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**BELMONT WARRANT COMMITTEE MEETING MINUTES
FINAL
DECEMBER 18, 2013, 7:30 P.M.
CHENERY COMMUNITY ROOM**

Present: Chair Libenson; Members Allison, Baghdady, Dash, Epstein, Gammill, Grob, Helgen, Manjikian, McLaughlin, Mennis (arrived at 8:30); Selectman Jones; School Committee Chair Graham

Town Administrator Kale

Members Absent: Bruschi and Sarno

The meeting was called to order at 7:31 pm by Chair Libenson.

Chair Libenson began by introducing members of the Belmont Retirement Board and then turning to the first item on the agenda.

Pension Presentation / Discussion

Mr. Tom Gibson, of the Belmont Retirement Board, provided an overview of the Pension Presentation. He began by explaining the funding history, noting that employees contribute a percentage of their pay toward the unfunded liability based upon a valuation of the retirement system. He then explained the system valuation, which is a snapshot of the liabilities for the current and future retirement payments with the system's assets. The valuation results in the establishment of a funding schedule. By 2027, it is hoped, the liability will be fully funded.

Mr. Gibson then reviewed the 2012 Actuarial Assumptions. He noted that the mortality table has been adjusted to reflect longevity. He reviewed the key numbers of the system valuation, and stated that Belmont is on track to be fully funded by 2027. He then discussed the numbers relating to the investment return. As of October 31, the investment return is 13.3%.

Mr. Gibson provided the WC with detailed information on current membership and benefits. There are 432 active members and 141 inactive members. He then reviewed the sources of the retirement funding: 35% employer contributions, 22% employee contributions, 42% investment contributions.

Mr. Gibson reviewed the recent trends in pension reform, including Chapter 21 of the Acts of 2009, pension caps, the application of federal limitations, and a local option to increase the minimum allowance for spouses. Other reforms include increasing the normal retirement age by two years and increasing the average annual compensation period from 3 to 5 years.

Mr. Gibson informed the WC that the long-term savings from these reforms has been estimated at \$5B. These overall changes could have a combined impact of reducing the liability by 11-14%. He then provided various examples of what an employee would pay toward his/her retirement benefit based on starting age of employment, age at retirement, contribution percentages, etc.

At this point in the meeting, WC members asked questions of Mr. Gibson.

An official Pension report will be available for the WC in the fall of 2014.

Free Cash Action Items / Research

Chair Libenson said that the WC has been trying to get a handle on the town's history of free cash use. He said data collection based on the free cash practices of other towns would be useful to understand.

Mr. Kale took the WC through a handout that pertained to the Department of Revenue's (DOR) free cash balance recommendations (3-5% of its annual budget) as well as the DOR's reserve policies. He then reviewed Belmont's free cash amounts and what was used dating back to 2010. He explained some of the specific uses of free cash, e.g., OPEB, Light Department.

Member Allison asked about the free cash balance,; given the \$90M budget, would free cash ever need to be higher than \$4.5M? Mr. Kale said that it is better to have extra free cash should it be needed for one-time unexpected situations, than to need it and not have it. Selectman Jones said that no, it would not need to be higher than \$4.5M.

Member Gammill offered that it seems good to replenish what the town uses in free cash. He said this could provide flexibility with the cash flow of the budget. Mr. Kale spoke to the necessity of replacing what is used from free cash from fiscal year to fiscal year.

Member Dash noted that if the budget was very accurate, the give-back amounts may be diminished, which would impact one of the sources of free cash. Member Helgen said it would be helpful to understand the sources of free cash from the past several years. This would help the WC to understand from where the free cash is generated.

Chair Libenson said that establishing a free cash guideline would be helpful. He said understanding what other AAA communities are doing would be valuable. Internally, he offered, it would be informative to look at Belmont's history to see the various sources of free cash.

Member Dash volunteered to contact other towns and Member Helgen volunteered to review the history of free cash.

CPA Projects -- Preliminary Discussion

Chair Libenson noted that 10 applications were submitted to the CPA, and seven will move forward. He said that the WC has an obligation to report on the CPA appropriations. Chair Libenson reviewed the “bucket method” of approaching the projects. The first bucket concerns small appropriations, which would require little or no input from the WC. Bucket number two involves moderate appropriations and would require the WC to do appropriate due diligence and ask good questions. Bucket number three would involve larger money and require deeper analysis and input.

Member Allison said that, for the significant items, the WC should get clarity on the issues. She said both the fiscal and economic impact should be analyzed. This will be useful so that TM knows what it is voting on. Member McLaughlin noted that the CPA committee should be consulted, as they have vetted all the projects.

Member Epstein raised the issue of which criteria the WC would bring to bear when analyzing the CPA projects. Last year, he said, the WC focused on the impact of operating costs. He suggested that the benefit of the project per resident could be an additional factor to consider.

Chair Libenson reviewed the core principles: the WC, as a group, will not abstain when voting on CPA projects; the WC will apply the three buckets approach; and the criteria/framework for reviewing projects will be clear.

Subcommittee Updates

Chair Libenson requested brief updates.

Human Services: Subcommittee Chair Grob informed the WC that the HS subcommittee has met and is getting organized. Departmental assignments have been finalized and carry-over issues identified.

Education: Subcommittee Member Manjikian noted that the subcommittee has met with SC’s Finance Subcommittee and are moving forward with reviewing current fiscal data (e.g., first quarter data) and readying to review FY15 budget proposals as they are developed.

General Government: Subcommittee Chair Dash informed the WC that the departments have been divvied up and that revenues were discussed and major issues touched upon.

Public Safety: Subcommittee Chair Manjikian informed the WC that the PS subcommittee has met and there are no major issues on the horizon.

Public Works: Subcommittee Chair Epstein informed the WC that the PW subcommittee has not yet met but intends to do so after the first of the year.

Approval of Minutes

The minutes of 11/13/13 were approved with three abstentions.
The minutes of 12/04/13 were approved with three abstentions.

Updates: Board of Selectman, School Committee, Planning Board

Board of Selectmen: Mr. Kale reviewed several upcoming meetings dates pertaining to the Underwood Pool and Community Bike Path. He also noted that the BOS has met with the SC to continue with the FY15 budget process.

School Committee: Chair Graham said that last night the SC voted and offered the Superintendent position to Mr. John Phelan. Salary negotiations will begin next week. She noted that on January 17, the SC will meet again with the BOS to continue working on the FY15 budget. The SC will soon enter negotiations with bargaining units.

Planning Board: Member Baghdady informed the WC that he received an update from the Cushing Village developer. A general contractor will be announced and construction should begin in Spring of 2014.

Minuteman: Member McLaughlin provided an update regarding the amended agreement for the district communities. He said that the draft document has been emasculated and does not, in its present form, benefit Belmont. He said he will lobby against this amended agreement. He then reviewed some of the fiscal scenarios regarding the renovation, repair, and/or rebuild of the existing building.

Chair Libenson informed the WC there is information available on revenue generated from permits. The WC will discuss this topic at a later date.

Member Mennis said he would be interested in analyzing the pension data and offering to the WC an understanding of how this issue will impact the town (fiscally) going forward. He said this is a major issue for the town.

Public Contributions

Mr. Joel Semuels asked a question about the CPA proposals. He asked if it is too late to submit an application for this fall.

Adjournment

Member McLaughlin moved to adjourn at 9:20 pm.

Submitted by Lisa Gibalerio
WC Recording Secretary