

Douglas Finance Committee Agenda

Douglas Town Hall

December 13, 2022

1. Call to order
2. Report from the Worcester Regional Retirement System (formerly the Worcester County Retirement System) which oversees a contributory retirement system for public employees in MA
3. Update from Town Administrator Matt Wojcik
4. Review meeting minutes
 - a. June 21, 2022
 - b. October 11, 2022 (some clarification needed)
5. Upcoming meetings:
 - a. Jan. 10, 2023
 - b. Jan. 24
 - c. Feb. 14
 - d. Feb. 28
 - e. March 14
 - f. March 28
 - g. Others as needed
6. Open session for topics not reasonably anticipated 48 hours in advance
7. Adjournment

FINANCE COMMITTEE
TUESDAY, DECEMBER 13, 2022
RESOURCE ROOM

Attendance: Chair Dick Vandenberg, Vice chair Sandy Kuipers, Ryan Hogan, Carol Gogolinski, Lynne Mussulli, Howard D'Amico, Matt Wojcik Town Administrator, Jeanne Lovett Finance Director.

Absent: Heather Morin, Mike Hutnak

Chair Dick Vandenberg called the meeting to order at 6:30 PM.

1. (0:25 TS) Report from the Worcester Regional Retirement System (formerly the Worcester County Retirement System) which oversees a contributory retirement system for public employees in MA.

Michael Sacco, the chief executive officer at Worcester Regional Retirement joined the meeting, per Ryan Hogan's request. Mr. Sacco described to the committee what they do and what they provide for the employees for benefits. He spoke about where they invest their money, and they are a reliable investment they are managed by the Pension Reserve Investment Trust (PRIT). Mr. Hogan asked how the town gets charged for this. Mr. Sacco stated that the calculation is done actuarially and looks at the 99 member units and the town's actual experience (payroll, number of employees, how many disabilities) and then that is plugged into and used in a methodology that is used to determine how much of that annual appropriation (this year's appropriation was 90 million dollars) that gets spread out among the 99 member units. The FY24 appropriations have just been finalized and released and every January they have a meeting with all the municipal treasurers, and they bring their actuary to that meeting to explain how they go about figuring out the numbers. Mr. Hogan asked if there was anything the town could do to help reduce their contribution or what are the factors that cause the town's annual payments to increase. Mr. Sacco stated the three biggest factors are salary increases awarded, when the town brings in someone from another community that has a lot of service, and the potential for disability retirements. Mr. Vandenberg asked if there have been changes to the regulations and Mr. Sacco stated that there have been some changes over the years but there have been very little changes to the disability. They generally implement what the legislature passes. Mr. Hogan asked about the investment program, Mr. Sacco stated that PRIT decided the best asset allocation model for the fund. Historically over the last 30 years they have exceeded what used to be their eight percent actuarial rate of return and they are now down to 7.35 percent. They have historically outperformed their target rate of return for each year over the last 30 years. Mr. Hogan was wondering if 7.35 is a good return and asked how often they are reviewing this and other options. Mr. Sacco stated that they have reviewed this, and other options and one option is to invest with privately hired money managers and with a billion dollar fund they would probably have to hire 50 different money managers. Ms. Gogolinski asked if the teachers belong to this fund, and Mr. Sacco responded that no the teachers belong to the teachers retirement system. Ms. Gogolinski stated that it seems like a good plan and if it was more publicized could encourage more younger people to try to get into municipal service, and it seems that getting younger people in would help the town actuaries. Mr. Sacco agrees with Ms. Gogolinski that the retirement benefit system is an incentive for employment. Mr. Sacco will email Jeanne Lovett the performance numbers so the committee can review those.

