

Call to Order

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

In attendance were Chairman Michael Morris, Vice-Chairman Mark Baldwin (arrived late), Steven Caron and Thomas Hartwell. Absent were Donna Walsh Finance Director, Selectman Liaison Robert Landry, School Committee Liaison Paula Colby-Clements and Finance Committee Liaison John Barry.

Draft Report of Recommendations

In Mr. Baldwin's absence, Mr. Morris relayed his additional recommendation that the Board of Selectmen limit the impact of any healthcare increase on the most vulnerable retirees, those defined as the oldest recipients with the smallest pensions. A common theme of retiree feedback notwithstanding, Mr. Morris questioned the legality of such a policy with regard to age discrimination laws etc.

Mr. Baldwin arrived at 7:35 a.m. Mr. Baldwin summarized the themes being developed having been expressed at the public meeting last Thursday as follows:

- a) Maintain trust by honoring past commitments.
Recognize across the board that change is needed.
Employees recognize that changes have occurred that affect those commitments.
Commitment to continue employee benefits and at the same time addressing unfunded liability.
- b) Limit impact on most vulnerable.
Most vulnerable defined as those retired longest with least amount of pension.
Issue of fairness and legality.
- c) Recognize retirees as a whole as the most vulnerable.
"Spanos" bill that advocates for policies to allow cost cuts to be shared across both active employees via unions, administration, and retirees.
- d) Ensure that the cost savings be allocated to the OPEB trust fund.
This recommendation will serve as a standalone recommendation.
Cost savings are not allocated to the general operating budget.
- e) Share the burden with the town.
Increase annual contribution as percentage (1%) of operating budget
Selling of assets and override unsustainable so the above is preferable.

Mr. Hartwell asked that the following changes be made:

Recommendation #2 –include the new actuarial reduction number of \$53M on March 24th.

Check calculations on rates as Barbara Morache suggested.

Recommendation #4 – add language before last sentence: If the eligibility change was in effect for 51 employee active today town’s unfunded liability would be reduced by \$4.6M.

Goal #3 – add information on history of legislative inaction on reform - House Bill 59 submitted in 2013 and failed and Andover’s legislators have resubmitted bill this year.

Discussion ensued on the date for the final report due on Thursday, March 31st. It will available for the Board of Selectmen’s meeting and before 4:00pm on the website.

Audience Feedback

Audience feedback included: a) retirees who do not collect social security pay more medicare premium (\$122); b) suggestion to include medicare costs in the projected premiums on the schedule; c) average per year cost of medicare is \$1,320 per person; d) put in body of recommendations the themes described above; e) legality of choosing subsets for different rates, date range is a possibility; f) from union perspective trust is compromised since changes to retiree contributions are being recommended; g) positive effect of 11% of salary increases; and h) “double” impact of eliminating COLA and increasing premiums.

Mr. Hartwell noted that the Retirement Board is in the process of hiring an investment consultant to develop investment policy and asset allocation strategy. OPEB funding moving to PRIT is a consideration.

Recommendation #12 – implement pre-funding of new hires and expenses are incurred as they are earned. Upon motion duly made by Mr. Hartwell and seconded by Mr. Baldwin, it was unanimously voted to approve above recommendation. Motion passed 4-0.

Adjournment

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

The meeting was adjourned at 8:30 a.m.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary