



Town of Wayland Massachusetts

OPEB Advisory Committee

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

Minutes of May 11, 2015 OPEB Committee Meeting (Approved June 24, 2015)

In attendance were David Gutschenritter, Cliff Lewis, Maryanne Peabody and Jay Sherry. Kent George was absent. The Board of Selectmen portion of the meeting was videotaped and is currently available on WayCAM On Demand.

The meeting was called to order at 7:58 PM by Chair Cliff Lewis in the Planning Board conference room. The following agenda topics were addressed:

1. Public Comment

There were no members of the public present at this portion of the meeting.

2. General discussion of how to transfer OPEB responsibilities after the Committee ends its work in September

Jay reminded the Committee of the need for the Committee to provide some text to the Town's auditing firm Melanson, Heath that describes the rationale for Wayland's use of premium-based actuarial assumption. This text would be included in the financial statements' Management Discussion & Analysis section of fiscal year 2015.

The Committee enumerated some of the tasks associated with the preparation of the warrant article for each year's Annual Town Meeting. The warrant article appropriates the contribution to the OPEB investment account.

- a) Every December 31 prior to the April Town Meeting, the overall OPEB-eligible employee headcount must be tallied by the Town's Human Resources Director (currently John Senchyshyn), with the FTE headcount also identified for each fee-based program so that the OPEB contribution can be properly apportioned between the general taxpayer and the users of fee-based programs.
- b) Every January/February, the School Committee must approve the parity contributions of \$25,000 each for both Food Services and The Children's Way, for the next eight fiscal years or so until the parity contributions have been completed. The Wayland Public Schools Business Director (currently Susan Bottan) should assist with this task.
- c) The Committee believes that the Town's Finance Director (currently Brian Keveny) is the most appropriate town official to prepare the text of the annual warrant article. Warrant Article 4 in the 2015 warrant should serve as a useful template for warrant articles in future years.

The Committee also enumerated some of the tasks associated with the biennial OPEB valuation by the Town's actuarial firm. The next valuation is required as of December 31, 2016.

- a) The Committee believes that the Town's Finance Director is the most appropriate town official to manage the actuarial valuation, assisted by the Town's Human Resources Director.
- b) A Request for Quotation (RFQ) should be sent to four or five actuarial firms in the September timeframe. Responding firms should be queried in the RFQ for their likely investment return assumptions and healthcare inflation rate assumptions that would be most appropriate for Wayland's situation. The respondents' quotations should include fees for both the GASB 45 and premium-based valuations.
- c) The actuarial firm should be selected in October, based on the proposal response to the RFQ that provides the Town with the most overall value: accuracy in the OPEB forecast at an appropriate fee.
- d) A planning meeting with the selected actuarial firm should happen in November, with a focus on validating the modeling assumptions the actuarial firm will use.

- e) The Town's OPEB-eligible active employee headcount, retired employee headcount, and qualifying spouse headcount as of December 31 must be provided by the HR Director to the actuarial firm, along with data about healthcare insurance costs, employee & retiree selections, and other data that may be required.
- f) The actuarial firm's analysis should be complete by mid-February. The OPEB contribution for the subsequent fiscal year will come from the premium-based forecast, and will be used in the text of the warrant article published in March.

3. Joint Meeting with Board of Selectmen

At 8:19 PM the Committee re-convened in the Board of Selectmen's Meeting Room, where they joined Chair Cherry Karlson, Tony Boschetto, Mary Antes and Lea Anderson. [*The WayCAM video of the BOS – OPEB Committee meeting begins at 1:34:30*]

The Committee made three specific proposals to the Board of Selectmen (BOS) and discussed other topics as follows:

1. **Extend the timeframe of the OPEB Committee's charge from June 1, 2015 to September 30, 2015.** Dave Gutschenritter made this proposal, and explained that this would allow the Committee to complete its work on several items:
 - a. To fully document the process of how the biennial OPEB valuations should be conducted by various town officials: actuarial assumptions, employee census, etc
 - b. To focus on the cost of healthcare benefits and cost containment
 - c. To provide proper advice and counsel to Town Treasurer and Town Administrator on the management of the OPEB investment account
 - d. To define the process for producing the annual OPEB warrant articles
 - e. To complete the analysis of the proper legal structure for the OPEB investment account.

Tony Boschetto made the motion on this proposal, seconded by Mary Antes and approved 4-0 by the BOS.

2. **Appointment of special counsel Murphy Hesse Toomey & Lehane, LLP for OPEB issues.** This will support a legal analysis of the appropriate OPEB legal structure and of the Town's special OPEB statute. Cliff spoke to this proposal. Lea Anderson made the motion, seconded by Mary Antes, and then approved 4-0 by the BOS.
3. **Approval of OPEB account Investment Policy revision A dated May 6.** Dave Gutschenritter spoke to this proposal and noted that the Committee and the two investment management firms Bartholomew and Rockland Trust believe that the 75% equities/25% fixed income allocation optimizes the chance to meet the 7% annual return objective. John Senchyshyn commented that in the future the Town Treasurer will need the regular review by the BOS of the investment allocation. Tony Boschetto asked about the current management fees from our two managers and potentially from PRIT. The BOS asked for the Committee's views on how frequently the investment policy should be reviewed. Dave suggested that an annual review by the BOS would be appropriate.

Cherry Karlson expressed her discomfort with an elected body like the BOS directly establishing the investment allocation, because a political body will not necessarily have the requisite financial expertise. She also asked the Committee to edit the document to make it tighter and clearer, and that the revision be reviewed at the May 18 meeting of the BOS. Cherry Karlson and Tony Boschetto both expressed a desire to have the OPEB governance document suggest the specific oversight role that the BOS should exercise.

4. **Request that Selectmen Tony Boschetto make his time available for review and oversight of the remaining OPEB work items.** Cliff spoke to this request. Tony agreed to provide time for these tasks.
5. **Legacy work plan items.** Jay spoke to the processes that must survive the dissolution of the OPEB Committee. The Town needs to produce the annual OPEB warrant article, the biennial OPEB actuarial valuation, and needs a documented governance model for the OPEB investment account. These tasks need to be owned by an elected or appointed official of the Town, or by a staff person. Cherry asked Town Administrator Nan Balmer and Tony Boschetto to review where responsibility for each of the legacy tasks fits best from a job description perspective.

4. **Wrap Up.** The Committee reconvened at 9:25 PM in the Planning Board conference room. Cliff agreed to rework the Investment Policy to reflect the comments of the BOS. By a vote of 4-0, the Committee adjourned at 9:37 PM.

Respectfully submitted,
Jay Sherry