

**Select Board Meeting
January 2, 2024 – 7:00 PM
Sanford Hall
155 Village Street**

Present: Glenn Trindade, Chair; Frank Rossi, Vice-Chair; Todd Alessandri, Clerk; Dennis Crowley, Member; Maryjane White, Member.

Staff Present: Michael Boynton, Town Manager; Allison Potter, Assistant Town Manager; Stefany Ohannesian, Town Clerk; Police Chief William Kingsbury; Carol Pratt, Finance Director; Sandra Johnston, Communications Director.

Others Present: Terenzio Volpicelli, Roselli, Clark, & Associates; Parker Elmore, Odyssey Advisors.

At 7:00 PM, Mr. Trindade called the meeting to order and led the Pledge of Allegiance.

Public Comments: There were none.

7:00PM Public Hearing: Opt-Out of Vote by Mail for May 2024 Town Election

The Board reviewed the memo from Stefany Ohannesian.

Mr. Alessandri moved that the Board open the public hearing. Ms. White seconded. No discussion. VOTE: 5-0-0.

Ms. Ohannesian stated she is requesting that the Town opt out of vote by mail for the May 2024 Town election noting the state sends out postcards allowing them to sign-up for vote by mail which would result in the need to mail out this option to the 10,000 registered voters. She noted that we have not gone over 150 votes by mail and stated that absentee voting will still be available. Ms. White stated her agreement. Mr. Alessandri asked if there will be early voting. Ms. Ohannesian stated no but voters can come in and vote as an absentee at Town Hall approximately two to three weeks prior to the election. Mr. Rossi stated his agreement as well. Mr. Crowley asked when the state sends out these postcards. Ms. Ohannesian stated that the state mails these out at the end of January. Mr. Trindade asked for public comment. There were none.

Mr. Alessandri moved to close the public hearing. Ms. White seconded. No discussion. VOTE: 5-0-0.

Mr. Crowley noted that the March election will be very busy and wants to make sure that the lower parking lot exit gate is open and requested that we ask the school to have teachers park on Kelley Street or in the back parking lot. Mr. Crowley requested a sign at the entrance to the gravel lot, so residents do not get stuck in the morning drop off traffic and that cones be put up at the other exit at the gravel lot. Mr. Trindade suggested that Mr. Crowley meet with Ms. Ohannesian and the Police Chief regarding these requests.

Mr. Alessandri moved that the Board vote to opt-out of vote by mail for the May 2024 Town Election. Ms. White seconded. No discussion. VOTE: 5-0-0.

Approval: Proposed March 5, 2024, Presidential Primary Early Voting Hours

The Board reviewed the memo from Stefany Ohannesian.

Ms. Ohannesian stated per the VOTES Act, early voting must be available for one full week during normal business hours, and a six-hour period outside of business hours.

Mr. Alessandri moved that the Board approve the March 5, 2024, Presidential Primary Early Voting hours as discussed. Ms. White seconded. No discussion. VOTE: 5-0-0.

Approval: Election Police Details for March 5, 2024 (Presidential Primary), May 21, 2024 (Town Election), September 3, 2024 (State Primary), and November 5, 2024 (State Election)

The Board reviewed the memo from Stefany Ohannesian.

Ms. Ohannesian explained her specific requests for the police details for each election. Mr. Trindade asked if this is different from in the past. Ms. Ohannesian stated she is increasing the Presidential Primary by one additional detail but the other two remain the same.

Mr. Alessandri moved that the Board approve the election police details for the March 5, 2024 (Presidential Primary), May 21, 2024 (Town Election), September 3, 2024 (State Primary), and November 5, 2024 (State Election) as discussed. Ms. White seconded. No discussion. VOTE: 5-0-0.

Mr. Crowley requested a moment of silence in memory of Gordon White, who was a graduate of Medway High School in 1965, was a Town Constable, was active in the VFW as well as the Memorial Committee, and was a member of the U.S. Air Force.

Approval of Minutes: December 18, 2023

The Board reviewed the draft minutes of December 18, 2023.

Mr. Rossi moved that the Board approve the minutes of December 18, 2023. Ms. White seconded. No discussion. VOTE: 5-0-0.

