

Call to Order

The meeting was called to order by Chairman Morris at 7:31 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 and Thomas Hartwell. Absent were Steve Caron, Finance Director Donna Walsh, Finance Committee Liaison John Barry, Selectman Liaison Robert Landry and School Committee Liaison Paula Colby-Clements.

Approval of Minutes – December 4, 2015

Upon motion duly made by Mr. Hartwell and seconded by Mr. Baldwin, it was unanimously voted to approve the above minutes. Motion passed 3-0.

Preliminary Recommendations Discussion

Mr. Morris reported that he and Mr. Hartwell had met with Attorney Hexler, and asked Mr. Hartwell to summarize their meeting.

- a) Rules and regulations of retirement law are not clearly stated;
- b) Changing eligibility for retirement directly affects eligibility for OPEB;
- c) Retirement Board has authority to change prospective eligibility for new employees, i.e. part-time to full-time; however, retroactive change to active employees may not be allowed, i.e. a proposed change to age group over fifty - nothing changes, but under fifty-20 hours equal to one-half year of creditable service, may smack of age discrimination;
- d) Buyback option also not clearly stated and will need to be researched further;
- e) Inactive employees are eligible for OPEB upon retirement from other towns; can Board of Selectmen issue policy that one must retire from the Town of Andover in order to be eligible for OPEB;
- f) Failed HouseBill59 refiled but little interest on the part of legislators for reform; comprehensive reform needs to come from state; Mr. Hartwell and Mr. Morris met with Governor's team and reform not a high priority; towns need to come together to form coalition to aggressively promote state action – "hold their feet to the fire."
- g) Current rate of growth not sustainable; do not have levers at local level to slow down;

Mr. Hartwell also discussed the proposed discount rate of 7.75% with an unfunded liability of \$107M. Using a high rate creates a "false sense of security"; i.e. by using lower discount rate of 6.75%, the unfunded liability would rise by \$25M. Mr. Hartwell also pointed out that over the last two years the town earned 3.5% on investments. Discussion ensued on historical data and the need to fully fund pension and OPEB liabilities.

Drafting of Recommendations

Mr. Morris stated that the Committee is ready to start drafting its report of findings and recommendations to the Board of Selectmen.

Mr. Baldwin suggested the following evaluation criteria be used in the format and vetting of each recommendation:

- a) Dollars saved;
- b) Workers affected;
- c) Number of workers impacted.
- d) Legal implications;
- e) Financial impact on taxpayer;
- f) Comparison to other towns;
- g) Workers' perception;
- h) Public perception'
- i) Barriers;
- j) Timing/vetting

He suggested that the presentation of recommendations would go something like this: the Committee recommends A and B and this is why; we have also considered C D E and F, and we're not recommending them and here are the reasons why. Mr. Morris asked Mr. Baldwin to make a checklist of issues for the next meeting.

Mr. Hartwell added that documentation of all possible recommendations be presented, whether viable or "off the wall." The actuarial report contains key information needed for the Committee's recommendations and we haven't seen anything yet from our actuary.

Mr. Morris added that the Board of Selectmen needs to "see" the thought processes of the Committee and consider all options whether "good, bad or ugly." Mr. Morris agreed to put together a list of issues for discussion and review at the next OPEB meeting.

One important recommendation is that collective bargaining for town and school be handled by same labor counsel, and this has already been accomplished.

Next Steps

At the suggestion of retirees present at the meeting, Mr. Morris agreed that a draft of the Committee's recommendations would be made available to the public and presented at an Open Forum to allow maximum vetting and input from the community. To accommodate a wider variety of schedules, these meetings would be held in the evening.

Next Meeting

January 7, 2016 @ 7:30a.m.

Adjournment

Upon motion duly made by Mr. Baldwin and seconded by Mr. Hartwell, it was unanimously voted to adjourn. Motion passed 3-0.

Meeting adjourned at 8:46 a.m.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary