

**TOWN COUNCIL MINUTES  
BUDGET/MANAGEMENT COMMITTEE  
Town Hall Council Chambers  
March 19, 2018, Monday**

Present: Michael Molisse, Chairman  
Thomas J. Lacey, Vice Chairman  
Jane Hackett, Councilor  
Christopher Heffernan, Councilor  
Brian McDonald, Councilor

Also Present: Ted Langill, Chief of Staff  
Brian Connolly, Chief Financial Officer  
Richard Swanson, Town Auditor  
Joseph Callanan, Town Solicitor  
John MacLeod, Director of Procurement

Recording Secretary: Mary Barker

Chairman Molisse called the meeting to order at 6:30 PM.

**16 154-Special Legislation-Veteran Buyback for Creditable Service**

This matter was referred to the Budget/Management Committee on December 19, 2016. The committee met in January 2017 and tabled the matter.

Mr. Connolly presented the measure with Larry Stone, Actuary Consultant (and on Weymouth Retirement Board). The measure is requesting that the Town Council vote to petition the General Court, pursuant to Article 89 of the Amendments to the Constitution of the Commonwealth of Massachusetts, for an act of special legislation to allow any eligible veteran, who is also a Town of Weymouth employee, to buy back their military service for purposes of creditable service under General Laws Chapter 32, as follows:

***Section 1.** Notwithstanding any general or special law to the contrary, including but not limited to General Laws Chapter 32 and Chapter 468 of the Acts of 2002, that the Town of Weymouth Retirement Board shall be authorized to allow any veteran, as defined by chapter 4, section 7, clause 42, and who is also an employee of the Town of Weymouth, to purchase up to four (4) years of military service in the armed services of the United States, for purposes of creditable service to be counted towards pension benefits, provided such service shall not be credited until the eligible veteran-employee has paid into the annuity savings fund of the Weymouth Retirement Board such sum or installments upon such term and conditions as the Weymouth Retirement Board may prescribe for each year of creditable service sought of an amount equal to the appropriate percent of the regular annual compensation of each eligible veteran-employee when he or she entered the Weymouth Retirement system.*

***Section 2.** The General Court is authorized to make typographical or other minor revisions to this act, provided such revisions are not inconsistent with the purpose of this act.*

***Section 3.** This act shall take effect upon its passage.*

Mr. Connolly explained that he required the services of an actuarial consultant, who put the information together to project the cost of the measure. He introduced Mr. Stone. A handout was

provided to the committee to serve as a reference only; the report needs to be completed on an individual basis. It may not be beneficial to all and the cost quoted represents the cost to the town. It is an estimate based on certain assumptions and is subject to change depending on several factors (valuation interest assumption, years to retirement, future salary increases, investment returns, and future employment decisions). A 7.75% investment rate was used, although it may decrease in the future and will increase the cost. Overall it's a good tool that will give a sense for the future, but not a guarantee. Retirement is based on number of years of service, average salaries and other factors.

Mr. Connolly reported that he sent an email to employees a year ago to collect data. Respondents filled out a questionnaire. The information extracted was provided in a spreadsheet indicating the value of each with a total projection for the 18 employees who responded- that are eligible to be about \$60,000 total per year. There are other variables that could be added to the model. Each employee has his own value; the cost to buy back service that would vary according to the number of years they chose to buy back. Each estimated value was totaled and the projected cost to the town is about \$60,000 annually.

Auditor Swanson asked if the lump sum cost is the cost to buy back? Mr. Connolly explained further down is the estimated cost. Mr. Stone responded that right now it is spread out over 17 years; and it could change, depending on what the Retirement Board does. The one-tenth factor is the approximate amortization factor. There is interest on the lump sum. The actual cost is amortized over seventeen years.

Councilor Hackett noted that \$60,000 is the average impact to the operating budget and is the benefit only available one time, or can any veteran in the future opt in? Mr. Connolly responded that to his knowledge it is only for veterans currently on staff. As veterans are hired, they are brought into the retirement system. She asked what time frame? Mr. Connolly responded that he estimates it would open July 1<sup>st</sup>.

