



Milford Finance Committee  
Milford Town Hall, Room 11  
52 Main Street  
Milford, MA 01757



**Meeting August 16, 2013**

**1. Attendance**

- a. Phil Ciaramicoli, Aldo Cecchi, Al Correia, Bob Devita, Joyce Lavigne, Marc Schaen, Jack Tennaro, Vincenzo Valastro, Chris Morin, Dave Morganelli

**2. 17:05 Meeting called to order**

**3. 17:06 John Fernandes**

- a. There will probably be an impact on State Aid, especially Chapter 70  
b. The State's logic train is that they determine what should be spent by the town on an activity such as educating children and then the state back fills the difference between what the town can afford and what needs to be spent. However in practice, this is limited by the state's ability to fund the backfill amount. In the last few years, Milford has been given about \$3M less than it should have received because the state could not afford to fund the entire amount it determined should be backfilled.

As the economy has improved, the state has been adding more money to the various contributions they make but is not at the formula levels that were present before the recession. John noted that there are some people that feel that the formulas should change to reflect the current economic status of towns, which could actually negatively the amounts we receive from the state.

Marc noted that he had heard that there would be an approximate 9% (nine percent) reduction in aid due to the casino. John mentioned he thought that this was reasonable and he had asked for scenarios which had 7, 8 and 9% reduction.

Phil Ciaramicoli asked who is running the models of the financial impact that the casino will have. John mentioned that the new DOR group has experienced people from the old groups such as Roger Hatch who can use the traditional factors for the evaluation. Two of the main factors include: Property value (approx. \$3M) and town wealth (\$300M).

Phil Ciaramicoli asked if we can ask to have the agreement include making up for any loss of state aid without reducing the base amount of the casino contribution.

Paul Abbondanza mentioned that new growth will be included in the state formula used to determine what amount Milford will receive.

Al Correia asked if the casino ever goes into chapter 11, will the host agreement be treated as a contract and subject to the determination of the bankruptcy judge. John mentioned that there have only been a couple of instances across the country but the judges tend to not be sympathetic toward reducing the amount paid to the towns. Typically, the host agreement is tied to the casino license. This makes it onerous for the casino to try and renegotiate the terms of the host agreement.

4. 17:50 **Chris Morin** – Review of the sub-committee evaluating the effects of the Casino
  - a. Cost of Living adjustments are important in mitigation as it could erode the value of the payments
  - b. Effect on State Aid is important. The subcommittee would like to have any changes in state aid reimbursed by the Casino.
  - c. We should consider an escrow amount if we have to lay off people in the future to cover the costs.
  - d. The more that is committed in the agreement to tax reduction limits the flexibility of the town. The committee recommends a maximum of 50% of the payment be built into the host agreement with a floor so the greatest benefit does not go to the casino.
5. 18:10 **Marc Schaen** – Asked for a motion to accept the minutes of August 7<sup>th</sup>. Aldo Cecchi made the motion to accept with Jack Tennaro seconding and the motion was passed.
6. 18:11 **Marc Schaen** – Asked for a motion to accept the minutes of June 12<sup>th</sup>. Jack Tennaro made the motion to accept with Aldo Cecchi seconding and the motion was passed.
7. 18:11 **Marc Schaen** – Asked for a motion to accept the minutes of June 26<sup>th</sup>. Phil Ciaramicoli made the motion to accept with Bob Devita seconding and the motion was passed.
8. 18:12 **Marc Schaen** – Asked for a motion to accept the report of the casino subcommittee on the mitigation expenses. Phil Ciaramicoli made the motion to accept with Bob Devita seconding and the motion was passed. **Marc Schaen** asked that each subcommittee chair contact their department heads to look realistically at the impact on the impact as many committees did not include any impact expenses.
9. 18:10 **General Discussion on the Host agreement**
  - a. **Will Kingkade** mentioned that he has heard about many projects such as establishing a fund to rehab large multifamily homes and adding regional transportation. His concerns included why we are promoting large multifamily homes as these have presented the major issues to the town. Also he estimated that these projects alone could reduce the effective payments to the town by millions of dollars per year.
  - b. **Al Correia** voiced concern over the fact that once the new growth and revenue is on the levy limit then it never comes off even if the calculated tax amount is reduced. Discussion was held on the fact that the electric power plant added \$2M to the levy and when their valuation went down, they had a floor of \$1M. They pay that amount even though the calculated amount is below \$1M. However, the levy cannot be reduced so the extra \$1M of levy was spread across the tax payers of Milford.
  - c. **Paul Abbondanza** noted that the fact that we will apply some of the casino payment to the levy will actually reduce the amount of tax that the casino has to pay as we have to distribute all of the money across all tax payers and the casino will be the largest tax payer in the town. If we did not apply any of the payments to the levy, they would owe \$21M but since we will apply 25-50% minimum, they will most likely owe \$19M.
  - d. **Jack Tennaro** noted that there is no provision in the host agreement to account for incremental expenses if the casino is more successful than expected. If the casino attracts many more people in the future, then there may be additional costs to deal with. However, the payment is fixed. We should consider how to deal with costs if areas like traffic are much higher than expected.
  - e. **Marc Schaen** noted that there is no provision for the OPEB retirement obligations in the agreement.

**Marc Schaen** noted that there will be a subsequent meeting on Wednesday August 21<sup>st</sup>. Fincom members should review the information distributed today and send comments to Chris Morin or David Morganelli. David will send Marc the comments he received on Tuesday. On Wednesday we will vote on the recommendations that we will make so David can modify the subcommittee recommendation letter and send it to the Selectman.

**Paul Abbondanza** agreed to either post the next meeting or have Diana post the next meeting for Wednesday August 21<sup>st</sup> at 6PM.