

**TOWN OF SUDBURY MASSACHUSETTS
STRATEGIC FINANCIAL PLANNING COMMITTEE FOR OPEB LIABILITIES
MINUTES
Wednesday, October 15, 2014**

Present: Selectman Lawrence W. O'Brien, Selectman Charles C. Woodard, SPS Committee member Lucie St. George, Finance Committee member William Kneeland ; L-S School Committee member Kevin Matthews; Town Manager Maureen G. Valente, Assistant Town Manager Maryanne Bilodeau, Finance Director Andrea Terkelsen, SPS Business Manager Mary Will, L-S Superintendent Bella Wong, ,L-S Business Manager Patrick Collins
Absent: Finance Committee member Mark Minassian.

The statutory requirements as to notice having been complied with, the meeting was convened at 8:03 a.m. by Chairman of the Committee Larry O'Brien in the Silva Room, Flynn Building, 278 Old Sudbury Road.

Approve minutes

Motion by Mr. O'Brien to accept minutes from the meeting of July 23, this was second by Ms. Bilodeau. Motion was passed unanimously.

Review status of priority items from minutes

Mr. O'Brien asked Maureen Valente to talk about how this committee brainstormed a number of things that we decided we will start working on. She noted the following:

We skipped August meetings because of the summer, we could not meet in September because we did not have enough quorum.

- We are still working on a multiyear analysis. We will take a look at this, studying the impact of the do nothing alternative if you just aloud to pay as you go.
- We are hoping to have the biweekly schedule meetings going forward if people could put this on their calendars.

We tried to focus on a model that has something with assumptions but Mr. Woodard reminded the group that the actuary has already done, these calculations, and their models are more complex.

Ms. Lucie St. George agrees that the major benefit of using the actuaries' calculations is, it will be more valid for the town because it is done for a third party.

Ms. Valente asked to look at each of the cost centers to do their own evaluation of new hires, new retirees, etc.

Ms. Maryanne Bilodeau mentioned that Including the OPEB cost the annual cost of benefits is \$18,000 for someone that is hire at age 45, this is the employer cost, includes the Middlesex Retirement, Medicare, life insurance.

Bella Wong reminds the group that LS has to use a slightly different number (for annual cost of benefits).

Ms. Valente suggested that we tentatively schedule an interim report from the Committee be presented at the BOS around the second week of November.

Areas for committee to be aware of:

- Staff will be preparing an article for the 2015 Annual Town Meeting to move the money from the town health insurance trust account into the OPEB Trust.

- Staff in the Town and L-S is preparing trust documents for consideration and adoption. Ms. Maryanne Bilodeau informed the group that we have a draft and we are waiting for a final approval from their actuary, it looks like our total unfunded liability went up about \$1.8 million, our pre-funded ARC went up about \$30,000. If we were to pre-fund our ARC it is now approximately \$2,150,000. This is the ARC for the Town and SPS.
- Staff is looking at considerations for how much of the ARC (Annual required contribution) for the Town. Ms. Valente mentioned that there are few towns appropriating a full ARC every year; most are just funding a portion depending on revenue availability. She hopes this committee will make a recommendation to the BOS to vote on.
- Patrick Collins said that the LS School Committee has on its agenda for the two November meetings to adopt a formal trust agreement and have made a budget priority for FY16 to begin funding. He thinks having a uniform approach to the problem across the two institutions will be beneficial.
- Ms. Maryanne Bilodeau asked the question if -it makes sense to invite Linda Bournival to come in and give the report to the BOS jointly with the other committees like we did two years ago? Maureen Valente agrees that it does help to bring attention to the issue.
- Kevin Matthews said that we need to build a broader support, and we need to keep educating people within the close communities of the committees in town but also with the greater public as well. Maureen Valente indicated that although we are separate entities and that there are different things going on, we need to be closely aligned; for better or for worse we are competing over scarce resources.

Ms. Valente reminded the group about Free Cash for FY14 which was, certified at \$3.2 Million. Free Cash is not something that we can count on so; it is not something to build strategies or plans around.

Mr. O'Brien reminds us that going forward we have a meeting schedule two weeks from now.

Ms. Valente would like people to think about if we were going to put aside money for OPEB, what would the amount and the approach be? Even if we could get everyone to agree to \$500,000 for next year to be spent on the ARC, how do we divide that number among our three cost centers, and do we do it on an ongoing basis? Do we split the amount the way we currently split the budget dollars? SPS, Town, LS? Is there a better way, is there a different way? I do not know.

Kevin Matthews shared his idea that we need to be very specific in choosing a target or number for funding. If our approach is random we leave much room for ongoing speculation. He also said that he thinks we have to explain to people that when the ARC increases, we will start to have cash flow problems.

Mr. O'Brien asked if we were going to do a projection of what we think new hires will cost us and calculate that.

Ms. Maryanne Bilodeau indicated that information is contained in, the supplemental reports that we received from our Actuary in 2012. LS also received a similar report with the cost of a new employees when hired.

Ms. Maryanne Bilodeau said that we could do these projections based on previous reports that we received from the Actuary. We could use the report to come up with an amount for each person hired, based on their age and position.

Ms. Valente said that the other thing that we need to address is when we want to be fully funded.

Next Steps

Ms. Valente asked the group email Maryanne or Andrea with some ideas for funding OPEB that we could organized and then discuss more effectively at our next meeting.

Mr. O'Brien would like to conclude the next meeting with an idea of what we would like to present to the Finance Committee and BOS in terms of numbers and concrete plans.

Mr. Woodard suggested providing the BOS with a status report in the near future.

Mr. O'Brien agreed this would allow us to get immediate response back in terms of feedback.

Ms. Maryanne Bilodeau suggested that in the next meeting we should be working on our recommendations.

Ms. Maureen Valente asked to schedule our next several meetings now. The group tentatively agreed to: October 29, November 5 and 12.

There being no further business, there was a motion to adjourn, and this was seconded by Ms. Bilodeau. Motion was passed unanimously.

Meeting was adjourned at 9:43 a.m.