
Select Board Meeting

Tuesday, March 9, 2021

Virtual Meeting Broadcast on Comcast Channel 22 Verizon Channel 45

I. Call to Order

Chairperson Annie Gilbert called the Select Board Meeting of Tuesday, March 9, 2021 to order at 7:02 PM. Members in attendance: Laura Gregory, Chris Huntress, Alex Vispoli.

Others in Attendance: Town Manager Andrew Flanagan, Deputy Town Manager Mike Lindstrom, Assistant Town Manager Patrick Lawlor, Town Clerk Austin Simko, Atty. Carol McGravey

II. Opening Ceremonies

A. Moment of Silence/Pledge of Allegiance

The meeting began with a Moment of Silence followed by a Salute to the Flag.

III. B. Communications/Announcements/Liaison Reports

The Town Manager announced that as of Monday morning, 11 Lewis Street is officially on the market. The RFP, which has been the product of 65 public meetings, has finally come to fruition and they are looking forward to seeing the creative responses. This Thursday is the first meeting of the 375th Anniversary Committee to talk about next steps.

Mike Lindstrom thanked the Health Department and the volunteers who were able to distribute 110 shots of the vaccine last week.

The Annual Town Election is two weeks from today. Austin Simko said applications for mail-in voting can be downloaded from the Town Clerk's website, completed and returned to Town Offices. A ballot will be sent to all who apply. Ballots have to be returned by Election Day.

Laura Gregory announced that MHL is offering a virtual program at 7:00 PM tomorrow night. The title of the program is The Courageous Conversations: We Need to Talk about Ending Injustice, by Bryan Stevenson. Information is available on MHL website.

Alex Vispoli thanked Director of Public Health Tom Carbone and his team on a great vaccine clinic recently held at the Collins Field House. The Board requested the Town Manager send a letter to the Governor to lobby for local vaccinations. Alex also thanked Andrew for getting the Town Yard RFP listing out.

Chris Huntress asked if potential developers will be present on the scheduled site walk of 11 Lewis Street. Andrew reported that the site walk is posted as an open meeting and anyone can join. The site walk is scheduled for 8:30 A.M. on Wednesday March 17th at 11 Lewis Street.

Anne Gilbert recognized those who were honored at the Rotary Club's Annual Recognition of Andover Citizens Who Care last week. It was incredibly inspiring listening to the recognitions about people who have given so much to this community in fascinating ways. On Wednesday, March 17th, the Board will be discussing the Select Board Policy about filling the vacancy on the Board. In the event we have too many candidates for one sitting, the Board will schedule an additional meeting.

IV. Citizens Petitions and Presentations

To provide public comment during Citizens Petitions and Presentations visit:
www.andoverma.gov/JoinSelectBoardMeeting

V. Regular Business

A. Retirement Board Appointment

The Retirement Board voted to ask the Select Board to interview and choose the fifth member of the Retirement Board due to their tie vote. Tonight, the Select Board will conduct interviews, deliberate, and vote on the two candidates for this position.

Chairperson Gilbert welcomed the two candidates, Aidan Forde and Joseph Stoltz and provided background on the interview process. The Board feels that both candidates are very well qualified and would be a good addition to the Retirement Board.

Each candidate provided an overview of their experience, their knowledge of the Retirement Board and the problems they are facing i.e., pension obligation bonds, tools to address the unfunded obligations, and their financial experience. Both candidates were provided the opportunity to ask questions of the Board.

The Board deliberated on the two very qualified applicants.

Alex Vispoli moved to appoint Mr. Forte to the 5th member position on the Retirement Board. The motion was seconded by Chris Huntress (for discussion).

Additional discussion: Laura Gregory believes Mr. Stoltz would be the better person to fill the position, but also feels that she is in the minority with a four-person board.

Roll Call Vote: A. Vispoli -Y, L. Gregory-N, C. Huntress-Y, A. Gilbert-Y.
Motion passes 3-1.

B. Integrated Financing Plan

The Town Manager provided an updated presentation on the Integrated Financing Plan (IF)) that included an overview of where we are in the process. The next major phase will be public outreach. Andrew has presented this plan to many Town boards and committees and the feedback has been positive.

Presentation: The Major Challenges:

Unfunded Pension liability: \$165-185M: Mass General Law requires us to be fully-funded by 2040, after 2022 we have 18 years to reach that requirement.

Reform and Retirement Benefits: MGL stipulates the years of employment, eligible age of retirement, and the amount of pay for a pension. The local Retirement Board determines

pension eligibility (currently a minimum of 20 hours). On April 1st, the Retirement Board will hold a public hearing focusing on the eligibility requirements for retirement benefits. This obligation creates the greatest threat to our financial rating and our service level.

