



Town of Wayland Massachusetts

OPEB Advisory Committee

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

Minutes of the OPEB Advisory Committee

Wednesday, February 12, 2014
Selectmen's Room
Wayland Town Building

The meeting was recorded and is currently available on WayCam On Demand at:

<http://waycamtv.pegcentral.com/player.php?video=93d5433c90acd0bd821a6782c060bf44>

Present were Cliff Lewis, Jay Sherry, Maryanne Peabody, Kent George (arrived at 7:30 pm), Dave Gutschenritter (arrived 7:45 pm)

Chair Cliff Lewis called the meeting to order at 7:15 pm

There was no public comment.

The Minutes from January 27, 2014 and September 15, 2014 were approved and accepted. The Minutes from January 8, 2014 were amended and approved as amended.

Jay Sherry discussed Segal Company Round 2 Revamp i.e., for Segal Company to predict more accurate figures for OPEB funding going forward. Jay suggests that the Town should be able to predict the numbers of retirees. John Senchyshyn, the Town's Personnel Director has 6 -7 years of accurate data. Jay Sherry moved that the OPEB Committee endorse the initiative for the Segal Company to further improve the OPEB forecast for retirees. The motion was seconded and approved.

Kent George arrived at 7:30 pm.

Alternative Funding Strategy for Melanson and Heath – Kent George and Jay Sherry led the discussion. The OPEB Committee is recommending a premium based funding approach to funding OPEB as an alternative to the Segal Company projected funding. The Committee is hopeful that the Town Meeting will support the premium based approach. The Committee asked that Kent George work with Brian Keveny, Town Finance Director and Scott McIntyre from Melanson & Heath regarding wording for Management's Report for the FY2015 Financials with regard to the OPEB funding. There was discussion about wording found in the most recent Moody's Bond statement.

Kent reiterated that managing the OPEB Investment account to achieve at least a 7 % return remains a big issue.

The Committee skipped over the agenda item on the Warrant Article and the School Committee until Dave Gutschenritter arrives.

Revisit Jay Sherry's Communication Plan. Jay will work with WayCam on the broadcast of the Public Information Session to be held on March 11, 2014 in the Town Building.

Dave Gutschenritter arrived at 7:45 pm

Jay will work with WayCam on the feed from his laptop slides to WayCam.

Kent George will identify who to contact to get the March 11, 2014 OPEB Public Information session into the Globe Calendar.

The Committee will schedule a meeting to bring Rockland Trust together with Brian Keveny, Paul Keating, John Senchyshyn and a representative of the OPEB Committee to discuss the investment strategy needed to keep returns of the OPEB Investment Fund over 7%.

The Committee needs a background piece written and completed by March 5th for submission to the Town Warrant that goes to print on March 6th or 7th. The Committee needs a draft of the March 11th presentation completed. The Committee needs to schedule another meeting to complete its Committee Report.

The Finance Committee will vote on the OPEB Warrant Article either on February 18th or February 24th. If there are changes, Dave Gutschenritter will bring them to the Committee for reconsideration.

The School Committee and the Finance Committee both meet on February 24th. Some OPEB Committee members may wish to attend.

The OPEB Committee will prepare Pros and Cons for the Finance Committee's Report in the Warrant Article.

The background piece that the Committee prepares for the back of the Town Meeting Warrant will serve a double purpose for our news article for the Town Crier.

The Committee scheduled its next meeting to be held on Thursday, February 20th at 7 pm to work on the OPEB Committee Report.

Dave Gutschenritter suggested an approach to give a brief history going back in time up until 2008 and then to describe the 2008 – 2012 funding of \$ 10 million. This occurrence spurred citizen concern. The Selectmen responded by establishing the OPEB Advisory Committee. Describe the Committee's work over the past 8 months. We should be able to do this in 5-10 pages in the warrant including our charts. We don't have to include all of our recommendations. The Selectmen sign the warrant sometime around March 15- March 20.

