

TOWN OF HARVARD

Finance Committee

Minutes

Meeting Date: Wednesday, June 6, 2012

Meeting Place: Town Hall Meeting Room

Members Present: Marie Fagan (chair), Steve Colwell, Alan Frazer (assoc.), Alice von Loesecke, Rudy Minar, Laura Vilain (assoc.)

Members Not Present: Heidi Frank, George McKenna, Bob Thurston

Others Present: Lorraine Leonard - Finance Director

Meeting Time: 7:30 p.m. Adjournment Time: 8:30 p.m.

Discussion and Actions

- Marie Fagan opened the meeting at 7:30 p.m., when a quorum was reached.
- Minutes for Wednesday, May 16, were reviewed, and approved with changes.
A motion was made to accept the Minutes for May 16, 2012.
The vote was 4:0 in favor.
- No Public Commentary
- Discussion of OPEB (Other Post-Employment Benefits - health and life insurance) at the Board of Selectmen's meeting with the Auditor Tony Roselli

Alan Frazer opened the discussion summarizing new information from Mr. Roselli's talk.

> The quality of the most recent actuarial study was questionable according to Lorraine and Roselli. With a potential cost for the Town's active employees (199) at approx. \$4.5M, the future liability cost might be expected to be closer to \$60M not \$25M, as suggested by the 2012 actuarial report.

> Only money saved for OPEB in an irrevocable trust would be counted, according to the State, towards meeting the OPEB liability. To create an irrevocable trust the State regulations (32B, section 20) must be met, a Trust Agreement written, and this agreement adopted at Town Meeting.

> With 351 towns in the State, 10-15 have saved various amounts of money towards OPEB. Roselli suggested Harvard stay ahead of the curve to be seen as proactive. Not only will this help keep our top-level Standard & Poors rating, but the Town would be eligible for the 8% discount rate for the purposes of accounting for the liability.

> Roselli suggested revising the Town's current retirement plan by changing from a 75:25 Town/Retiree cost split, to a 50:50 split, as other towns are doing. The Town could also institute a charge-back plan for employees who retire and either move to or come from other Towns to bill those other Towns a proportion of the bill.

- No Town Administrator Report

- Finance Director's Report (Lorraine Leonard)
- No Liaison Reports
- Other Business

Alan Frazer began discussion about a "Review of Process" for the year regarding the Finance Committee.

- Next meeting – June 13, 2012, Town Hall meeting room
- Meeting adjourned at 8:40 p.m.

Respectfully submitted,
Laura Vilain