

Call to Order

The meeting was called to order by Chairman Morris at 7:30 a.m. in the Third Floor Selectmen's Conference Room A. The meeting was taped but not live cablecast.

In attendance were Chairman Michael Morris, Mark Baldwin, Steven Caron, Thomas Hartwell and Mark Wickersham. Also in attendance were Selectman Liaison Robert Landry, Finance Committee Liaison John Barry and Finance Director, Donna Walsh. Retirement Executive Director Kothman was seated in the audience.

Approval of Minutes – June 11, 2015

Upon motion duly made by Mr. Caron and seconded by Mr. Hartwell, it was unanimously voted to approve the above minutes. Motion passed 5-0.

Approval of Minutes – June 18, 2015

Upon motion duly made by Mr. Caron and seconded by Mr. Baldwin, it was unanimously voted to approve the above minutes. Motion passed 5-0.

Election of Officers

Mr. Morris asked if Item #4 on the Agenda could be taken out of order. All agreed.

Nomination of Chair

The motion duly made by Mr. Wickersham to nominate Mr. Hartwell as Chair was not seconded. Motion failed.

The motion duly made by Mr. Hartwell to nominate Mr. Wickersham as Chair was not seconded. Motion failed.

Upon motion duly made by Mr. Baldwin and seconded by Mr. Caron to nominate Mr. Morris as Chair, it was unanimously voted to elect Mr. Morris as Chair. Motion passed 5-0.

Nomination of Vice-Chair

Upon motion duly made by Mr. Morris and seconded by Mr. Baldwin to nominate Mr. Baldwin as Vice-Chair, it was unanimously voted to elect Mr. Baldwin as Vice-Chair. Motion passed 5-0.

Nomination of Secretary

Upon motion duly made by Mr. Morris and seconded by Mr. Caron to nominate Mr. Hartwell as Secretary, it was unanimously voted to elect Mr. Hartwell as Secretary. Motion passed 5-0.

Miscellaneous

Mr. Morris distributed Mr. Hartwell's list of possible future agenda items and requests (see attached) to the Committee. Mr. Morris also asked Ms. Walsh to upload to the dropbox the latest version of the Massachusetts Taxpayer Foundation's report on municipal retiree health costs.

OPEB Subcommittee Report Summary as of November 24, 2014

Mr. Morris opened the discussion on the above Report Summary (see attached) beginning with the Town Manager's Recommended Action #3B. Discussion ensued on a) the propriety of the current OPEB trust investments; b) as well as the funding strategy itself of allocating monies into the irrevocable trust fund rather than in a stabilization fund; and c) the need for reform to slow down the rate of growth.

Mr. Morris asked Mr. Hartwell to followup with ICMA on the performance of retirement funds, i.e where they are invested, the rationale behind the investment strategy, what kind of risks are involved (standard deviation and ratio) and comparison with \$100M retirement investment in PRIM. He will present his findings to the Committee at next meeting.

Discussion then ensued on Town Manager's Recommendation #4. It was pointed out that pending legislation may have impact on present and future policies of the town. Insofar as monies are currently being allocated to an irrevocable trust rather than stabilization fund, these monies would not be able to be reallocated out of the trust fund if legislation changed.

Mr. Morris asked Ms. Walsh to confirm the Trustee of the OPEB Trust Fund, which she believed was The Town of Andover.

Mr. Hartwell asked Ms. Walsh to confirm the schedule for going out to bid for the new actuarial report. She confirmed the following: a) DW to prepare RFP - 1 week; b) required advertisement in local paper - 2 weeks; c) bid period - 2 to 3 weeks (may want to give extra time due to summer months); and d) award contract 2 weeks. Total process will take from 7 to 8 weeks. The vendor would begin work after the contract is awarded. Ms. Walsh also confirmed the town's auditor told her a report was needed every three years. Mr. Hartwell noted GASB 45 required actuarial reports be done every two years for towns with 200+ retirees; every three years for under 200 employees – Andover has 200+ employees.

Discussion then ensued on Town Manager's Recommendation #5. It was agreed that understanding the issues and realities facing the Retirement Board was critical in considering reform measures to curtail growth, i.e increasing eligibility requirements from 20 to 30+ hours/10 to 20 years vesting. Mr. Morris asked Ms. Kothman to address the Committee in the near future on the impact of part-timers funding the retirement system both and in the future and the net sum thereof. Also needed is data on cost for retirees' spouses and beneficiaries.

Discussion then ensued on Town Manager's Recommendation #6. It was agreed the collective bargaining process is key and mechanics needed to be explored and understood. Points of discussion: a) meeting with Town Manager for the above; b)with fourteen unions, is there commonality amongst them with a display of unity; c) current sequencing of negotiations with school first and town second (whatever school gets, town gets); d) can this be changed allowing Board of Selectmen and School Committee to come together first to discuss strategies; and e) what suggestions can the Committee make to affect change.

Discussion then ensued on Town Manager's Recommendation #7. It was agreed that OPEB data be obtained from towns Andover uses to benchmark itself against. Also discussed was the continuing need for plan redesign with higher deductibles. Meeting with employees and labor representatives to share the true cost trajectory of their current benefit plans and the effect on town services and staffing with the intended effect of employees embracing the need for change was paramount to thoughtful reform going forward.

Other

Mr. Morris had the following closing thoughts:

- a) Request town auditor, Powers & Sullivan, supply copies of GASB 43, 45, 74 and 75 for each member to review;
- b) As auditor of approx 70 municipalities, may have insight to share on how they are addressing OPEB issues;
- c) Meet with HR director to discuss part-time vs. full-time and hiring/retention impact if eligibility is changed, also review outsourcing and combining part-time jobs;
- d) Meet with Town Manager to discuss collective bargaining process;
- e) Keep abreast of pending legislation and its impact on present/future policies.

Mr. Morris suggested that members review Katie McCue's presentation to the Triboard on December 2, 2012 and the June 3, 2014 presentation by Kathleen Reilly. Both of these presentations are available on the Andover website meeting video archive.

Next Meeting

The next meeting is scheduled for Thursday, July 9th at 7:30 AM. The agenda is to continue reviewing the Recommended Actions of the previous OPEB Subcommittee.

Adjournment

Upon motion duly made by Mr. Baldwin and seconded by Mr. Caron, it was unanimously voted to adjourn. Motion passed 4-0. Mr. Wickersham had previously left the meeting.

Meeting adjourned at 9:07 p.m.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary

Attachment:

OPEB Subcommittee Report Summary as of November 24, 2014
Mr. Hartwell's Suggested Future Agenda Items