The combined cost of the Pension Obligation Liability and WESP Building Project is \$148-\$152M. The Town's share of the WESP will be \$114M with MSBA picking up the remainder of the cost. MSBA reimburses 23% of the cost and caps the maximum sq. ft. cost to \$333 per sq.ft. The WESP Project includes having two schools on one campus and built to have capacity to alleviate overcrowding at other schools.

Tenants of the Plan

Important terms: Proposition 2.5, Debt Exclusion, Pension Obligation Bonds, General Fund or Exempt Capacity and West Elementary & Shawsheen School Building Project (WESP), are important terms of the plan which were explained by Andrew.

The Plan

1. Raise revenue for two major expenditures through proposed Debt Exclusion:
 - a. \$175M to fund the Pension Obligation Bond, 18-year borrowing term.
 - b. \$114M to fund WESP Building Project, 30-year borrowing term.
2. Use revenues from Debt Exclusions to pay down the pension liability and pay for construction of the two new schools
 - a. Reduce overall costs paid for pensions by approximately \$100M over 18 years.
 - b. Construct two new schools with a budgeted cost (town share) of \$114M.
3. Increase annual allocations within the operating budget to address long-term obligations.
 - a. This year's operating budget puts \$8.87M toward the unfunded liability.
 - b. Under the IFP, \$11M will be put towards unfunded liabilities from the operating budget. The Town will never pay less than what we are paying now and will be redirected to debt service, rather than a pay as you go schedule.
4. Create future options
 - a. Fund a new building project in future years that will require no incremental increase in the tax bill or reduce the annual tax bill.
 - b. Use of funds from the operating budget that are no longer needed to pay pensions costs to pay the debt of WESP.

The presentation included several financial charts including an Annual Financing Plan Calculation slide showing the tax increase from 2022-2040, the WESP Debt Service, Operating Funds, revenue needed to fund the plan, the annual tax impact and the Pension Obligation Bonds and Debt Schedule, as well as a slide comparing the existing schedule to the Pension Obligation Debt Schedule from 2023-2024, which were all explained by Andrew.

If the community decides to not fund the Unfunded Pension Liability, we would still have to fund the school project.

Risks:

1. Return on assets does not exceed borrowing rate: if that were to happen, we would create a 'new' unfunded liability, that would have to somehow be funded. Over time, the assets would earn more than what we are borrowing. 2. Legislation decides to extend the mandatory funding date, we would be locked into 2040. Mitigation would be to refinance the bonds or pay them off if needed if that happened.

The presentation also included a Low Risk High Reward Assessment (probability testing conducted by Segal Actuary). They expect to be looking at a rate of borrowing at a 2% to 4% rate range. Long-term obligation returns from 1950 has never been below 5.59%. The earliest we could purchase the obligations bonds would be in September and October. Before we can do anything the Dept. of Revenue has to sign off on a plan.

Active Employee Contributions & Reserve Fund

Establish a reserve in case we incur a loss. Approximate 87% of active employees contribute 1% of their pay \$475-\$2,100 annually to the reserve fund. The Reserve Fund contributions from active employees would total about \$5.7M.

Why would the town consider going above and beyond Prop 2.5 to fund the pension plan?

Other communities have approached this problem of funding the Pension Obligation by passing a Prop 2.5 override. Andover has always prioritized funding services and less to the pension liability. We are now at a point where we have to discuss alternative funding scenarios. Andrew explained the slide showing fifteen comparable communities and taxation. Andover is in the middle of the chart at #9 for the average tax rate. Many of the communities passed several overrides to cover the Pension Obligation.

Waiting a year or more increases the likelihood of higher borrowing costs and reduces the amortization schedule by another year, having a greater annual impact on the tax payer. If the town takes no action, taxpayers will be responsible for paying at least \$427M in pension costs between now and 2040.

The Town Manager has presented the plan to the Finance Committee a number of times. The School Committee, Finance Committee and the Revenue Task Force unanimously voted to support the IFP.

Next Steps:

Special Legislation was signed into law by Governor Baker in January.

Appoint an Investment Advisory Committee

Public Outreach March-June

The Board agreed that public outreach is most important and they will take turns being available at the presentations to hear questions and responses from the residents. The Town Manager expects the IFP proposal to be refined going forward. A presentation will also be available on the Town-website.

C. Select Board Policy Guidelines

Board to review and consider voting to amend Section 1.3 (Vacancies on the Board) of the Select Board Policy Guidelines.

