



# Town of Wayland Massachusetts

## **OPEB Advisory Committee**

Kent George  
David Gutschenritter  
Cliff Lewis (Chair)  
Maryanne Peabody  
Jay Sherry

### **Minutes of December 5, 2013 Committee Meeting**

In Attendance were: Kent George, David Gutschenritter, Cliff Lewis, Maryanne Peabody and Jay Sherry

This meeting was inadvertently not recorded by WayCAM.

The meeting was called to order at 7:04 pm at the Wayland Town Building in the Selectmen Meeting Room. The following topics were addressed:

#### **1. Public Comment**

One member of the public was present and made a comment later in the meeting which is noted below.

- 2. The meeting minutes of this Committee for September 24, 2013 and October 22, 2013 were reviewed and approved by unanimous vote.**
- 3. Cliff Lewis opened a discussion of the various issues and potential methods that the Committee might be able to propose to the Board of Selectmen to eventually reduce the long term costs of OPEB.**

One of the potential means of reducing costs is to offer to retirees a plan for a retired “couple”, meaning a family who no longer have dependents under the age of 26, whereas now that retired couple has no choice other than to take a family plan. The West Suburban Health Group does not currently offer this option and John S., the Town representative to WSHG has confirmed that this option has been discussed at that level and the current providers to WSHG have no plans to do so and that it was a dead end there. Cliff had taken the initiative to talk to a benefits consultant, with whom he is personally friendly, on this matter and found that there are providers that will offer this option, just not part of WSHG. In fact, Cliff took it further and found and then spoke to a Director of Retirement Benefits at Blue Cross Blue Shield who suggested that he thought that kind of plan could work for providers and would look into that option and get back to Cliff at some later date. Jay suggested that one approach we could take is to ask the Board of Selectmen to take action that would require the Wayland WSHG representative to put a vote to the members of WSHG to take a position on this kind of plan and see what happened. It was agreed to table this consideration for now.

Another option is to propose to the Board of Selectmen that it review for change the minimum required Town contribution to retiree health plans which is currently 50% of the overall cost, by a

Town by-law going back to 1968. The question also remains as to what Massachusetts law is with regard to the minimum contribution obligation to cover family plans instead of individuals. Maryanne noted that any suggested plans to reduce payments for retirees would likely lead to union attention to these matters when in contact negotiations in the future. Over many recent years, union contract negotiations have not focused on these retirement matters because those were not in any state of flux, hence not a matter of concern to then current negotiations. Maryanne wanted to be sure that this Committee understood that those negotiations could change in the future if retirement benefits were to become a matter of potential revision.

A member of the public asked to be recognized and was granted opportunity to speak. Carol Martin noted that there is a recent change in Massachusetts law that would allow the Town to make some unilateral changes to employee benefits under certain proscribed conditions and procedures. One of the conditions required of the Town to be able to take advantage of this new law is to have the Board of Selectmen formally adopt the new chapter of the law. She noted that this has not been put forward to the Selectmen yet, but if these discussions continue that it may become part of this Committee's purview to do so.

The Committee elected to leave these discussions at this stage at this time and to take no further action on these matters until more research has been done and more pertinent information is developed by the Committee.

4. Cliff then brought to the table a discussion of whether the Town has formally adopted an OPEB "Trust" fund. He commented that there are several types of trusts that are acceptable to GASB 45 regulations but that he was concerned that Wayland had not truly put a trust in place for this purpose. A discussion, led by David, followed wherein he felt that, in fact, an OPEB Trust had been formally adopted by virtue of the wording of the special law that was approved by the State Legislature in forming the Wayland OPEB. He also mentioned that both the Segal consulting firm and the Melanson & Heath accounting firms found that the OPEB investment funds as within a Trust. Cliff countered that a true trust should have clear and unambiguous terms under which the money in the trust is invested, managed and disbursed, which in this case these terms are unclear. Maryanne mentioned that under Massachusetts law under Chapter 32 and 32b that the Town of Wayland cannot undo any terms of an OPEB trust as proscribed by the law. The Committee finally agreed and voted to seek funding from the Board of Selectmen in an amount of approximately \$2,500 to get a legal opinion on this matter.
5. Cliff then put up a matter for discussion of how to proceed with recovering funds from the various Town department and School accounts that had failed in the past to provide funding of OPEB costs for employees working in those groups. On the Town side the departments include the Water and former Septage departments and from the schools the approximate 37 revolving accounts such, for example, as the fee based Full Day Kindergarten and the BASE program. Taxpayers have funded the OPEB costs for those programs via the transfer of money from the general fund and should be reimbursed by transfer of money from those accounts back to the general fund. The total amount in question is approximately \$1.2 million of which approximately \$952,000 is due from the School revolving funds. The Finance Director has confirmed that there are funds available in the Town accounts that can be recovered in the FY14. There is need to review the amounts due from the School revolving accounts with the School Committee and the Superintendent of Schools to ask them to approve the transfer of money from the various accounts and whether or not those revolving accounts have sufficient funds within them to do so. It was agreed that this matter should be put to the Finance Committee to work within the FY15 budget for those departments and accounts. David agreed to spearhead this discussion with the Finance Committee.

6. The meeting then turned to the content and presentation of the planned presentation of the Committee's findings and proposals to the Board of Selectmen. Jay went through his PowerPoint slide by slide and took comments and suggestions from all members. With this review Jay was planning to finalize the presentation and have it for final review at the next meeting just before the meeting with Selectmen on December 16, 2013.

The Committee voted unanimously to adjourn the meeting at 9:27 PM.

Respectfully submitted,

Kent E. George