Vote: Institute a Town-wide 25 MPH Speed Limit Unless Otherwise Posted

The Board reviewed the memo from Police Chief William Kingsbury

Chief Kingsbury stated the Select Board approved this to go before Town Meeting and it was approved at Fall Town Meeting. This now requires Select Board approval to implement. He reported that Mr. Lynch has purchased the signs and that there will be a ninety-day grace period. Those speed limits voted by the Select Board and approved by the state will remain the same as they fall under a different statute.

Mr. Rossi moved that the Board vote to institute a Town-wide 25 MPH speed limit unless otherwise posted, as discussed. Ms. White seconded. No discussion. VOTE: 5-0-0.

Presentation: Fiscal Year (FY) 2023 Financial Statements by Roselli, Clark, & Associates

The Board reviewed the (1) letter from Roselli, Clark, & Associated, and (2) FY23 financial statements.

Mr. Volpicelli stated his company completed an FY23 financial audit and referenced the letter dated November 7, 2023, noting there were no difficulties or disagreements with management while completing the audit. He noted this was a clean audit and reviewed the specific financial areas audited as well as the included financial statements. He explained that budgetary flexibility is a common

measure utilized by rating agencies to evaluate a community's assigned and unassigned fund balances in its general funds as a ratio of its normal general fund expenditures. This is referred to as the reserve ratio. In 2023, the Town was at 22% versus 19% last year. The gold standard was 15% but the benchmark is now 18%. The Town's financial condition can be assessed at good to strong and Standard & Poor's (S&P) assesses the Town's long-term debt as AAA, which is the best. He then reviewed the free cash and stabilization funds for both 2023 and 2022 noting the strong reserves for a Town with a general fund budget of \$70 million. He reviewed the budget to actual performance for FY23 noting that revenues were more than \$2.4 million greater than expenditures. He then reviewed the two bond sales, the first in August of 2022, primarily used for water purposes, noting the debt service will be paid from the rate payers, and the second bond sale in April of 2023. He noted that the debt service as a percentage of the total general fund expenditures in FY23 was approximately 5.5%. He noted that, in addition to the long-term debt, the Town like all its peers faces significant future obligations relative to pensions and Other Post Employee Benefits (OPEB). Since the Town is part of the Norfolk County Retirement System (NCRS), there is not much control over management of this liability. NCRS is currently 69% funded which is down from 79% in the prior year. The OPEB plan is more than 7% funded which is up from 6% in the prior year. He reminded all about the risks relative to phishing and network security with the need to be diligent in this area. He reported that he received the same level of diligence and support from the Town's financial team this year as last year. Mr. Crowley referenced the independent auditor's report on page 8 relative to the property tax and the noted significant reduction in excess level capacity year over year. Mr. Boynton stated we were at \$2.8 million and last year down to \$800,000, which was used to purchase Medway Block. Mr. Crowley stated he thought we are usually at \$1 million. Ms. Pratt confirmed. Mr. Boynton noted we did not utilize excess levy this year like we did last year. Mr. Crowley noted that education was at 67% of the 2023 budget and asked if that includes insurances, etc. Mr. Volpicelli confirmed stating that it is fully burdened, including all expenses. Mr. Rossi stated this is a testament to the finance team, department managers, Town Manager, etc. Mr. Trindade asked how many clients' tax to the maximum of the levy. Mr. Volpicelli stated that there is a wide range of difference noting most communities the size of Medway leave approximately \$1 million. Mr. Alessandri asked relative to the reserve ratio at greater than 22% if we are too safe and if there is too high a number for that. Mr. Volpicelli stated that is a management decision. Mr. Crowley asked if we hit the capital reserve for over \$4 million in the next year or so if our ratings would be affected. Mr. Volpicelli stated that capital reserve fund is looked at as committed and is not included in the calculation. Mr. Trindade asked if it is common to have a capital reserve fund in other towns. Mr. Volpicelli stated most put it to a general stabilization fund noting that Holliston does this the same as Medway. Mr. Boynton noted that bonding agencies do not like major changes in the general stabilization fund. Mr. Crowley asked from a layperson's perspective what level of position would Mr. Volpicelli say we are in. Mr. Volpicelli stated that S&P would consider the Town in a very strong position. Mr. Rossi asked when other towns have seen their bond rating going down, what the causes are. Mr. Volpicelli stated we have not seen any recently noting a lot are related to a change in management or personnel, not following reserve policies, or experiencing a catastrophic issue.