Councilor Heffernan asked if there a limit on how much service one can buy back? The CFO responded that it's 4 years. Not all veterans are eligible; only veterans who served in war time. Because he is a veteran who didn't serve during wartime, his service is not eligible.

Vice Chairman Lacey questioned if this considers timeframe or type of service. Current and new employees can participate but not past employees? CFO Connolly responded no; only existing staff. Vice Chairman Lacey was not involved in past discussions, but based on the information provided believes it's conservative. He is not comfortable with this selective offering and timeline.

Councilor Hackett noted there are potentially employees who retired who would have qualified but missed the boat. CFO Connolly responded that it's possible. She asked for an actual copy of the act. She would like to obtain a copy of what they are accepting in the language. CFO Connolly responded to Vice Chairman Lacey that it is a conservative estimate and that he struggled with it before submitting it. As he began adjusting dates, etc., he saw results change. He was upfront that it would be a conservative estimate.

Chairman Molisse suggested if it were open to retirees it would change. The language of the measure should include the timeline. They need to know if offering up to retirees, and when it will be open to employees. Councilor McDonald asked if state employees are eligible? And many other municipalities have this option available to their employees. Mr. Connolly has never seen a

re-introduction of a buy back. Right now if an employee comes in as a new employee, they can get credit.

Councilor Hackett asked if employees were offered this when they were hired and declined it, but now want to buy. Mr. Stone responded that the concept of veterans' benefits is they could have started their service to town earlier if they hadn't been in service to their country. She asked if the Council approved this, what is the next step? Mr. Connolly responded he would need to discuss with the administration the timeline to announce to staff, legislature, adopt or not, with possible July 1 rollout. Councilor Hackett reported that she would need a cleaner measure.

A Motion was made by Councilor Hackett to take NO ACTION on measure 16 154 and was seconded by Vice Chairman Lacey. Councilor McDonald asked the CFO to research how many other Massachusetts cities and towns have extended this option. UNANIMOUSLY VOTED.

### **18 013-Reserve Fund Transfer-Engineering Services**

This matter was referred to the Budget/Management Committee on March 5, 2018.

John MacLeod presented the measure for a transfer of \$92,000 from the Reserve Fund for the purpose of funding costs associated with professional services to provide assessment, design, bidding and construction phases related to the abatement and demolition of the derelict municipal incinerator located at 0 Wharf Street. After Osprey park construction was completed, the next step is to dismantle the transfer station. Keeping it secure is difficult. They periodically have homeless, vandals at the site. This measure is for the engineering piece. Some of it will have to be sealed and maintained in a sealed state. They went to DEP and were granted a continuance on the enforcement order (in accord with the Post Closure Order Agreement with the DEP) and they will have to maintain the building in a sealed state. They will have to either seal or come up with a plan to provide to the DEP.

He reviewed what services will be included in the engineering piece. The stack may remain in service as a revenue source-- as a communication tower, if it is deemed structurally sound. The potential engineering firm is the same one that has been maintaining it since the closure.

Auditor Swanson noted the current balance in the Reserve Fund. Chairman Molisse asked if the work is required by the DEP? Mr. MacLeod responded no, but something has to be done.

A Motion was made by Councilor Hackett to forward measure 18 013 to the full Town Council with a recommendation for favorable action and was seconded by Councilor Lacey. UNANIMOUSLY VOTED.

### **18 014-Reserve Fund Transfer-Copier Purchases**

This matter was referred to the Budget/Management Committee on March 5, 2018. Mr. MacLeod noted that a year ago, it was determined that the town should have a purchasing schedule (MHCP contract) instead of the existing lease program. Costs this year are similar numbers to last year's. Previously the town had leases for the equipment and paid for supplies and service on top of the cost of the lease. He noted the substantial cost savings to the town. They are warrantied, and there is a built in service plan which includes supplies (other than paper). Vice Chairman Lacey asked if the town is leveraging the warranty? Mr. MacLeod responded that service is rolled into the agreement and rolled back on the cost.

