

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, Vice-Chairman Mark Baldwin, Steven Caron and Thomas Hartwell. Also in attendance were Finance Committee Liaison John Barry, Selectman Liaison Robert Landry, School Committee Liaison Paula Colby-Clements and Finance Director Donna Walsh.

Approval of Minutes – September 18, 2015

Upon motion duly made by Mr. Hartwell and seconded by Mr. Baldwin, it was unanimously voted to approve the above minutes as amended. Motion passed 4-0.

Summary of Mr. Hartwell

Mr. Hartwell summarized his presentation to the Board of Selectmen on Monday, October 5th (see attached.) Topics discussed included: a) those who participate in retirement also participate in OPEB; b) increasing eligibility requirements from part-time to full-time will be a vote of the Retirement Board; b) average age of active employees is 49 and those people will be replaced; therefore now is the time to change eligibility requirements for new employees; c) current employees 50+ years would see no change, whereas those under 50 would acquire one-half year service for every year worked.

Also discussed was the ability of part-timers who become full-timers at some point to buyback into the plan and thus increasing OPEB liability, and the practice in place to accept transfers from other towns and thus transferring OPEB liability. Mr. Reilly said there was an unwritten rule for towns not to bill each other. Mr. Hartwell questioned if the town is being disadvantaged by this practice. Mr. Reilly added that in most cases what the town bills and what the town *is* billed from other communities comes close to a “wash.” The law has been interpreted to apply to active employees only, but Mr. Hartwell believes the responsibility extends to OPEB liability.

Mr. Morris noted that at his own appearance at the Board of Selectmen, the Board decided to invite the Retirement Board to discuss the above issues. Mr. Morris also added that he expressed his opposition to replacing Mark Wickersham as a member of the Committee. Mr. Hartwell responded that although Chris Cooke had moved from Andover, he would be a knowledgeable candidate for the position. Mr. Morris disagreed but added that he planned to vet the Committee's report with him and others before submission to the Board.

Presentation by Assistant Town Manager Steve Bucuzzo

Mr. Bucuzzo thanked the Committee for inviting him to share his opinions. He added that he had worked with the previous Town Manager on drafting his recommendations. Topics of discussion included: a) Andover is ahead of most communities and has been able to maintain its AAA rating by addressing the OPEB problem and consistently funding contributions to the Trust; b) some communities are doing close to nothing while others are combining pension and OPEB liabilities; c) responsibility of state legislature and House 59 that has been resubmitted; c) fatal flaws of previous legislation and revisions that would make it more palatable; d) role of cooperative unions

in adapting strong “touchpoints” to fairly treat those vested in the system and close to retirement; d) the continuing need for health insurance reform and contribution rates and the importance of collective bargaining in the process; e) the town is slightly above the state-wide average; f) the need to control present costs in light of total OPEB liability; g) the goal of fully funding the ARC in the future; h) the important role of continuing and ongoing education.

Mr. Morris asked him to draft an outline of present legislation and what his recommendations would be in order to achieve successful passing.

Presentation by Liz Valerio, Deutsch, Williams, School Labor Counsel

Ms. Valerio said she was well aware of the OPEB issue and suggested that in her dealings with clients in collective bargaining, she emphasized the total compensation package. She has found that unions and active employees need to know the all-in costs involved in their employment and with each new hire, particularly in terms of contributions made on health insurance. PEC negotiates with all unions on terms of insurance for active employees only, and not retirees. She cautioned that municipalities needed to abide by parity rules of 32B.

In terms of retiree health insurance, she pointed out that savings could be realized by dropping the contribution rate to 50% from the present 65/35 pre-medicare and 86/14 post-medicare, and excluding spouses and dependents from coverage. This would be an action item for the Board of Selectmen only, and not the School Committee. She added that the police retirees were potentially ten years as pre-medicare status paying as much premium as an active employee.

She also emphasized she begins her collective bargaining sessions by stating the total dollars that are available and this dollar amount does not include the money that has been set aside for OPEB liability.

Mr. Morris asked Ms. Hall to provide percentage of part-time non-teachers who have retired in the last five years; what is the average age of police and fire when they retire.

Also discussed was the role of the part-time 20-hour a week Instructional Assistant. Because of the nature of the fluid as-needed services provided on a daily basis, combining two part-time positions into one full-time position was not feasible.

Mr. Landry confirmed the moratorium of June 30, 2016, and Ms. Valerio advised that if any plan design changes would be made for the next fiscal year, that retirees are informed ahead of time, and that the Board of Selectmen stay within the parameters of 32B.

Mr. Morris asked Ms. Valerio to comment on the degree of cooperation/coordination on collective bargaining on town/school side. She said that she was the representative for both school and town in providing a unified approach to collective bargaining. Ms. Clement said she and Town Manager collaborated before and during collective bargaining negotiations. Mr. Morris emphasized the need for strong collaboration among all the unions in the collective bargaining process.

Next Meeting

The next meeting is scheduled for Tuesday, October 22nd.

Adjournment

Upon motion duly made by Mr. Caron and seconded by Mr. Hartwell, it was unanimously voted to adjourn.
Motion passed 4-0.

Meeting adjourned at 9:05 a.m.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary

Attachments:

Mr. Hartwell's Presentation to BOS