Presentation: Fiscal Year 2023 Other Post Employee Benefits (OPEB) Actuarial Valuation Report by Odyssey Advisors

The Board reviewed the (1) letter from Odyssey Advisors, (2) report from Odyssey Advisors, (3) PowerPoint presentation.

Mr. Elmore stated they have worked with the Town for ten years on OPEB. He stated that this was the roll forward interim year with no plan experience, so they were truing up the asset information and changing interest rates. He reported that the liabilities went up from \$35.4 million to \$37.5 million noting the expectation is an increase of \$1.32 million every year due to passage of time as people age

and go into retirement. He stated the big difference is that they lowered the discount rate based on their survey which increased liabilities by \$710,000. He explained the survey process, their assumptions, and the impact on the plan. He reported that assets went from \$2.1 million to \$2.7 million as of July 1, 2023. Unfunded liability went from \$33 million to \$34 million which is very normal and noted the discount rate decreased from 5.7% to 5.53%. He then addressed the expense side noting it is a lagging indicator as it is based on the prior year, so the 2023 expenses are based on 2022 assumptions as last year the service cost was \$484,000 and this year it is \$807,000. He explained that this was due to the change in discount rate from 6.5% two years ago and last year was 5.7%. The 2023 expense is the 2022 assumptions and that is why the service costs and expenses increase from year to year. He noted the Town's contribution stayed the same at \$300,000. The net OPEB expense reflects the increase in liability from year to year. This is the interim year so there are no drivers of experience. He stated that the discount rate is the interest rate to bring all these future payments back to today and looks at employees from date of hire until they no longer take benefits, which is about one-hundred years. He stated that healthcare cost inflation works out to about a 4.5 % increase on average each year and that percentage is used in their calculations. He stated the Town's active plans run at \$950,000 per month, which is marginally higher than what they see in this area, but the Medicare Supplement at \$279,000 is 15% less than what they see in this area. He then addressed how Medway compares on funding OPEB noted that Medway is in the top third even though OPEB is at slightly more than 7% funded. He stated that Holliston is at 40% funded but Medway is doing better than the other surrounding towns, i.e., Bellingham, Milford, etc., and are at the statewide average. Mr. Rossi asked why Holliston's discount rate is at 6.3%. Mr. Elmore stated it is due to how well funded they are and explained the five factors they look at to derive the discount rate: (1) asset level, (2) benefit payments yearly going forward, (3) how much is set aside each year, (4) how the money is invested each year, and (5) the municipal bond rate. He stated that Holliston has the most aggressive portfolio in the state and is at 77% in equities and that although Medway is at 80% in equities, Holliston is still more aggressive as not all equities are equally aggressive. There was further discussion about the percentage of 80% in equities and 20% in fixed-income and determination of the level of aggressiveness. Mr. Rossi asked how the five factors are looked at for each Town. Mr. Elmore stated each of these factors are unique to each town. Mr. Rossi asked about the municipal bond rate. Mr. Elmore explained how this is determined noting that Holliston is higher than Medway and how it is utilized to determine the discount rate. There was further discussion about the benefits of funding OPEB versus decreasing debt or making capital expenditures. Mr. Trindade asked where we are compared to other Massachusetts towns. Mr. Elmore stated Medway has hit peak liability and is more of a mature Town so liability will decline over time in today's dollars due to the large number of retirees who will stop taking coverage. Mr. Rossi asked about the actuarial assumptions and the 9% increase relative to healthcare costs but he had said 4.5%. Mr. Elmore explained the model on how this number is derived and why he stated it works out to be 4.5% per year average. Mr. Elmore then reviewed the services costs of active employees, as this is the value of benefits being earned during the year by active employees. He stated this should be thought of as deferred compensation and noted this varies by department due to the age of employees and the shorter work span of public sector employees. He then reviewed the liabilities over time noting these stay largely in a narrow band. Mr. Rossi asked about the projected cash flow, and what would this table look like with a change of contribution from \$300,000 to \$500,000. Mr. Elmore explained the circularity in Governmental Accounting Standards Board (GASB), as if more money is put in, the discount rate will go up and the liability will go down. The target decreases and by 2063 would be at 85% funded. He stated that he encourages clients to think about when the pension is fully funded to move those funds to OPEB as a policy, which for Medway would be in 2036 or 2037, and then the discount rate would increase. He said to think about increasing the OPEB contribution by a certain percentage each year. Mr. Crowley stated that the only solid number is the \$2.7 million in the account. He then explained the amount funded and amount earned of \$600,000 over the past year. Mr. Boynton noted a slow change

