



Town of Wayland Massachusetts

OPEB Advisory Committee

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

Minutes of June 24, 2015 Committee Meeting

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

The meeting was called to order at 6:49 pm in the School Committee room in the Town Building.

The OPEB meeting was recorded by WayCam and can be found by going to the WayCam website.

The following Agenda topics were addressed:

1. Public Comment

No public comments were made.

2. Discussion of Legal Structure for OPEB Investment Account

Cliff Lewis introduced the topic. This discussion was amongst the OPEB Committee members in advance of a call with Brian Fox, an attorney with Murphy, Hesse, Toomey, & Lehane. The Committee discussed the following questions to be asked of Brian:

- Does Wayland need to change its special stature or can it be kept as is – pros and cons of each
- What are the roles and responsibilities of the Trustees under the various legal structures?
- What should the composition of the trustees be? Who should be a trustee?
- Who has what fiduciary responsibilities?
- Can Brian provide an estimate of the cost of a trust – both initial and ongoing?

3. Conference call with Brian Fox, Attorney Murphy Hesse

The call began at 7:30 pm. Cliff Lewis introduced the members of the Committee to Brian and gave a general overview of the topics that the Committee wished to discuss (see prior agenda item).

Brian began with a general overview of the topic and then went into the follow specifics

Wayland's special statute lists three people with certain roles in administering OPEB: The Town Administrator (TA), the Finance Director (FD), and the Town Treasurer (TT).

The TA & FD have control over the money, while the TT is the custodian of the funds. The TA & FD set the investment policy and direct the TT to invest the money accordingly.

The TA & FD can seek whatever advice and counsel they want, and the TT can hire investment professionals to invest the money according to the investment guidelines established by the Town.

All three individuals have certain fiduciary responsibilities, primary to insure the safety of the assets and the prudent investment of the assets. They need to act with the best interests of the beneficiaries of the OPEB monies.

Wayland has a trust that was established by the special statute but no trust agreement. The special statute states that the money can only be used to pay OPEB expenses.

GASB will require that the OPEB financial information be included in the Town's financial statements explicitly, rather than in notes to the financial statements.

Brian did not any specific cost estimates, other than a general sense that they would not be very much.

In response to questions, Brian stated that the TA, FD and TT are considered trustees, the Town can have additional trustees, but the Town must have the majority of the trustees (maintain control) to maintain federal tax exempt status. The current arrangement (trust with no trust agreement) is supportable. A formal trust agreement can be put in place if the Town wants to pursue that route. A trust agreement can make explicit all that is currently implied, including the dissolution of the trust if needed at some point in the future. Control over the use of moneys in the Investment Account resides solely in the hands of the TA & FD. Given the fiduciary responsibilities of the TA, FD, & TT, the purchase of liability insurance can be investigated.

Brian was asked to follow up on certain items

Continue to think about Wayland's specific circumstances and any additional ideas that we should consider

How would an Investment Advisory Group work if Wayland chose to go down that path? Would it be covered by the Open Meeting Law?

Cost estimates to go with a the formal trust with trust agreement

The call ended at approximately 8:20 pm.

4. Discussion of OPEB Investment Account Legal Structure

After the call with Brian ended, the Committee continued its discussion and agreed that there were three alternatives to pursue:

- a) Live with the Special Statute we have
- b) Tweak the Special Statute we have
- c) Abrogate the Special Statute we have

There are pros and cons for each position. Jay is going to write up his thoughts on the discussion with Brian Fox. If item c is selected, Wayland's OPEB would then be governed by the State Statute governing the OPEB funds.

5. Approve Minutes

The Committee approved the minutes of May 11th as presented 5-0

The Committee approved the minutes of May 6th, as amended 5-0

Dave Gutschenritter left the meeting at 8:30 pm. Maryanne Peabody continued taking the Minutes once Dave left.

The Committee continued discussing the current Special Act and where the fiduciary responsibility lies. Kent George expressed that currently taxpayer involvement is missing.

6. Items not reasonably foreseen by the Chair

Jay Sherry and Clifford Lewis agreed to reconnect with Scott McIntyre of Melanson and Heath, the Town's external auditors, regarding the OPEB disclosure information to be included in the Town's annual financial report. There was a suggestion to attend an upcoming meeting of the Audit Committee to discuss the OPEB rationale for Melanson and Heath.

The Committee agreed to meet on Wednesday, July 8, 2015.

Jay Sherry reported that he had met the new Town Treasurer, Zoe Heath and that she would attend the July 8th OPEB meeting along with Nan Balmer. Zoe will be meeting next week with Rockland Trust. Jay reiterated the need for a process for investment disclosure by the two outside investment managers.

7. Public comment

There was no public comment

8. Adjourn

The Committee voted 4-0 to adjourn at 8:50 pm

Respectfully submitted

David J. Gutschenritter