A Motion was made by Councilor Hackett to forward measure 18 014 to the full Town Council with a recommendation for favorable action and was seconded by Vice Chairman Lacey.  
UNANIMOUSLY VOTED.

### **18 009-Application of Bond Premium**

This matter was referred to the Budget/Management Committee on February 20, 2018. Mr. Connolly presented with Peter Frazier, Sr. Vice President of First Southwest, Hilltop Securities (bond counsel) to explain the background of the act. In November 2016, the Municipal Modernization Act passed and one item in it was treatment of premiums. Mr. Frazier noted prior to then, premiums which the town received the day of borrowing was a general fund receipt and allowed to fall to free cash. This money was the result of borrowing. The excess would come to the town on closing day. Since it was generated by borrowing for capital, it should remain on the capital side of the house. The premium is the difference between the amount borrowed and the actual amount received on the day of closing. He provided an example of how the premium is calculated. In the new legislation the town is able to:

1. choose to segregate it and use it for another project that is at least as long as the current project, Or if they accept the authorization, they can pay the cost of issuance on the date of the sale. They can reserve this and use for a capital project later.
2. They can, within the same date, take the cost of the premium out and add it to the principal, so the actual cost of the borrowing is the true cost. The language simply states that a premium received can be used to pay its borrowing cost or reduce cost setting costs.

Vice Chairman Lacey reported that this information is helpful. Other usage was discussed at the last meeting; using balances to “like projects,” or was comparable timelines. Mr. Frazier responded that in Chapter 24, section 20, they can use a school premium for a town hall repair project. It’s not the type of project but type of timeline; maximum borrowing term. Chairman Lacey asked if it is specific to the years in a bond? Mr. Frazier responded that Ch. 44, section 7 and 8 enumerates what projects can be done, and assigns a useful life to each. One cannot borrow for more than the useful life of a project.

Councilor Hackett reported that in her reading of the measure’s language; it’s exact to the legislation; are they restricting to option 2? Mr. Frazier responded that if they pass the measure they can do either option. Councilor Hackett asked if the language included within each bond authorization will determine it? Mr. Frazier responded that communities who pass the blanket can decide which is an appropriate approach, on a case by case basis.

Councilor Hackett noted the amount currently available in free cash is \$31,000. If they adopt this, they can either reduce the bond authorization on a current project by this amount, or does it fall to free cash. Mr. Frazier responded that what was done in the past is over; this applies going forward and applies to projects already on the town’s books. In the past it would have dropped to free cash. There is an item coming up that deals with the most recent bond issue which was reduced, with the option of appropriating the premium to the project it could be done.

Councilor Hackett asked if the upcoming park improvement is the only one this measure affects? Mr. Frazier responded that it would affect all that were voted that have not been permanently financed. Councilor Hackett asked how much this represents. \$44,750,000 is currently on the books for future borrowings, including the library construction. The library number is inflated since it does not include the grant offerings.

Vice Chairman Lacey asked for Mr. Frazier's opinion. Mr. Frazier responded that it is a good thing. It's probably not prudent to use borrowed funds to pay operating costs. Vice Chairman Lacey noted the word "may" in the language which leaves it to the discretion of the administration. Mr. Frazier responded that falling to free cash is no longer an option; it must either be reserved for capital, or automatic resized.

A Motion was made by Vice Chairman Lacey to keep measure 18 009 in committee and was seconded by Councilor Hackett. UNANIMOUSLY VOTED.

#### ADJOURNMENT

At 7:32PM, there being no further business, a MOTION was made by Councilor Hackett to adjourn and was seconded by Vice Chairman Lacey. UNANIMOUSLY VOTED.

Respectfully Submitted by Mary Barker as Recording Secretary

Approved by Michael Molisse as Budget/Management Committee Chairman  
Voted unanimously on 18 April 2017