

Call to Order

The meeting was called to order by Chairman Morris at 7:00 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 School Committee Liaison Paula Colby-Clements, Finance Committee Substitute Liaison Margaret (Peggy) Kruse and Finance Director, Donna Walsh. Absent was Selectmen Liaison Landry.

Approval of Minutes – July 9, 2015

Upon motion duly made by Mr. Baldwin and seconded by Mr. Hartwell, it was unanimously voted to approve the above minutes. Motion passed 4-0. Mr. Caron arrived after vote was taken.

Mr. Hartwell's Presentation

Mr. Hartwell presented his analysis of OPEB and Pension Costs, which he presented to the Board of Selectmen in April (see attached.) He pointed out that the numbers are drawn from the Town's Finance Report with a projected 2.5% annual levy increase and \$1.5M in revenue from annual new growth. Pension and OPEB financial information comes from the actuary reports. The combined OPEB and pension cost is approx.. 10% of the town's budget today and increases to well over 20% of the operating budget over the next 15 years. Pension cost increases at a more rapid rate than OPEB as there is a plan to fully fund pensions by the year 2032. There are no plans currently to fully fund OPEB and the town is making a nominal contribution each year of approx.. \$1.5M. He pointed out that continuing at this rate with no changes to the OPEB funding schedule would necessitate layoffs of personnel of at least 30%. If we elect to fully fund OPEB over a period of 30 years, layoffs might go as high as 50%.

Discussion ensued on a) the unlikelihood of the state "coming to the aid" of municipalities in terms of remedial legislation and/or financial relief; b) the negative impact of new GASB regulations on the calculation of unfunded liability; c) as of June 30, 2015 the need to record OPEB reflected on the balance sheet; d) return on investments for pension assets was approx.. 4.26%, well below the actuarial assumptions; and e) the need for reform in Retirement Board policies and HR hiring practices to reverse negative trend.

Mr. Hartwell also reported that town assets invested under PRIM for last fiscal year earned 3.38% not 7.75%.

New Actuarial Report

Mr. Morris asked Ms. Walsh to report on the progress of the new actuarial report. She reported that the RFP had been prepared and she would review with Purchasing Agent and HR Director and release next week. She anticipated the actuary would be chosen by September 15th and the audit completed by December. Preparatory evaluation data, however, would be available for the Committee to review by the end of September.

Mr. Morris will speak with the Board of Selectmen to obtain an extension on the October 15th deadline for the Committee's findings.

New GASB Standards

Mr. Morris asked Ms. Walsh to schedule the town auditor for a late August meeting to summarize and discuss the implications of the new GASB 74 and 75 regulations and to make a hard copy available to the Committee. Mr. Caron said he would also distribute to the Committee a preliminary summary of the changes.

Employee Data

Mr. Morris thanked Ms. Walsh for the report on part-time employees and asked her for an additional report on full-time employees. She agreed to email to Committee today.

State Legislation

Mr. Morris said he will pursue a meeting with state legislators. Feedback from the Committee as to how the problem is viewed will be an important part of this meeting.

Personnel

Mr. Morris asked the HR Director, Ms. Hall, to report on the impact of increasing hours of part-time employees for eligibility from 20-30+ hours. She will be on vacation and will probably be available for August 20th meeting. Mr. Baldwin will sit down with her prior to the meeting to clarify information needed. State regulations governing OPEB would be one of the items that Ms. Hall would be asked to provide.

Healthcare Cost Data

Mr. Morris asked Ms. Walsh to provide healthcare cost data for the past five years. It was noted that actuarial assumptions of 5% increase was unrealistic, and a firm realistic trend in rates was needed.

Costs of Retiree's Spouses and Beneficiaries

State regulations do not legislate healthcare coverage of the retirees' spouse or beneficiary. Mr. Morris asked Mr. Walsh to provide that cost of same. Alternative health plans to spouses could also be provided. Ms. Walsh reported that she and Mr. Bucuzzo were doing research into this matter, and she would provide an update at next meeting.

Healthcare Contributions

Ms. Marconi will provide information on contribution rates of benchmark towns.

Mr. Wickersham asked for all in costs of employees including salary, benefits, OPEB as opposed to outsourcing costs. Ms. Walsh and Ms. Hall will provide.

Healthcare Buyout Options

Mr. Hartwell will research buyout options available in other towns.

Retirement Board Analysis

Mr. Hartwell will check with Ms. Kothman as to the status of her report to the Committee on the impact of increasing eligibility requirements and length of service of part-time employees.

Wellness Programs

Mr. Caron reported he had done more research on the effectiveness of wellness programs on cost savings. Mr. Morris asked him to draft a memo of his findings for presentation to the Committee.

Review of OPEB Subcommittee Report Summary as of November 24, 2014

Recommendation Action #10 to explore opportunities to eliminate existing positions that are not mission-critical to the delivery of town and school services was reviewed. Mr. Morris asked that the new Town Manager review all departments.

Recommended Action #11 that each department be diligent in restricting the addition of new town employees was reviewed and agreed that the onus of this responsibility originated with each department head.

Recommended Action #12 to urge legislators to support House Bill 59 was wholeheartedly supported.

Next Meeting

The next meeting is scheduled for Thursday, August 6th at 7:30 AM.

Adjournment

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

Meeting adjourned at 9:00 a.m.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary

Attachment:

OPEB and Pension Presentation
OPEB Subcommittee Report Summary as of November 24, 2014