



Town of Wayland Massachusetts

OPEB Advisory Committee

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

MINUTES OF THE OPEB ADVISORY COMMITTEE MEETING

Held on Monday, March 24 at 7:30 pm

Location: Wayland Town Building

Chair Cliff Lewis called the meeting to order at 7:43 pm. The main purpose of this meeting is to go through the Warrant Article presentation.

Kent George and Jay Sherry have just presented the upcoming Town Meeting OPEB Article to the Recreation Committee. The Recreation Committee voted 4-0 to support the article.

Review and Discussion of OPEB impact on Moody's rating - Jay Sherry spoke with Scott McIntyre, a senior partner at Melanson & Heath, the Town's outside auditing firm. Jay asked if we did not have the amount of funding according to the GASB actuarial tables but the Town had adopted the state statute and were setting aside funds in a trust according to a plan to fund it overtime at a rate getting us to \$79 million eventually, we would have a large liability on the books according to GASB 45. How would we handle that and how would Moody's view that for the Town's credit rating. Scott said that in the Town's Management Disclosure and Analysis (MD&A), management would explain the Town's decision and that the auditor, Melanson and Heath, would put it in a footnote. Brian Keveny can outline a draft for the MD&A. We have plenty of time.

Resident Gordon Cliff asked at the public information meeting if the premium based funding would have "a negative impact on the Town's AAA Bond rating". Brian Keveny was referred to Patricia Bowen, VP at Eastern Bank Municipal Finance Department who worked with Wayland's Town Treasurer when we put together our bond offering. Patricia reviewed our documents (Committee Report and the Public Information presentation). She also ran it by a Moody's analyst. Both said that they would not see an impact on Wayland's AAA rating based solely on the proposed OPEB funding process described to support Article 4 at Town Meeting.

The next step would be to notify the Fin Com regarding the Management's Disclosure and Analysis (MD&A).

Jay Sherry said that we think we're doing OK but it might be helpful to get some data regarding where we are in relation to other towns regarding funding. PERAC (Public Employees Retirement Administration Commission) is supposed to get a submission each year from each Town that has accepted the State statute on setting up an OPEB Trust regarding the status of that trust and amounts saved. We are ahead of most towns except for a few (e.g., Dedham, Weston) and we are 27% funded.

Town Meeting Warrant Article Discussion – fact checks, fast track & feedback - It was discussed and decided that follow up prior to Town Meeting should include an email to Gordon Cliff, communications with the Finance Committee, the Finance Director, and Moody's analyst. We should ask Brian Keveny to check that both Segal (Town's actuary) and Melanson & Heath are ok with what the committee is presenting.

Jay Sherry expressed concern about the anomalies in the budget article in the warrant regarding the actual number of OPEB eligible employees. (It says 529, 536, 586) and that we should have clarity on what that number actually is.

Jay also sent an email indicating that there are changes ahead for GASB 45. (attached)

Jay also inquired whether there was a way to have an abbreviated procedure with the OPEB article but Dennis Berry, Town Moderator will not fast track the article.

Review of Warrant Article Speech – Cliff Lewis

The Committee reviewed the Chair's speech for Town Meeting presentation of article. Kent George agreed to make copies to have available at Town Meeting of Susan Wagner's Town Crier article on OPEB.

Warrant Article Final Communication Plan – Jay Sherry. The Committee discussed where we are in the final Warrant Article Communication Plan and the Committee Report which has been printed in the Warrant for Town meeting.

Cliff Lewis received a request for information from the Massachusetts Municipal Association regarding OPEB. This has been sent to each town. Cliff asked Maryanne Peabody to respond on behalf of the Committee.

Plan for FY15 OPEB Committee Goals and Objectives. Items discussed by the Committee included:

1. Oversight of Investment regarding Return on Investment for OPEB trust monies.
2. The distinction between FTE and the OPEB eligible employees. There is future work to be done exploring clarifying the numbers and confirming OPEB eligible employees that work on grants and for the 35 revolving funds that the town has.
3. Explore further cost reductions.
4. Explore whether an alternative legal trust structure is required to protect the monies in the OPEB Trust.
5. Improve the accuracy of the OPEB modeling.

Jay Sherry questioned whether the Town should consider borrowing the moneys to invest in OPEB as Wellesley has done. The committee was generally not in favor of that since interest rates have been low and may not stay that way. Dave Gutschenritter added that the “entity can’t withstand the ‘bottom’ of the market.” Kent reinforced that the Investment Policy was important. Jay Sherry said that borrowing would be replacing debt service for OPEB payments. Jay cited that the Commonwealth borrows money to invest.

6. Net reimbursement from other Towns for their portion of OPEB costs for employees who have worked elsewhere but retire from Wayland. Other towns may bill Wayland as well so what would be the net gain. Maryanne Peabody pointed out that the MMA legislation currently pending would limit that amount to 50% of premium and that the Commonwealth won’t reimburse at all.
7. Make OPEB part of the Town Budget going forward.

The Committee discussed whether it would be possible to make a pitch to the MMA regarding the work we had done. Maryanne indicated that she had offered to the MMA’s Legislative Affairs staff person that we were willing to make such a presentation. The Finance Committee also has a regional coalition.

Public Comment – Anette Lewis told the Committee that they had done a good job.

There being no further business, the Chair accepted a motion and the meeting was adjourned at 9:50 pm.

Respectfully submitted,
Maryanne Peabody
Member, OPEB Advisory Committee

There being no further business, the Chair adjourned the meeting at pm

Respectfully submitted,

Maryanne Peabody

Member, OPEB Advisory Committee