

### **Call to Order**

The meeting was called to order by Chairman Morris at 7:30 a.m. in the School Committee Conference Room. 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 was Donna Walsh Finance Director. Absent were Selectman Liaison Robert Landry, School Committee Liaison Paula Colby-Clements and Finance Committee Liaison John Barry.

### **Approval of Minutes**

#### **March 4, 2016**

Upon motion duly made by Mr. Hartwell and seconded by Mr. Morris, it was unanimously agreed to approve above minutes. Motion passed 4-0.

### **Draft Report of Recommendations**

Mr. Baldwin commented that for the last few meetings, Mr. Caron was not in attendance and he wanted to give him the opportunity to state his opinion. He suggested rewording Recommendation #17 Create a Compensation Advisory Committee to include the following:

- a) Establish a compensation advisory committee to keep taxpayers engaged in monitoring the compensation levels in order to ensure fairness to taxpayers and employees;
- b) This committee should be staffed by qualified persons familiar with market trends in labor and economy.

Following discussion, it was agreed that Recommendation #17 would stand alone without the above lead-in.

Mr. Caron noted that he supported the auditor's recommendation that we not early adopt GASB75, but that the information be included in the management discussion analysis. Mr. Hartwell confirmed that we were going the route of the latter not early adoption.

Mr. Caron noted that he did not support limiting COLA until pension plan is fully funded (2032). Mr. Morris noted that the new language ties COLA with the inflationary index and will be the same as social security COLA up to 3%. Mr. Caron expressed his opinion that the calculation of same on first \$12K or \$13K is not the same as 3% of an entire social security calculation. His goal is to be fair and reasonable to retirees. Following discussion on the average Andover pension and average social security pension capped at \$30K, it was decided to add language to reflect the COLA increase is based on first \$12K or \$13K up to a maximum of 3%.

Recommendation #18 Implement a meaningful Wellness Program: Mr. Baldwin asked if Mr. Caron wanted to expand upon the language of the Wellness Program initiative which he spearheaded. He would look at the language.

Mr. Caron suggested that the language be softened with respect to the Retirement Board.

Recommendation #10: Following discussion, the Committee decided not to change the present policy of health insurance contributions for the spouses of deceased employees.

Upon motion duly made by Mr. Baldwin and seconded by Mr. Caron, it was unanimously voted to eliminate this recommendation #10. Motion passed 4-0.

Recommendation #1: Develop a funding policy with the intent of fully funding OPEB. Mr. Hartwell said that the new actuarial report revealed an unfunded liability of \$652M in 30 years, last actuarial report being \$357M. He noted that the Town Manager has recommended a lesser amount from previous years to be appropriated to OPEB in FY2017.

Upon motion duly made by Mr. Hartwell and seconded by Mr. Morris, it was unanimously voted to approve this recommendation. Motion passed 4-0.

Recommendation #11: Work with the Retirement Board to consider eligibility reforms.

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

Recommendation #4: Increase eligibility standards for participation in the Town's Retirement Plan from 20 hours to 30 hours for new employees. Mr. Hartwell asked the Committee to reconsider recommendation #4. Following discussion, the Committee decided to retain the vote on this recommendation. Mr. Morris stated that the Committee has recommended that a permanent OPEB Committee be formed and which will address matters like this.

Mr. Baldwin expressed the need for expert long-term investment management. Discussion ensued and Mr. Hartwell noted that Hingham has an active manager of assets and Andover has a passive manager. He added that the Retirement Board is currently in the process of hiring an investment consultant. Earnings projections of 8% have fallen below for the last several years at an actual 4%.

Discussion ensued from audience members on the history of COLA, investment strategies and returns; spreading the burden long-term amongst all stakeholders and not further burdening retirees; the inequity of social security COLA on full benefit and Andover's COLA on partial benefit (\$12K);

### **Final Report**

Mr. Morris stated the Final Report would be available Monday on the website.

**Adjournment**

Upon motion duly made by Mr. Hartwell and seconded by Mr. Caron, it was unanimously voted to adjourn.

Meeting adjourned at 9:14 a.m.

Respectfully submitted,

Christine Martin Barraford  
Recording Secretary