and Cabot.</p> <p>For cash flow purposes, our auditors have recommended a fund balance equal to a minimum of 3 months expenditures or 10% of the commitment plus 1 month's expenditures.</p> <table data-bbox="235 1094 860 1239"> <tr> <td>Annual expenditures:</td> <td style="text-align: right;">\$11,611,183</td> </tr> <tr> <td>Monthly:</td> <td style="text-align: right;">\$ 967,598</td> </tr> <tr> <td>3 months:</td> <td style="text-align: right;">\$ 2,902,794</td> </tr> <tr> <td>10% of the commitment plus 1 Mo:</td> <td style="text-align: right;">\$ 2,128,746</td> </tr> </table> <table data-bbox="235 1276 860 1421"> <tr> <td>The fund balance as of 6/30/10 is:</td> <td style="text-align: right;">\$ 1,780,486</td> </tr> <tr> <td>Budget use:</td> <td style="text-align: right;">(146,000)</td> </tr> <tr> <td>Overlay:</td> <td style="text-align: right;">466,012</td> </tr> <tr> <td>Abatements granted to date:</td> <td style="text-align: right;">(1,686)</td> </tr> </table> <table data-bbox="235 1459 844 1495"> <tr> <td>Estimated balance:</td> <td style="text-align: right;">\$ 2,098,812</td> </tr> </table>		Annual expenditures:	\$11,611,183	Monthly:	\$ 967,598	3 months:	\$ 2,902,794	10% of the commitment plus 1 Mo:	\$ 2,128,746	The fund balance as of 6/30/10 is:	\$ 1,780,486	Budget use:	(146,000)	Overlay:	466,012	Abatements granted to date:	(1,686)	Estimated balance:	\$ 2,098,812
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Overlay:	466,012																		
Abatements granted to date:	(1,686)																		
Estimated balance:	\$ 2,098,812																		
Requested Action																			
<p>Motion to adopt the Fund Balance Policy based on a minimum of 10% of the commitment plus 1 month's expenditures, effective immediately.</p>																			
Vote																			

Fund Balance

Sufficient fund balance is required to maintain liquidity, assure positive cash flow and provide effective cash management. This is necessary because fund balance is not completely represented by liquid assets, such as cash, but includes unrealized receivables and other assets as components which require a certain period of time to convert to cash.

The issue of what fund balance should be has been raised many times by several towns. Dr. G. Robert Smith of Auburn University in Alabama, has indicated that numerous rules exist throughout the country which vary substantially. Two general rules have been promulgated which can be brought to bear on the issue. The first is that undesignated fund balance should be, at a minimum, ten percent of the commitment plus one month's expenditures. Based upon the Town of South Berwick's commitment figure of \$7,439,940 for 2006/2007 the Town would require fund balance of \$1,500,000 at a minimum. Another rule of thumb commonly used in practice requires fund balance to approximate three month's expenditures. This amount could be calculated using one fourth of the total appropriations as an estimate, which would amount to \$2,100,000.

These figures reflect minimum requirements only. Additional factors must be evaluated by management of each individual town in light of current economic conditions and specific facts relative to its own financial environment. Large expected cash outlays in the near future, capital planning and budgeting as well as economic stability of the Town's largest taxpayers must be considered in the formula.

Based upon the Town's conservative budgeting practices, fund balance appears to be slightly below the minimum requirements. The Town of South Berwick's undesignated general fund balance at June 30, 2007, amounted to \$1,494,872 as reported on Exhibit III. This represented a decrease of \$311,001 from the previous year's amount of \$1,805,873.

FUND BALANCE POLICY

The Town of South Berwick recognizes the importance of maintaining an appropriate level of Undesignated Fund Balance. After evaluating the Town's operating characteristics, diversity of tax base, reliability of non-property tax revenue sources, working capital needs, impact on bond rating, State and local economic outlooks, emergency and disaster risk, and other contingent issues, the Town establishes the following goals regarding the Undesignated Fund Balance of the General Fund for the Town of South Berwick, Maine.

The level of fund balance that the Town strives to maintain as undesignated is an amount equal to 10% of the Town's General Fund Budget plus an amount equal to one (1) month(s) operating expenses from the then current operating budget.

Once the Town achieves its goal of an appropriate level of Undesignated Fund Balance, any excess funds may be utilized for other municipal fiscal purposes, including, without limitation, additional capital improvement needs or tax rate stabilization or reduction purposes. For example, by utilizing excess fund balances for capital improvements, the Town will reduce the need to incur long-term debt and will avoid creating an operating funding gap subsequent fiscal years.

This policy has been adopted by the Town to recognize the financial importance of a stable and sufficient level of the Undesignated Fund Balance. However, the Town, reserves the right to appropriate funds from the Undesignated Fund Balance for emergencies and other requirements the Town believes to be in the best interest of the Town.

