

Board of Selectmen

Joint meeting with Finance Committee

Thursday, July 11, 2019

Town Office, 141 Main Street, Haydenville, MA 01039

Present: David Mathers, Denise Banister, and William Sayre

Finance Committee Present: Paul Wetzel, Gil Loud, Dick Kisloski, Linda Kisloski, and Eric Cerreta

Others: Nate Rosewarne (Treasurer), Tanya Campbell (Melanson Heath), David Eisenthal (Unibank Fiscal Advisor), Brenda Lessard (Town Clerk), and Charlene Nardi (Town Admin).

The Board of Selectmen and Finance Committee opened the meeting at 5:04 p.m.

The Finance Committee discussed and voted the reserve transfers as follows:

<u>Reserve Transfers</u>	<u>Account #</u>	<u>Amount (\$)</u>	<u>Motion / Second</u>	<u>Vote</u>	<u>Reasons:</u>
Selectmen Expense	001-122-5400	17.00	EC/LK	Unanimous	Foothills phone bill is taken from this monthly - reimbursement goes to general fund - \$204 wasn't spent
Audit Services	001-135-5710	2,000.00	DK/EC	Unanimous	First year of three-year contract negotiated after the budget was set. It had been going up by \$500 a year, but change was significant
Custodian	001-192-5125	64.12	EC/LK	Unanimous	Asked to do additional work in setup and cleanup for presentations - regularly works 14.5 hours a week.
Heating	001-192-5450	576.97	EC/DK	Unanimous	
Town Offices General Expenses - aka Buildings & Grounds	001-192-5400	57.25	EC/DK	Unanimous	This line was reduced this year. Elevator contracts went up both at TO and HEJ. Didn't watch it carefully
Computer Services	001-192-5470	1,255.28	EC/DK	Unanimous	The computer issues the last two months were crazy. This is a line that it is difficult to control
Fire Department Labor	001-220-5122	1,623.27	EC/PW	Unanimous	# of incidents and major incidents were high. Expenses are directly connected to # of responses
Vocational/ Tech Schools	001-320-5400	16,559.86	EC/LK	Unanimous	Student already at Smith moved into town after the budget was set
					Discussion about looking into ways to recoup costs through insurance for fire department responding to medical calls. Also account may be underfunded.
Highway Garage / Equip	001-422-5416	1,542.74	EC/DK	Unanimous	Maintenance cost of equip/trucks has gone up - more repairs than usual
Health Insurance	001-914-5400	434.52	EC/LK	Unanimous	FY19 Dental Expenses

The Board of Selectmen and Finance Committee reviewed and voted the three year-end transfers as follows:

Year-End Transfers						
To Account Name	To Acct #	From Acct Name	From Account #	Amount	Motion/Seconded BOS	Motion/Seconded Finance
Snow & Ice Expenses	001-423-5400	Voc Transportation	001-320-5415	\$ 9,185.49	WS/DB	EC/DK
Roll Call Vote: LK - Aye, DB - Aye, DM - Aye, WS - Aye, EC - Aye, DK - Yes, GL - Aye, PW - Yes - Unanimously						
Snow & Ice Expenses	001-423-5400	Highway Salaries & Wages	001-422-5110	\$ 2,724.23	DB/WS	EC/DK
Roll Call Vote: LK - Aye, DB - Aye, DM - Aye, WS - Aye, EC - Aye, DK - Yes, GL - Aye, PW - Yes - Unanimously						
Snow & Ice Salaries & Wages	001-423-5110	Highway Salaries & Wages	001-422-5110	\$ 3,635.38	DB/DM	EC/DK
Roll Call Vote: LK - Aye, DB - Aye, DM - Aye, WS - Aye, EC - Aye, DK - Yes, GL - Aye, PW - Yes - Unanimously						

Tanya Campbell from Melanson Heath gave a presentation on the Town’s Net Pension and Other Post Employee Benefits (OPEB) liabilities.

