



# Town of Wayland Massachusetts

## **OPEB Advisory Committee**

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

### **Minutes of June 11, 2014 Committee Meeting**

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

The meeting was called to order at 7:34 pm in the Small Conference Room on the second floor of the Town Building.

This meeting was not recorded

The following Agenda topics were addressed:

#### **1. Public Comment**

No public comments were made.

#### **2. Review and Approve Minutes from prior meetings**

Minutes of 2/12/14 were reviewed. Jay Sherry offered several edits and suggestions to the minutes. After discussion, the minutes were approved as amended. Vote 4-0

Minutes of 3/11/14 were reviewed and approved as amended. Vote 4-0

Minutes of 5/14/14 were reviewed and approved. Vote 4-0

Kent George will post minutes that have already been approved.

The minutes of 3/24/14 are still outstanding.

#### **3. Discussion of F/Y 2015 Major Themes**

##### **3.1 Review of actuarial estimates going forward**

Jay Sherry reported that Danny Rhodes of the Segal Group estimated that the project to reconcile Wayland's actual OPEB expenses to the first year projection used by the Segal group in their actuarial analysis would be no more than 10 hours at a cost of \$2,000 to \$3,500 depending on the mix of Segal resources used on the project.

Currently Segal has completed the review of all the data provided to Segal by the Town and is now validating the model. Some of the discrepancies are caused by the lower Medicare Advantage plan premium rates that renewed on Jan 1, 2014 versus the assumption of 0% healthcare inflation use in the non-GASB projection.

On June 6<sup>th</sup>, Segal requested that the Town confirm the final FY 2013 retiree cost number, rather than interpolating from 10 monthly reports. Segal also requested Wayland's Medicare Part B penalties and the retiree life insurance number. This data is still in the process of being compiled and will be delivered to the Segal group when ready.

### **3.2 Return on Investment: including legal structure, investment objectives, investment oversight, financing alternatives, investment review.**

Cliff Lewis and Dave Gutschenritter met with Paul Keating and Brian Keveny on May 21<sup>st</sup> to discuss the idea of an OPEB Investment advisory committee to assist Paul and Brian in fulfilling their responsibilities in overseeing and administering the OPEB investment account. The discussion was productive with Paul and Brian being receptive to the idea. Various ideas were discussed including the size and composition of the advisory committee, what should its scope be, and how should it relate to the Trust Fund Commission, which already exists to oversee the investment of various trust funds in the Town.

The ensuing discussion focused on those items and should the proposed committee be formally appointed or informally organized. It was suggested that Brian Keveny be asked about his experience with the Town of Winchester and their oversight committee. Cliff Lewis and Dave Gutschenritter will follow up.

It was agreed that Dave Gutschenritter draft an initial outline of the scope and responsibilities of the OPEB Investment advisory committee. Initial thoughts are that the committee will have 3 or 5 members, each member appointed for a one year term, with the terms staggered so that one term expired every year. The committee would advise the Town Treasurer and Finance Director on the Investment policy statement and asset allocation guidelines. It would meet quarterly or as needed to review investment performance and adherence to the investment policy and asset allocation guidelines. These are preliminary ideas, no decisions were made. The Committee agreed to have Cliff Lewis and Dave Gutschenritter review the charter and implement it on behalf of the Committee.

The Committee next discussed the topic of the legal structure of the OPEB Trust Fund. It was agreed that the Committee would seek legal opinions on what the appropriate legal structure should be and why, both from external counsel as well as from Town Counsel.

Jay Sherry commented that with the 2038 target date for fully funding the OPEB accrued liability, the Committee should recommend a portfolio whose asset allocation is heavily weighted towards growth (equity securities). Dave and Kent agreed.

### **3.3 Legislative review**

The Committee reviewed the status of current and proposed legislation. Kent George reported that there is legislation in place that allows Cities and Towns some latitude to adjust certain benefits outside the collective bargaining agreement in certain circumstances but that Wayland had not adopted the legislation for our use.

### **3.4 Cost reduction**

There is a meeting schedule for June 20<sup>th</sup> to discuss further OPEB cost reduction ideas and strategies. Proposed attendees are Maryanne Peabody, John Senchyshyn, Tony Boschetto, and Cliff Lewis.

### **3.5 Accounting, including reimbursement from other towns, reimbursement from other fee-based funds and grants.**

Jay Sherry reported that there is legislation in place that allows cities and towns in Massachusetts to charge other cities and towns for OPEB costs. Chapter 32B, Section 9A ½ is the relevant section. Middlesex Retirement System and MTRS provide the creditable service data that drives the calculations. The data only covers employees retiring since 2011. Out of Wayland's retiree population of 436, 41 of whom are enrolled in our health insurance programs have retired since 2011. Nearly 35% of these 41 retirees have creditable service with multiple towns.

So far, Wayland has had a net positive benefit. We have billed out approximately \$47 thousand to recoup health care costs, while being billed for approximately \$6 thousand. On an employee basis, we are billing out for 10 employees, and are being billed for 4. Certain cities and towns are paying; others are not (Wellesley, Brookline, Hull, Ashland). Approximately \$11 thousand remains unpaid. Kent George will follow up.

Jay also asked about the agreement made with the School Department to recoup OPEB contributions from the funds that were unable to pay in full because the funds did not have sufficient financial resources to do so. It was agreed that Dave Gutschenritter would draft a letter to document the agreement.

### **4. Items not reasonably foreseen by the Chair**

None

### **5. Public Comment**

No public comments were made.

### **6. Adjourn**

Prior to adjournment, the committee agreed to meet again on July 17<sup>th</sup> at 6:30 pm. The Committee then voted unanimously to adjourn at 9:07pm.

Respectfully submitted

David J. Gutschenritter

Documents reviewed at the meeting

1. Retiree Insurance summary.
2. Draft minutes