in the workforce where the younger generations are not staying in municipal government and, consequently, we will never see them in retirement/OPEB. He asked how that would be factored into future assumptions. Mr. Elmore stated that the Public Employee Retirement Administration Commission (PERAC) does a study every five years to look at that, which is about two years away, and agreed the demographics are changing. Mr. Boynton remarked that the following will also have an impact including the reduction in family size, reduction in those entering the workforce, and reduction in qualified candidates entering the workforce. Mr. Alessandri noted that there is an anticipated 10-15% reduction in college students over the next ten years as well. Mr. Elmore stated the longer-term model will change due to all of these reductions. He noted the biggest impact is healthcare costs.

Vote: Open May 13, 2024, Special and Annual Town Meeting Warrants

The Board reviewed the 2024 Annual Town Meeting and FY25 Budget Calendar.

Mr. Alessandri moved that the Board open the May 13, 2024, Special and Annual Town Meeting warrants. Ms. White seconded. No discussion. VOTE: 5-0-0.

Vote: Fiscal Year 2025 MetroWest Veterans' District Agreement and Budget

The Board reviewed the FY25 agreement and budget.

Mr. Boynton stated Medway is one of four communities along with Holliston, Ashland, and Hopkinton noting the work the district does is fantastic and has saved the Town money.

Mr. Alessandri moved that the Board vote to approve the MetroWest Veterans' District agreement and budget for fiscal year 2025 as presented.

Mr. Boynton stated that Ms. Bateman is planning to retire over the next year or two which may impact the budget.

Action Items from Previous Meeting

The Board reviewed the action items dated December 18, 2023.

Mr. Alessandri asked if there was a need to change any of the items due in February.

13 & 13R Populatic Street--Decision on Home on Property once Treatment Plant is completed: Mr. Boynton stated that we are dealing with the registered land issue so will not have an update for a while. The due date was moved to September of this year.

Update Fare Share Program Funds: Mr. Crowley stated that this should be removed, and the Board agreed, as he was interested in the status of the water projects to date. It was noted that topic will be on the January 16th meeting agenda.

Town Manager's Report

There were no items for the Board to review.

FY25 Budget: Mr. Boynton stated the departments have submitted their budgets. Ms. Pratt is in the process of compiling the data. The next steps are to meet with each department. He noted one thing different this year was the ask to the departments to recommend short- and long-term goals as an administrative tool. He anticipates the balancing act to occur in February. He stated the health insurance consultants have recommended a 6% increase, but he asked them to look at more data to

determine the increase. The NCRS increase was \$30,000 this year instead of \$380,000. The changes to the NCRS allocation are a four-year phase in and he explained the reallocation of costs from the county to the state and what stayed with the county.

Martin Luther King Day – January 15 – Town Offices Closed: Mr. Boynton stated that Town offices will be closed for this holiday.

Town Manager Out of Office: Mr. Boynton stated he will be out of the office as follows:

- Wednesday, January 3 – Doctor (AM/Early PM)
- Town Manager Vacation – January 24 – January 31 – Allison Acting Town Manager

NEXT Select Board Meeting – January 16, 2024

Select Board's Reports

There were no items for the Board to review.

Mr. Alessandri stated the Register of Deeds put out a report for veterans in the county and would like to have that available in Town Hall as there was a nice report about Colonel Matondi.

Mr. Rossi stated there is a storm coming on Sunday.

At 8:35PM, Mr. Alessandri moved to enter Executive Session for Reason Exemption 6: To consider the purchase, lease, or value of real property if the chair declares that an open meeting may have a detrimental effect on the negotiating position of the public body, and the chair so declares, [123 Holliston Street] with no intention of returning to open session. Ms. White seconded. No discussion. It was voted by roll call: Alessandri aye; Crowley aye; Rossi aye; Trindade aye; White aye. VOTE: 5-0-0.

Respectfully submitted,
Liz Langley
Executive Assistant
Town Manager's Office