**Net Pension Liability:** The state of Massachusetts is a “benefit rich state”, in other words it requires the towns to provide pensions and annuities to its retirees. The Hampshire County Retirement System is 67% funded. The Hampshire County Retirement System is working on a long-term plan to become fully funded by the year 2034, but they have the flexibility to stretch it to 2040. Current employees hired after 1996 who work 20 hours a week and make less than \$30,000 a year contribute 9% to their health insurance for retirement. Employees who make more than \$30,000 contribute 11%. Employees who were hired before 1996 only contributed 7%. In addition, the system gets an actuarial valuation and assesses the member units an amount to achieve the goal of full funding.

The Hampshire County Retirement System has an actuarial valuation every two years, which determines future obligations and an annual audit on their cash, payments, and contributions. Every four years, PERAC, state system, does a more in-depth audit of Hampshire County Retirement System. The actuarial valuation takes into consideration the actuals of the last two years and makes assumptions of the future to determine the systems total obligations, then determines each member net liability. This is used to adjust the funding schedule for each member community and keep the system on track for full funding.

Town of Williamsburg’s net liability as of 6/30/18 was \$2.2 million and represents about 1.2% of Hampshire County Retirement Systems full liability.

David Eisenthal, Unibank Fiscal Advisor, stated that bonding agencies such as Standard & Poors and lenders do take into consideration the town’s pension and OPEB liability and its level of full funding when considering the bonding rating. So, it is important to have a plan for full funding. While the Town can’t change the Hampshire County Retirement System funding plan, it can address it’s OPEB liability.

**Other Post Employee Benefits (OPEB):** Municipalities are required to provide health insurance for retirees. According to our audit as of 6/30/17 the Town's liability was \$1.6 million and as of 6/30/18 its liability is \$3 million. The difference is a reflection of changes in the accounting standards (GASB - Government Accounting Standards Board), which beginning in 2019 requires posting the full liability. Municipalities with less than 100 employees were allowed to do an online scaled down actuarial valuation every two years. Williamsburg has used the online option; however, now that Williamsburg has 100 employees, it must do a more in-depth actuarial valuation. The Town has budgeted for and chosen a company to do it. The Town has only appropriated \$15,000 to the OPEB Trust.

David Eisenthal reiterated again that bonding agencies like to see that municipalities are funding these liabilities. He recommends that the town be proactive and develop a plan to fund the liability. The Town has \$1.4 million in its stabilization fund, which represents more than the recommended 10% of the budget, which is looked upon favorably, but it could be used to help fund the liability.

Yearly, the town's OPEB liability increases \$140,000 a year. Therefore, in order to work towards full funding, the town must budget more than that. Nate recommended \$200,000 to \$250,000 a year. The Town will do an actuarial valuation this fall. The Board of Selectmen, Finance Committee and Treasurer will meet later in the fall to discuss a plan and timeframe to get to full funding.

#### **Loan Documents:**

Nate Rosewarne, Treasurer, presented the Bond Anticipation Note (BAN) to the Board of Selectmen. Notes are done yearly to pay off loans over five years. If a larger bond note is needed, it will get rolled into the larger bond. The note is for \$106,000 at 2%. The rate is 0.9% less than this past year. Denise Banister moved and Bill Sayre seconded the motion to sign the BAN. The motion was amended to include the signing of all documents. The amended motion was unanimously approved by the Board and all documents were signed. Brenda Lessard notarized the documents.

#### **Funding for a Public Safety Complex:**

The Board of Selectmen, Finance Committee and OPM Steering Committee will meet with David Eisenthal in September (possibly the 24<sup>th</sup>) to discuss funding a public safety complex. David will develop it based on a \$4 million dollar project - \$400,000 for design, \$3.6 million for construction. Timeline is a town meeting in late fall of 2019 for design funding and a town meeting in fall of 2020 for construction funding with the anticipation of construction beginning in spring of 2021 and completion in 2022.

Adjourned at 6:35 p.m.