

Shutesbury Finance Committee
Tuesday, October 6, 2020, Virtual (Zoom) Meeting

Members Present: Jim Hemingway, Ajay Khashu, Jim Walton, Susie Mosher, George Arvanitis, Bob Groves, Melody Chartier

Members Absent: None

Non-Members present: Gail Fleischaker, Becky Torres, Leslie Luchonok, Mike Vinskey, Kevin Rudden, Jeff Lacy

7:00pm Call to Order.

1) FinCom Web Page Design

- Gail Fleischaker leads review of the FinCom's current webpage.
- Various suggestions are made to both streamline the site and make important information accessible to the public.
 - i) These include updating links to various FinCom-related resources and moving them to the main body of the page.
 - ii) AK suggests adding a timeline of the budget review process.

2) **Motion to approve 9/22/2020 minutes unanimously approved.**

3) OPEB (Other Post Employment Benefits) Review

- As required by the Commonwealth of Massachusetts, Shutesbury provides retired town employees with post-employment benefits, mostly in the form of retiree healthcare. Shutesbury is responsible for 50% of retirees' supplemental health plans. Retired town employees are required to transition to Medicare at age 65.
- Over the next several decades, communities throughout the Commonwealth will face a substantial unfunded liability if towns do not plan accordingly. This is largely due to the rising cost of health care.
- As required by the Commonwealth, Shutesbury has established an OPEB trust fund with the goal of growing it to the point where it can eventually become self-sustaining. Shutesbury has until 2040 to fully fund its OPEB fund.
- Every 2-3 years there is an actuarial analysis and report prepared. The most recent report was prepared in April, 2019.
- FinCom member GA has developed a planning tool that allows the committee to analyze how changes to the town's annual appropriations affect the fund's balance.
 - i) Current liability = \$2,488,654
 - ii) Liability will increase over time as more town employees retire.
 - iii) Current balance = \$599,199
 - iv) Shutesbury has been investing \$50K per year for a while now.

- Committee members are encouraged to use the planning tool to test out the effects of various assumptions, including changes to the town's annual contribution.
- 4) Regional School Assessment Methodology/ Chapter 70 funding and impact of Section 21
- Section 21 of the Student Opportunity Act requires the Department of Elementary and Secondary Education (DESE) and the Division of Local Services (DLS) to conduct a study of Chapter 70's municipal ability to pay calculation and the determination of "required local contribution" and school aid amounts.
 - There is a proposal to phaseout the hold harmless provision:
 - i) *Hold Harmless*: There is currently a commitment on the part of the Legislature that no district should receive less Chapter 70 aid than that of the prior year, regardless of changes in the number and needs of students.
 - ii) If eliminated, the Town of Amherst will face an approximately \$4M cut in state aid. A cut of this size will undoubtedly impact the regional school budget.
 - The public comment period on this proposal extends through October 16.
 - BT is going to request a sample letter from Amherst which she will share with committee members. Suggestion for committee members to add some language and send to legislators.
- 5) Capital Planning Process
- Will discuss at 10/20 meeting.
 - Committee members should review capital plan and chronology of capital requests in advance of that meeting.
- 6) Kevin Rudden is getting close to completing the final valuation and will return to the next FinCom meeting to discuss. Tax rate will be set by November 10.
- 7) BG requests that we discuss topic of School Choice revenue at a future meeting.
- 8) Future meetings: October 20

Meeting adjourned at 9:16.