

**Westwood Finance and Warrant Commission**  
**February 25, 2014**  
**Meeting Minutes**

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Chairman LeBlanc Cummings called the meeting to order at 7:50 P.M.

Finance and Warrant Commission (Fincom) members absent: Rick Cocivera, Denise Murphy.

Permission was granted to WestCat to record the meeting.

Chairman LeBlanc Cummings thanked all for attending tonight's meeting:

- DPW Director Todd Korchin.
- Finance Director Pam Dukeman.
- Town Treasurer Jim Gavin.
- Human Resources Director Marybeth Bernard.
- Kathy Riley from Segal Company – OPEB actuarial firm.

***Approval to Exceed Appropriation for Snow and Ice Removal***

DPW Director Todd Korchin attended tonight's meeting to respond to questions.

- The FY14 snow and ice budget is \$250K. Additional appropriation of \$60K was approved at the January 28 meeting and there have been nine events since then; tonight's request is for up to an additional \$370K, which will leave approximately \$100K balance for any remaining storms.
- Compliments to the DPW workers for a job well done this year.

MOTION: Mr. Foscaldo moved the Finance and Warrant Commission vote to authorize, under the provisions of Section 31D of Chapter 44 of the Massachusetts General Laws and in consideration of the Selectmen's approval vote on February 24, 2014 additional expenditures for snow and ice removal up to \$370,000; seconded by Ms. Eramo Young. VOTE: Unanimous.

***FY15 Budget Update***

Pam:

- Municipal Detail and Summary budget documents emailed to Fincom and posted on line.
- Provided a summary handout tonight:
  - Recommended current projected revenue and expenses.
  - Currently a \$165K budget gap that will be worked on over the next few weeks; a balanced budget must be presented to Town Meeting.
    - Hopefully there will be additional State aid, although that will not solve the entire gap.
  - The Selectmen will finalize the recommended capital at their March 10 meeting.

### ***OPEB Discussion***

Pam introduced Jim Gavin and Kathy Riley. Kathy Riley, Sr. Vice President of Segal Company, has a very extensive background working with some well-run MA communities on both pension and OPEB (Other Post Employment Benefit) issues. Segal Company performed the June 30, 2013 OPEB valuation for Westwood. Kathy also served on the *State OPEB Commission* established by the Governor approximately two years ago. The *State Commission* was charged with recommending changes to health care for retired state and municipal employees, the cost of which has generated significant OPEB liabilities.

The Town's OPEB Task Force met at the end of January at which time Kathy Riley presented a detailed summary of the updated valuation. At that meeting members asked Kathy to prepare an analysis of the effect on the OPEB liability if the Medicare B reimbursement the Town currently provides was discontinued.

- Kathy attended the February 10 Board of Selectmen meeting at which time the Board discussed the Medicare B reimbursement. The Board asked for additional information from Kathy which the Board again discussed at their February 24 meeting.
- At their February 24 meeting the Board of Selectmen voted to discontinue the 50% Medicare Part B premium reimbursement for all current active employees and retirees who are not yet 65 as of July 1, 2014. This is something the OPEB Task Force has wanted to do and is a significant step.
- Taking this action reduces the Town's liability by \$5M and reduces the annual ARC by \$575K. It has the same effect as appropriating \$500K.

### ***OPEB Trust Overview – Treasurer Gavin***

- Treasurer Gavin discussed OPEB investment options at the OPEB Task Force meeting on January 31 and at the February 10 Board of Selectmen meeting.
- The Trust Fund currently has a balance of \$1,116,000.
- Westwood has adopted the State Chapter 32, Section 20 trust fund which provides the ability to invest the funds more aggressively as they are long term funds similar to pension trust funds.
- Westwood can hire a firm to invest the trust funds or can access the State's investment trust fund and be part of an OPEB pool of communities.
- Treasurer Gavin has met with representatives from both the State and a private firm (Bartholomew Investment Management Services), as well as discussing the options with the Town's audit partner.
- The current thought is that the State option puts the Town in a group with many other strong communities vs. being on our own.
- Sometime over the next 45 days or so Treasurer Gavin expects to identify which option to choose.

Some comments/questions:

- Who are the fund trustees?
  - None yet; that will be done over the next 60 days or so.
- Why not solicit bids from other investment companies?
  - We preferred to seek recommendations and advice from people who provide services to the Town such as the Town's audit firm.

- The OPEB Task Force reviewed the list of communities (including Wellesley, Needham) currently in the State program.
- Recommendation that the fund trustees be very financially astute.
- Fincom OPEB Subcommittee Chair Peter Neville stated the Selectmen and administration have done a good job addressing the OPEB liability; it has been difficult identifying funding.

***OPEB Valuation – Kathy Riley, Segal Company***

- Kathy provided a detailed review of the report (including assumptions, discount rates, ARC, etc.)
- Compared with OPEB funding by other MA communities, Westwood is in the middle of the pack.
- Westwood is in a good position having an upcoming new revenue source with the University Station development.

***Miscellaneous***

Chairman LeBlanc Cummings thanked Peter Neville for all his work on OPEB. Peter has been a force on this issue. How does Peter think the Town should proceed?

- The elimination of the Medicare B reimbursement moved faster than originally thought.
- Is there an opportunity to reduce the current 67% employee health care contribution to 50%.
- Perhaps the State will move toward some beneficial changes.
- The Town should commit to a timing schedule to fully fund the obligation; the Fincom should continue on message. Trade-offs in other Town funding would be necessary if an additional \$800K - \$1M were sought for OPEB.
- Some members agreed that a commitment from the Town to fully fund within a certain period of time is the right direction.
- The Stabilization Fund was cited as an example of the Town setting a goal and successfully moving toward its target.

***Chairman's Update***

- Decision whether to have both the March 11 and 18 meetings will be made over the next week or so. There are several unknown warrant article issues and it is unclear when those may be finalized.
- Request that Subcommittee Chairs be prepared to present their reports at the March 11 meeting.
- Pam will attend the March 18 meeting to finalize the financial articles to be voted at the final public hearing on March 24 and 25.

**Meeting Adjourned at 10:00 P.M.**