



Franklin Regional Council of Governments

Finance Committee — **AMENDED MINUTES**

Date /Time:	Thursday, July 6, 2017 / 5:30 p.m.
Location:	JW Olver Transit Center, 12 Olive Street Greenfield, MA – Library
Facilitator:	Lynn Sibley, Chair

ATTENDEES

- **Lynn Sibley**, Whately Representative
- **John O'Rourke**, Conway Representative
- **John Payne**, Shelburne Representative
- **Kevin Fox**, Colrain Representative
- **Jay DiPucchio**, Regionally Elected Representative

STAFF:

- **Linda Dunlavy**, Executive Director
- **Pat Auchard**, Finance Director
- **Rebekah Boyd**, Admin. Services Coordinator

1. Adopt 6.8.17 minutes

Lynn S. opened the meeting at 5:33 p.m.

John O. moved adoption of the AMENDED 6.18.17 minutes. Jay seconded. Motion passed unanimously.

2. Review of OPEB Trust Fund

Pat presented the FY17 OPEB Trust Fund Actuarial Schedule and Report (see handout) explaining that the bars in the graph show the unfunded liability amortization schedule at 3-year increments. The chart shows that our current investments and earnings in OPEB are closer to the 2026 marker, which means the fund is in great shape. The chart represents only the unfunded liability. Normal costs are ongoing.

3. Potential FY17 Pooled Budget Amendment

When we last met, Pat presented a need to increase the pooled budget by \$10,000 to cover a predicted deficit but now realizes that number has increased. The Finance Committee can approve a budgetary increase funded by anticipated revenues over expenses, or staff could reduce the amount used of the OPEB or Retirement line, to keep within budget. Staff looked at the fringe portion of the indirect rate before the year has closed and before the audit and it is currently showing an approximate increase of 5%. Staff expressed concern that this would be a large increase in the eyes of our grantors. Linda explained that the advantage of reducing the OPEB is that it reduces the impact of fringe costs on the indirect.

Staff explained that it is difficult to predict the pooled budget because closure time for inclement weather, unexpected medical leave, etc., is unpredictable and that the FY17 Benefit Pooled budget was impacted by these factors.

After discussion and consideration of the review of OPEB showing that we are ahead of schedule, **Jay DiPucchio moved to reduce the Retirement or OPEB line to balance the pooled budget. John O. seconded the motion.**

Lynn S. amended the motion, moving to reduce the Retirement or OPEB line by no more than \$20,000 in order to balance the pooled budget. John O. seconded the motion. All voted in favor of the amended motion.

4. FY18 Budget Amendments

- Pooled Budget Amendment to account for known FMLAs and increased health insurance costs
- Increased facility costs
- Request for 20th Anniversary budget

Pooled Budget

Staff warned the Fin Com of a likely problem with the FY18 Pooled Budget. We are aware of one and possibly two FMLAs. Adding to this challenge is the fact that during open enrollment one employee went from taking no insurance benefit to a family plan. Pat will update the committee at a future meeting.

Facility

FRCOG currently pays \$7,500 in monthly rent. Rent is based on historical expenses with a settlement at the end of each fiscal year. In FY16, we received a refund from FRTA but we will owe FRTA in FY17. FRTA asked if we might want to change our payments to \$8,000 per month. All program budgets are developed on \$7,500 per month so staff feels we could probably get by using the Miscellaneous and Contingency building contingency line if needed and increasing every program's share in FY19's budget. Consensus of the committee was to use the strategy staff proposed. A motion was not needed.

Anniversary Party

July 1 marked the FRCOG's 20th anniversary. Staff is planning a celebration that includes the creation of a "story map," regular tweeting and Facebook posts of the agency's major accomplishments, and an early September party. Funds are needed to create the story map (and pay for staff time to learn the software) and for party goods. Staff would like to request use of reserve funds from the undesignated fund balance from Council, but will need a recommendation from the FC.

Jay moved to recommend that the Council release free cash (\$5,000) for the purpose of celebrating of 20th anniversary. John O. seconded. The motion passed unanimously.

5. Discussion of FY16 Massachusetts State Employee's Retirement System (MSERS) Schedule of Employer and Non Employer Allocations and Schedule of Pension Amounts

Linda updated the committee on the state's efforts to collect funds from RPAs for their share of retirement costs. MSERS has discovered 50-year old agreements with certain RPAs that say the RPA is responsible for all of their retirement costs, however, until recently those RPAs were never billed. A possible compromise is for MSERS to assess RPAs for normal costs only. As described in the memo from Linda and Pat, MSERS does not have the ability to assess the FRCOG but we know MSERS would like that changed. The Retirement or OPEB line is in FRCOG's budget, to identify Normal Costs, until we know the final outcome of this issue.

Linda and Pat provided a historical record (see attached) of our transfer out of FRRS to MSERS. Their memo warns that the FRCOG would need to oppose any attempt to assess us for an allocated share of the state's unfunded liability. No current action needed.

6. Update on OPEB Trust transfer to SRBTF (or vote if legal counsel completes review prior to meeting)

Pat is working with SRBTF to finalize paperwork so that it can be reviewed and approved by Donna McNichol.

7. Schedule September or October meeting(s)

The Fin Com decided on the following schedule:

- Fin Com meet to review Budget Development Workbook (BDW) — **September 28**
- Mail BDW to counsel — **the week of October 9**
- Present BDW at FRCOG Counsel meeting — **October 19**

8. Business Not Reasonably Anticipated 48 Hours in Advance of Meeting

Jay made a motion to adjourn. John O. seconded and the meeting adjourned at 6:32 p.m.

DOCUMENTS DISTRIBUTED:

- Agenda
- Minutes of 6.8.17 Meeting
- FY17 OPEB Trust Fund Actuarial Schedule and Report
- Pooled Benefits Year-End Report
- Memo: Transfer of FRCOG to the state retirement system and potential concerns dated July 3, 2017

DOCUMENTS AVAILABLE FOR COMMITTEE REVIEW:

- Larry Stone Actuarial Study, dated December 26, 2012
- Chapter 179 of the Acts of 2014 of the Commonwealth of Massachusetts
- Massachusetts State Employees' Retirement System: Schedule of Employer and Nonemployer Allocations and Schedule of Pension Amounts by Employer and Nonemployer, dated June 30, 2016 (With Independent Auditors' Report Thereon)