



**Town of Swampscott**  
**Finance Committee Meeting Minutes**  
Monday, March 14, 2022 – 7 PM  
Virtual Meeting

**FINANCE COMMITTEE MEMBERS PRESENT**

Tim Dorsey (Chair), Mary Ellen Fletcher (Vice-chair), Joan Hilario, Cinder McNerney, Erik Schneider, Naomi Dreeben, Matthew Kirschner, Suraj Krishnamurthi, Eric Hartmann.

**RETIREMENT BOARD MEMBERS PRESENT**

Thomas Driscoll Jr, Robert Powell

**OTHER TOWN OFFICIALS PRESENT**

Michael McClung, Town Moderator; Patrick Luddy, Treasurer/Collector; Trang Vu, Asst. Town Accountant.

The meeting was called to order at 7:04 pm.

**Discussion on FY 23 proposed budget**

Tom Driscoll provided the funding ratios and schedules that the retirement system uses, and the inter-municipal agreement that exists between the board and the town. He restated that the Town had been getting strong recommendations from the actuarial and investment advisors that our investment assumption percentage was high. The Board ran the actuarial calculation to extend it out one year and that would reduce the FY23 by \$91,924 and would reduce the expected year over year increases through the payout date to 3.39% - without the one-year extension, we can expect 5% year over year increases to this line item. The downside is it going to add \$2,635,572 to Town obligation that the Town will have to pay off by 2033.

Bob Powell spoke about the discount rate that is used in the actuarial valuation. The actuary is currently working on an adjustment to the discount rate. He mentioned that Town of Swampscott rate is on average rate of Massachusetts. Bob Powell was thinking about having pension liability funded by issuing pension obligation bond.

Cinder McNerney pointed out that the risk and opportunity of issuing pension obligation bonds (POBs) needs to be evaluated, to understand the pros and cons of issuing POBs and the options for mitigating risk if it's felt the opportunity and plan to move forward with the process is in the best interest if the Town. Special legislation is required in addition to an authorization of Town Meeting at some point, to issue POBs. The Town should look to see if the special act is passed years ago providing the statutory authority to issue POBs, has or hasn't been rescinded.

Cinder McNerney commented that it is reasonable to extend to 2032 in exchange for lowering the rate and creating flexibility.

Tim Dorsey and Bob Powell are in support of having a projected year over year increase of 3.39% instead of 5% and commented that it is closer to the old increase of 3%.

Thomas Driscoll stated that the pension liability funding ratio is projected to be at 64% funded after the next actuarial calculation of the liability.

The Retirement Board offered to come back for another meeting to give an update on how the rate discussion goes and its impacts. Tim Dorsey commented that he would like Town Finance team to do a larger assessment on the pension obligation bonds for long-term purposes.

Tim Dorsey gave a summary of budget meeting schedule and Department heads who are invited to upcoming Finance Committee meetings.

### **Public Comment**

None.

### **Approvals of Meeting Minutes**

None.

### **Committee Updates**

ARPA: Reported by MaryEllen Fletcher

- Discussed different options on what to do with the grant money: new software which helps to facilitate more transparency in budgeting and following capital items.
- Gino and Max's requests on fixing Library and Cassidy Park drainages.

### **Old and New Business**

Erik Schneider asked if the apartment buildings are taxed at residential or commercial rates.

Patrick Luddy confirmed they are taxed at residential rate, and it is based on state guidelines.

Town Moderator Michael McClung confirmed that the Essex North Shore Agricultural & Technical School now is managed by the Public School district.

On **MOTION** (MaryEllen Fletcher) and **SECONDED** (Naomi Dreeben), it was **VOTED** by **ROLL CALL** to adjourn the meeting at 7:49pm. **ROLL CALL**: Cinder McNerney (YES), Erik Schneider (YES), Matthew Kirschner (YES), Eric Hartmann (YES), Suraj Krisnamurthi (YES), Joan Hilario (YES), Tim Dorsey (YES).

True Attest,  
Trang Vu

Trang Vu, Assistant Town Accountant

*Minutes APPROVED by vote of the Finance Committee 03/28/2022.*