

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 (arrived late @7:43) and Thomas Hartwell. Also in attendance were Finance Director Donna Walsh, Selectman Liaison Robert Landry and Board of Selectmen Chair Mary O'Donoghue. Absent were School Committee Liaison Paula Colby-Clements and Finance Committee Liaison John Barry.

Approval of Minutes – December 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 3-0.

Preliminary Recommendations Discussion

Mr. Morris reported that the Town Manager had authorized the retention of Attorney Foskett, a specialist in retirement and OPEB law. Along with Selectman Landry, they had met to discuss his independent opinion on the Committee's proposed recommendations (see attached.) Mr. Morris stated that the importance and magnitude of the financial impact of this problem on cities and towns demanded nothing less than comprehensive state legislation. Discussion ensued on the merits of reform both at the state and local levels.

- a) Retirement boards may have too much authority in setting criteria for retirement;
- b) 351 municipalities in the Commonwealth have different rules for retirement;
- c) Retirement boards of some towns have already made changes to eligibility for pension from part-time to full-time;
- d) Pension eligibility directly affects OPEB, and savings from changing eligibility for pension will see a bigger savings in OPEB going forward;
- e) Waiting for state to change legislation will delay cost savings and in the meanwhile town may want to focus on reform at the local level;
- f) State legislation will result in greater accountability of retirement boards;
- g) Ensure that final report emphasizes that the state has ultimate responsibility for reform.

Mr. Morris stated that the Committee's recommendation would a) "turn the heat up" on legislators but b) would also address the problem at the local level and would be as follows:

- a) If, as and when comprehensive legislation is filed and adopted at the state level, a clear set of criteria be established so everyone "plays by the same rules."

- b) The Committee recommends reform to the Board of Selectmen that the Retirement Board be changed in specific ways.

The Committee agreed to address the problem at both levels.

Discussion continued on changing eligibility requirements primarily for new employees:

- a) Working part-time (20 hours/week) would result in creditable service of one-half year;
- b) Pro-rating benefits to time worked;
- c) Role of government in social consideration of town employees; provide retirement benefits for part-time workers who may be unable to work full-time;
- d) Provide 457 plan for part-time employees with consideration of town contribution;
- e) Maintain competitive edge in the job market while “reigning in” OPEB liability;
- f) Actuarial report will provide relevant information on savings due to reforms;

Next Steps to Recommendations

Mr. Morris suggested that the list of recommendations made to the Board of Selectmen would give them the tools to make decisions based on a number of options. He added that he was leary of “boxing decision makers in” so as to create unintended consequences. Latitude would be given to the Board in dealing with specific cases.

It was agreed that Mr. Hartwell will circulate the next round of recommendations and Mr. Caron will review.

Audience Feedback

Several retirees were in attendance and addressed the following issues:

- a) Ethical and legal considerations in “taking away” promised benefits to active employees as well as retirees, include spousal coverage;
- b) Perception that employees and retirees are being “blamed” for pension unfunded liability as well as OPEB;
- c) Separating pension benefits from OPEB benefits;
- d) Concerned taxpayer on impact of unfunded liability to future generations.

Mr. Morris reiterated his conviction that Andover is a well-run town due to the quality of its employees, and the commitment to honor previous agreements and not increasing deficits.

Next Meeting

January 14, 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 4-0.

Meeting adjourned at 9:08 a.m.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary

Attachments: List of Issues