



Town of Swampscott

Finance Committee Meeting Minutes

Monday, March 9, 2020

1st Floor Conference Room, Swampscott Town Hall
22 Monument Avenue, Swampscott, MA 01907

MEMBERS PRESENT

Tim Dorsey (Chair), Mary Ellen Fletcher (Vice Chair), Gail Rosenberg, Cinder McNerney, Eric Hartmann, Matthew Kirschner, James Goldman, Joan Hilario

MEMBERS ABSENT: Jill Sullivan

OTHER TOWN OFFICIALS PRESENT:

Allie Fiske (Assistant to the Town Administrator); Nancy Lord (Retirement Administrator); Tom Driscoll (Chairman of the Retirement Board); Kevin Breen (Retirement Board), Robert Powell ((Retirement Board)); John Behen Jr. (Retirement Board))

Chairman Tim Dorsey called the Finance Committee meeting to order at 7:02pm.

PUBLIC COMMENT: None

DISCUSSION OF RETIREMENT BUDGET:

Bob Powell began by reviewing several documents to provide context regarding the Retirement Board budget. A copy of the Intra-Municipal Agreement for Services by and Between the Swampscott Board of Selectmen and the Swampscott Contributory Retirement Board was distributed. There was a discussion about the financial impact of the Retirement Board renting space and administrative assistance from the Town.

The Board reviewed two memos from PERAC. The first outlined the amount to be appropriated to the Swampscott retirement system for FY21 with Fiscal Year. The second provided a revised funding schedule.

The actuary from Segal Consulting engaged in conversation with the Finance Committee regarding the Actuarial Valuation and Review as of January 1, 2019. As of January 1, 2019, the market value of the system's assets was \$56.4 million and the actuarial value of assets (including the 5-year smoothing) was \$55.3 million. The Market Value of Assets of the system as of the latest valuation date (1/1/2017) was \$48.9 million (an increase from \$44.5 million as of 1/1/2015). The Retirement Board uses an actuarial smoothing method to recognize gains and losses over a 5-year span rather than recognizing them as they occur to smooth the effects of the market on the valuation of the system. As a result, the Actuarial Value of the system is \$56.4 million, and this is the value that is used for reporting purposes. The annual return on an actuarial basis for the last period was 7.5%. As of 1/1/2015, a rate of 8.0% was used and it is recommended that the Retirement Board further reduce the actuarial rate of return to 7.375%.

The value of the pension liability of the system is \$100.2 million resulting in an unfunded actuarial liability of \$40.5 million.

There was much discussion on the process concerning the formulation and adoption of the actuarial valuation of the Swampscott Retirement System, the amount of the actuarially assessed liability, assets, and the unfunded liability and the paydown schedule.

It is recommended that appropriation be \$5,557,295. Compared to the 2017 schedule, this appropriation is more favorable and maintains a cushion and gives us capacity for a COLA. This analysis is updated every 2 years.

There was also much discussion on adoption of the warrant article that the Retirement Board has recommended in past years, and wishes to recommend again this year, but has been disapproved by town meeting. This warrant article would raise the base on which the annual cost of living increases is based. Currently the COLA base is \$13,000. The Retirement Board indicated that, while \$13,000 is a commonly used COLA base in MA, a majority of communities in MA have raised the COLA base to levels of \$14,000 or higher.

There was a brief discussion preparing for the upcoming budget meetings with Police and Fire, including updates on communications with the unions.

On **MOTION** (Ms. Fletcher) **SECONDED** (Ms. Rosenberg) it was **VOTED** (unanimous) to adjourn.

Meeting adjourned at 8:44pm

True Attest,

Timothy Dorsey, Chair

Minutes APPROVED by vote of the Finance Committee 05/26/2020