2. (44:00 TS) Update from Town Administrator Matt Wojcik

Mr. Wojcik state that he was the chairman of pension fund in his prior town administrator position and looking at the handout chart allocation table that was provided by Mr. Sacco dated over a year ago and to say that they rarely change the funding mix is completely contrary to best practices. There is a strategy to watch trends across the world and making sure your funds are in the right place. He will receive a quarterly report on the changes at the prior position. Mr. Wojcik stated that you not only have to beat your benchmark rate of return you must demonstrate that you are performing as well as other pension funds following this kind of strategy. Mr. Wojcik stated that there is a state agency called Perak which rates all of the pension funds for the Commonwealth of Massachusetts and there are 105 of them and Worcester Regional is in the bottom 5 in terms of its funded ratios (46.4 percent funded as of October 1, 2022. Mr. Wojcik thinks the committee needs to be aware of these facts and that he has looked into options for the town, and the town is way too small to be on its own the town would never survive. He is willing to investigate deeper if that is what the Selectboard and Finance committee would like him to do, with the understanding that it would take some time to do this work. The town is currently at \$1,597,000.00 for Worcester Regional Retirement payment. Mr. Hogan and Mr. Wojcik do not care for the allocation amounts or some of the investment types being used currently. The discussion was that they understand they could do better but there isn't much that can be done about it.

(1:04:10 TS) Mr. Wojcik is starting to pull together the spreadsheets for the budget and is about halfway through the process. The town has experienced a \$100k increase on the revenue side in the PILOT payment for the state forest but Mr. Wojcik is not sure if that is going to be sustained so they will be inquiring whether they can expect that the \$345k will stay at that amount or if it is going to go back to \$246k. This year the town will not account for any cannabis revenue as a revenue source, when it comes in it will be treated as one-time revenue, unanticipated revenue and will not be part of the budget funding source. For the current year the town used \$250k as an estimated conservative number from the building permit revenue from the major projects in town and that will not be in the revenue budget for this fiscal year either. The building permit revenue will come in fiscal 24, this will seem like a tight budget year.

(1:09:43) The town has an astronomical claim in the health insurance pool of about 1 million dollars that dates back to two years ago. The town is looking at more than a zero and for the time being the place holder value is 3%. Mr. Wojcik is still trying to make compensation reform and he is trying to keep the expense budget flat and put it towards personnel because the town has fallen quite far behind other communities of the same size compensation wise. The town should be pretty level on fuel due to the gas price drop, and the town will not be affected by the electricity because of the long-term energy contracts that the town is half way through a 3-year contract for. Mr. Vandenberg asked how much the last snowstorm cost the town. Mr. Wojcik responded that the salt alone was \$9k so total for plowing and sanding it was about a \$38k storm.

3. (1:21:40 TS) Review meeting minutes: June 21, 2022 & October 11, 2022 (some clarification needed)

(1:22:30) Motion to approve the June 21, 2022, meeting minutes as written made by Sandy Kuipers, seconded by Lynne Mussulli. Ryan Hogan abstains all other members in favor.

(1:27:45 TS) Motion to approve the added comments to the October 11, 2022, meeting minutes made by Dick Vandenberg, seconded by Howard D'Amico. All members in favor.

APPROVED
FEBRUARY 28, 2023

(1:28:35 TS) Motion to approve the October 11, 2022, meeting minutes as amended made by Howard D'Amico, seconded by Lynne Mussulli. Ryan Hogan opposed and all other members in favor.

4. (1:32:20 TS) Upcoming meetings: January 10, 2023, January 24, 2023, February 14, 2023, February 28, 2023, March 14, 2023, March 28, 2023, and others as needed. Mr. Vandenberg asked that all members make their best effort to be present at the upcoming meeting because of the budget season approaching. Phil Landry sent a letter of resignation for the Finance Committee member. Carol Gogolinski wanted to thank Ryan Hogan for asking the Worcester Retirement representative to come to the meeting, it was very informative.

5. (1:38:20 TS) Open session for topics not reasonably anticipated 48 hours in advance.

(8:41 PM) (1:38:26 TS) Motion to adjourn the meeting made by Sandy Kuipers, seconded by Lynne Mussulli. All members in favor.

Respectfully submitted,



Stephenie Gosselin
Recording Secretary