TOWN COUNCIL
Agenda Information Sheet

Meeting Date: December 14, 2010	Item # NB 4
Agenda Item: Investment Policy	
Interim Town Manager's Recommendation	
<p>Moors & Cabot has also requested the Council adopt an Investment Policy.</p> <p>The investment policy submitted here for your review is based on a draft provided by Moors and Cabot. This policy mimics the Town's past practice. We recommend the Council adopt this policy as presented.</p>	
Requested Action	
Motion to adopt the Investment Policy as presented, effective immediately.	
Vote	

PROPOSED INVESTMENT POLICY

POLICY

It is the policy of the Town of South Berwick to invest public funds in a manner that will provide safety of principal, obtain a market rate of return, meet the daily cash flow demands of the Town and conform to all State and local laws governing the investment of public funds.

SCOPE

This investment policy applies to all financial assets of the Town as approved by the Town Council and approved Town warrants. These funds include but are not limited to:

- Accounts Payable
- Payroll Accounts
- Capital project funds
- Enterprise funds including TIF Accounts
- Trust and agency funds
- Cemetery accounts
- Endowments and trusts
- CDBG Accounts
- Custodial or Escrow Accounts

PRUDENCE

All town investments must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment, considering:

1. **Safety:** The safety of principal and preservation of capital in the overall portfolio;
2. **Maintenance of liquidity:** Maintenance of sufficient liquidity to meet all operating and other cash requirements with which a fund is charged that are reasonably anticipated; and
3. **Income:** The income to be derived throughout budgetary and economic cycles, taking into account prudent investment risk constraints and the cash-flow characteristics of the portfolio.

This standard shall be applied to the Town's overall investment portfolio and not to individual items within the Town's diversified portfolio.

OBJECTIVE

The primary objectives, in priority order, of the Town's investment activities shall be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments shall be made by the Treasurer in a manner that seeks to ensure preservation of capital in the overall portfolio. To obtain this objective, the Treasurer shall use basic techniques to diversify the investment portfolio. (He/She) shall utilize FDIC insured bank deposits and/or obtain collateralized investments that guarantee the Town a perfected security interest in the underlying security.

Further the Treasurer shall invest Town funds only in highly capitalized and highly rated financial institutions.
2. **Liquidity:** The Town's investment portfolio will remain sufficiently liquid to enable the Town to meet all operating requirements that might be reasonably anticipated through cash flow analysis.
3. **Return on investment:** The Town's investment portfolio shall be designated with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Town's investment risk constraints and the cash flow characteristics of the portfolio.

DELEGATION OF AUTHORITY

Authority to manage the Town's investment program is derived from State law, 30-A M.R.S.A. Sections 5706 through 5719, and the Town Charter. Upon approval of this document, the Treasurer shall provide written procedures for the operation of the investment program consistent with the investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all investment or cash management transactions undertaken and shall keep the Council fully apprised of the same.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Treasurer and the Council any material financial interests in financial institutions that conduct business within the Town, and they shall further disclose any personal financial/investment positions that could be related to the performance of the Town's investment portfolio.

PROHIBITED INTEREST

No Town employee shall invest Town funds in any instrument or institution in which (he/she) has a direct or indirect financial interest, nor shall (he/she) accept any gift, free service or payment of any kind for performing their duties under this policy.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Treasurer shall maintain a list of financial institutions authorized to provide investment services. No public deposit shall be made except in a qualified public depository as established by State law. An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer with the results provided to the Council.

SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements, entered into by the Town shall be conducted on a delivery versus payment basis. Securities will be held by a third party custodian agreed to by the Treasurer provided it meets or exceeds the minimum risk category classification of GASB (Governmental Accounting Standards Board).

MAXIMUM MATURITIES

To the extent possible, the Treasurer will match investments with anticipated cash requirements. Unless matched to a specific cash flow, the Town will not directly invest in securities maturing more than one year from date of purchase. At least annually the Treasurer, at a time preceding the annual Town meeting, will present a cash flow analysis showing the past year's performance and the projected next year's performance using submitted budget figures. At this time, the Treasurer shall also recommend what amount of surplus revenue should be used to offset the next year's tax rate.

Trust and endowment funds may be invested in securities exceeding one year if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

INTERNAL CONTROLS

The Treasurer shall establish an annual process of independent review by an external auditor, selected by the Council during the annual Town audit. This review will enhance internal control by assessing compliance with policies and procedures.

ACCOUNTING METHOD

Investments will be carried on the Town's books at cost. Interest on securities will be credited to investment income at the time of sale. The values of investment securities will be accrued as of each fiscal year end.

EXTERNAL MANAGEMENT

The Council may contract with a qualified external money management company in order to benefit from portfolio diversification, credit research, full-time portfolio management and economies of scale that are unavailable from the Town's staff. Any such contract will define and

control the risks of the portfolio and establish performance criteria for monitoring and evaluating results.

INVESTMENT POLICY ADOPTION

The Town's investment policy shall be adopted by the Council. The policy shall be reviewed by the Treasurer with the Council no less frequently than once a year.

STATUTORY COMPLIANCE

Nothing in the Town's investment policy shall be read to contravene with State law, 30-A M.R.S.A. Sections 5706 through 5719 (the "Act").