Austin Simko explained that Policy 1.3 precludes the appointment of a Select Board member within a 100 days of a Town Election and you cannot add up to a ballot within 64 days of an election. Currently, we have a vacancy and the resignation is too close to the election to fill the seat Austin shared the two versions of the policy and the recommended change. The committee considered changes to the policy.

The Board tabled this item until the next Select Board Meeting.

VI. Consent Agenda

A. Appointments by the Town Manager

The appointments include the remainder of the Equity Inclusion Members, The Town Manager thanked the members who have been appointed to serve.

Laura Gregory moved that the consent agenda be approved as printed. Motion seconded by Alex Vispoli. Roll call: C. Huntress-Y, A. Vispoli-Y, L. Gregory-Y, and A. Gilbert-Y. Motion passes 4-0.

Department	Name	Position	Rate/Term	Date of Hire
Accounting	Cheryl Dick (Jared Mullane)	Assistant Town Accountant/Town Auditor	\$85,513.00/year	3/29/2021
Police Department	Daniel Driscoll (Daniel Igoe)	Patrolman	\$62,648.19/year	3/8/2021
Commission on Disability	Judy Wakefield	Member	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Wael Kamal	At Large Member	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Sandis Wright	At Large Member	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Basenal Dessin	At Large Member	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Kavita Goyal	At Large Member	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Shishan Wang	At Large Member	Term Expires 6/30/2024	3/9/2021

Commission on Diversity, Equity and Inclusion	Lisa Cascio	At Large Member	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	George Nugent	Associate At Large Member	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Rajiv Chopra	Associate At Large Member	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Jack Glavin	Student Representative	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Peyton Levental	Student Representative	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Olivia Lu-Alba	Student Representative	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Howard Mandell	Clergy Representative	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Rev. Dana Allen Walsh	Clergy Representative	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Jorge Allen	Andover Public Schools Representative	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Monica Reum	Phillips Academy Representative	Term Expires 6/30/2024	3/9/2021
Commission on Diversity, Equity and Inclusion	Lt. Frank Fitzpatrick	Andover Police Department Representative	Term Expires 6/30/2024	3/9/2021

VII. Approval of Minutes

A. Board to approve minutes from the following meetings:

1. February 8, 2021

Alex Vispoli moved to approve the Select Board Minutes of February 8, 2022 as presented. Motion seconded by Laura Gregory. Roll call: C. Huntress-Y, A. Vispoli-Y, L. Gregory-Y, A. Gilbert-Y. Motion passes 4-0.

VIII. Executive Session

At 9:25 P.M. Alex Vispoli moved that the Board vote to go into Executive Session for confidential communication with Town Counsel and pursuant to option 6 to discuss the purchase, exchange, lease or value of real property, for the Chair to declare that an open session may have a detrimental effect on the negotiating position of the Town, and to

approve and not release Executive Session Meeting Minutes of February 8, 2021 and February 22, 2021; and not to return to open session. The Chair so declared that an open session would have a detrimental effect on the negotiating position of the Town. Motion seconded by Chris Huntress. Roll call: C. Huntress-Y, L. Gregory-Y, A. Vispoli-Y, A. Gilbert-Y. Motion passes 4-0.

IX. Adjourn

At 9:25 P.M. the Select Board moved adjourned from Regular Session and moved to Executive Session not to return.

Respectfully submitted,

Dee DeLorenzo

Dee DeLorenzo

Recording Secretary

Pursuant to Governor Baker's March 12, 2020 Order Suspending Certain Provisions of the Open Meeting Law, and the Governor's March 15, 2020 Order imposing strict limitation on the number of people that may gather in one place, this meeting of the Select Board will be conducted via remote participation to the greatest extent possible. For this meeting, members of the public who wish to watch the meeting may do so in the following manner: Andover TV COMCAST CHANNEL 22 AND VERIZON CHANNEL 45.

Members of the public who wish to provide public comment on an item that is *not* on the agenda may do so by visiting www.andoverma.gov/JoinSelectBoardMeeting. They will be admitted during Citizens Petitions and Presentations.

To ask a question on particular agenda items during the regular meeting can do so by calling 311 from their landline or cell phone within the geographical boundaries of Andover or by calling 978-623-8311 from anywhere or by emailing manager@andoverma.gov. Residents are encouraged to email their questions ahead of the meeting, however, staff will be available to present the Board with questions received during the meeting. Please include your name and address with your question.

Every effort will be made to ensure that the public can adequately access the proceedings in real time, via technological means. In the event that we are unable to do so, despite best efforts, we will post on the Town's website an audio or video recording, transcript, or other comprehensive record of the proceedings as soon as possible after the meeting.