



# 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 Wednesday, December 3, 2014 at 7 pm

Location: Wayland Town Building – 2<sup>nd</sup> floor small conference room

Present were Cliff Lewis, Kent George, Maryanne Peabody, David Gutschenritter and Jay Sherry

Chair Cliff Lewis called the meeting to order at 7:10 pm.

Public Comment - There was no public comment.

Minutes – the Minutes from the meeting of October 7, 2014 were reviewed. Kent George clarified that an RFP is not required for the request for Legal Counsel to review the OPEB Investment Trust since the amount requested is less than \$35,000. Elizabeth Doucette suggests that an RFQ process should be used.

Jay Sherry questioned acronyms used in the Minutes referring to PRIM and PRIT. The Committee chose to refer to the group in future discussions as PRIT.

The Minutes were approved as amended.

The Minutes from August 27 were approved and accepted as written.

Fin Com Update – Tom Greenaway has invited Dave Gutschenritter to the Fin Com meeting on January 5 regarding the OPEB Warrant Article for the annual Town Meeting. The Town Crier has indicated that Town Meeting will be earlier than usual this year. Dave suggested that the Committee submit the article drafted similarly to last year's utilizing a place holder dollar amount of \$300,000 until we get more accurate numbers as we get closer to Town Meeting. According to the email received from Nan Balmer,

draft warrant articles need to be submitted by January 15<sup>th</sup>. Dave will draft the article and the committee will meet prior to the January 15 submission date to review.

Actuary Review – Jay Sherry reported on his canvassing of Towns that were given as references for potential actuarial firms. According to Jay, all Towns reported that they were happy with their actuaries and their recommendations. There were no surprises on pricing. Weston chose a new firm (even though happy with their existing firm) based on better pricing. Several towns were surprised at delivery times later than anticipated but also admitted there were delays on the towns' side. All towns surveyed were doing their reviews based on GASB 45. No town was doing premium based reviews.

All firms are qualified, experienced and are located close by. Because Odyssey includes a sensitivity analysis as part of its standardized reporting, Jay recommends that the Town choose Odyssey as its actuary this year.

Kent George moved that the Committee accept Jay's study and recommend to the Town that they contract with Odyssey on the RFQs submitted this year. Discussion followed. Dave Gutschenritter said that we should clarify that we want a premium based analysis irrespective of which actuarial firm is used. Discussion ensued about differences in forecasting assumptions among the firms (e.g., – are all retirees counted as retired on January 1<sup>st</sup> or is it staggered throughout the year?) and how those affect results. It was noted that the selected firm should provide a premium based analysis. It was moved, seconded and voted (5-0) that the Committee recommend that the Town use Odyssey as its actuarial firm this year.

OPEB Investment Account Review – there was agreement that there should be an advisory Group to review the investment returns of the OPEB Investment Account. There was discussion about whether there should be an informal group that serves at the pleasure of the Town Treasurer who is responsible for these investments by the Statute accepted by the Town or whether there should be a more formal structure for that group as a way to foster transparency.

Cliff stated that currently the responsibility resides with the Town Treasurer and is concerned that with a more formal advisory group, the Town may find it difficult to attract qualified members. Kent pointed out that depending upon the structure of the Trust this might not be an issue. Legal trusts require trustees. The Committee discussed PRIT as an option. Dave pointed out that by choosing to go with PRIT, the Town gives up the ability to change the asset allocation to achieve funding goals.

The Committee discussed the importance of getting an advisory committee moving. There is no transparency presently. The committee agrees that reporting on OPEB investment return performance should be posted quarterly on the Town website.

Dave expressed concern that once the OPEB Committee disbands, the OPEB investment returns necessary for the premium based assumptions to achieve funding objectives need to be continued.

Maryanne Peabody suggested that the committee codify expectations that need to be carried forward in order for the Town to meet its OPEB obligations. Cliff offered to take on responsibility for an initial draft of such a document.

Cost Savings – Cliff and Maryanne reported that they are setting up a meeting with Nan regarding OPEB issues to date, progress made and potential cost savings in the future. They do not expect any additional savings this coming year.

Legal Structure of the Investment Account - Since the Selectmen provide access to legal counsel, Kent will need to appear before the Selectmen to request legal advice regarding the OPEB Trust. The Committee reiterated its concern that the funds be protected for use for OPEB only obligations.

Review of OPEB Contributions from Fee-based programs – the School Committee has set up a subcommittee to look at the parity contributions for those self sustaining programs that are struggling and have been unable to pay for past OPEB contributions made by the Town on behalf of their employees. (The Children’s Way; School Lunch Program). Discussion ensued regarding other grant programs that may have employees whose OPEB contributions have been picked up by the Town.

Next Steps – Kent will follow-up with Nan on the issue of obtaining specialized outside legal advice for the OPEB Investment Account. Maryanne and Cliff will meet with Nan regarding OPEB savings to date and future health plan savings. The Committee will meet on Tuesday, December 9 to review the Warrant Article for Town Meeting being prepared by Dave. Jay will follow-up with actuary regarding actuarial assumptions. The Committee set a meeting for Monday, January 5<sup>th</sup> at 7:30 pm following Dave’s meeting with the Finance Committee.

There being no further business, the Chair adjourned the meeting at 10:05 pm.

Respectfully submitted,

Maryanne Peabody, Member  
OPEB Advisory Committee

