

2015 NOV 25 AM 9:05

## Other Post-Employment Benefits (OPEB) Working Group

Tuesday, October 27, 2015  
7:30, Conference Room 1, Town Hall

### Minutes

Committee members in attendance: Chris Doyle, Ralph Jones, Geoff Lubien, Richard Waring.  
Absent: Liz Allison, Mike Widmer

Chair Ralph Jones called the meeting to order at 7:30 pm.

1. The minutes were approved as amended by Liz Allison. Four in favor
2. Reports of members on assignments

Geoff Lubien reported on the model development. The work so far was summarized in a draft memo from Liz and Geoff dated October 27, attached to these minutes. He provided handouts on data required for the model and possible items for inclusion in scenario development. Geoff and Liz plan on additional meetings to obtain data prior to the next meeting of the Working Group.

Chris Doyle reported on conversations with representatives from Weston, Needham and Wellesley. She reported her intention to include Wayland and Andover.

Weston appears to be an unusual case. It is the wealthiest town in the Commonwealth, and has the highest property tax. The town's ability to fully fund OPEB seems clear, but the Town has not yet decided to do that. Needham has some interesting characteristics. The Town does not pay survivor health insurance; and all investment are in PRIM. Wellesley is funding OPEB on the basis of a funding exclusion which is term limited. It expires in 2017.

Mike Widmer submitted a report on Newton by e-mail to all members.

3. The future meetings of the Working Group will be on

November 10  
November 24  
December 8  
December 22

4. Public contributions

Mr. John Dieckmann, a Town Meeting Member from Precinct 3, asked a question about the difference between the annual budgeted expenditure of approximately \$1M for OPEB, and the reported \$5M annual unfunded liability of approximately. Members of the Working Group explained that unfunded benefits are accrued each year for all eligible employees and reported in an actuarial report. These accruals are larger than the actual outlays for retiree health insurance that are reported in the town's budget.

To: OPEB Working Group

From: Liz Allison, Geoff Lubien  
Subject: Meeting with David Kale and Floyd Carman re OPEB data  
Date: October 27, 2015

After reviewing the information provided in the HR Sept 23 memo, we felt that it would be most efficient for us to schedule a "data dive" meeting with David Kale. This meeting took place at 8:30 am on October 26; Floyd Carmen also attended.

We presented our three goals for the meeting: 1) to describe our approach (focus on cash impact on Belmont's operating budget and to present the rationale for focusing on cash rather than actuarial figures within a scenario approach, 2) to get their feedback on the approach, and 3) to describe the data required by this approach. We also stressed our desire to build a modeling tools that others could use when the issue is taken up down the road and one that allowed one to do sensitivity analysis.

No concerns were articulated about the cash approach. DK and FC both suggested that we include an explanation of any differences between the actuarial numbers and the cash numbers in our report.

We then moved to a useful discussion of the data we were seeking both on the cost side and on the detailed "employee by category" numbers. for example, that the Medicare number in the Town Budget does not correspond to current health care payments to Medicare recipients. DK and FC both suggested that Belmont Light employees should be treated as a separate category since they were demographically more similar to Public Safety than "Other Town Employees."

This was followed by a discussion of forecasts, focusing largely on forecasts of Belmont health care costs. DK noted that their cost forecasts were for all health plans as a group, not for, say Harvard Pilgrim as distinct from Tufts. Sources of other key assumptions and forecasts were discussed. We explained our plan to use numbers from "official" sources, e.g. the Working Group on Enrollment study, and the Town Treasurer interest rate forecast. We reiterated the point of a formal modeling approach, namely that it allowed sensitivity analysis to be done to identify key drivers.

There was some discussion of alternative scenarios and how they would be constructed. We emphasized that the OPEB working group had not yet taken up this question and that our priority was to get the BAU model built.

We concluded with DK saying he would try to get us the data although noting that it was a busy time. We repeated our request for the raw data given to the actuary, saying that we would be happy to work through that information and use it to reduce the additional data provision burden upon the town.

The meeting concluded at approximately 9:45