Progress Update on School Committee discussion regarding the OPEB Warrant Article - Cliff Lewis and Dave Gutschenritter. Cliff discussed the first meeting where the School Committee's response was "it's not fair." Cliff reported that we are now passed that. At the second meeting, the premium based approach was discussed. There was an upfront investment on the part of the taxpayers that funded the Revolving Fund employees. In order for the costs to be less than the actuarial firm, Segal, has predicted, there is a need for a 7% return rate on the OPEB Investment account. Once the revolving funds join in and catch up, everyone will be on the same basis and share the risk and reward. On Thursday, the School Committee delegated to Dr. Stein the responsibility to negotiate a solution with the OPEB Committee regarding the School Department's Revolving Enterprise Funds. Jim Toomey, the attorney for the School Committee said that it is legal for the OPEB Committee to do what it is they are seeking to do –to catch up on revolving fund portion that the taxpayers have pre-funded then to move forward with a percentage of the total based on numbers of employees in the revolving funds who are eligible for the benefit. Jay Sherry and Cliff Lewis asked how the per capita number is derived. Dave said it includes salary, benefits, OPEB and retirement costs. This year the Fin Com is recommending that number to be \$487/eligible employee.

In the warrant article regarding catch up, it is estimated that the Water Department, the Transfer Station and the Recreation Department will have no difficulty paying. Food Services may not have the amount they need. The Children's Way and the BASE program may need to take longer than one year to catch up. Jay Sherry asked if Dr. Stein said there would be no problem going forward. The Committee will negotiate this with Dr. Stein. Dr. Stein may have to increase the cost of the School Lunch Program. Costs are partially paid for by the Commonwealth and partially by families. Wayland is still mandated to provide school lunches.

Dave Gutschenritter said that the OPEB article will need to comprise of three motions – the total amount of funding needed; the current amount needed to be funded by the town; the payback amount from the revolving funds and the current amount due from revolving funds.

The pros and cons for the OPEB article would come from Cliff Lewis's write up. Discussion ensued as to whether the Fin Com would then use the amount voted to cover prior years funding to the OPEB account made by the taxpayers and now made up by revolving accounts would result in a lower tax levy to taxpayers. Fin Com needs to have a better sense of how much free cash is available before they can determine if it would be possible to decrease the tax rate.

It was discussed that the Selectmen and the Town would be better served to have the OPEB article come before the Omnibus budget in Town Meeting because the outcome of the article resolves the level of free cash available.

OPEB Trust Fund – a list of qualified attorneys was discussed. Maryanne Peabody said she thought that the Town would be best served by choosing an attorney experienced in the topic area (even if a boutique practice or a solo practitioner) to review the matter rather than choosing a large firm that might delegate it to an inexperienced associate.

Investment Management – Cliff Lewis - Discussion ensued about the Investment Managers the Town currently has – Rockland Trust and Bartholomew. In order for the OPEB funding numbers to work, it is imperative to achieve a 7% return on investment (ROI). Dave Gutschenritter said that it is important that there is an investment strategy that can drive those returns. He asked if the Committee thought that an active investment management approach would be preferable to a passive one such as an Index

Fund? Should the investment include bonds? What is the time horizon? Dave thought we should have a 25 – 26 year time horizon and that the asset mix should be skewed toward equities. Cliff Lewis stated that if Paul Keating works with the OPEB Committee to attain the 7% ROI, then we should be able to work within the existent structure. If that won't work, then the OPEB Committee may want to recommend a change in the existing Special Statute.

David and Cliff named several town citizens who have been complimentary regarding the work of the OPEB Committee to date. They thought it might be important to ask those residents to be prepared to speak in support of the OPEB article at Town meeting. The Committee questioned whether Lois Toombs has any list of citizens who have spoken in public on OPEB issues.

Next steps for the Committee are to continue work on the article, communications to the public and drafting of the public information session material.

There being no further business, the Chair adjourned the meeting at 10:58 pm.

Respectfully submitted,
Maryanne Peabody
Member, OPEB Advisory Committee

