

**TOWN OF SUDBURY MASSACHUSETTS  
STRATEGIC FINANCIAL PLANNING COMMITTEE FOR OPEB LIABILITIES  
MINUTES  
WEDNESDAY, JULY 9, 2014**

Present:

Chairman of this Committee and Selectmen Lawrence W. O'Brien, Selectman Charles C. Woodard, Town Manager Maureen G. Valente, Assistant Town Manager Maryanne Bilodeau, Finance Director Andrea Terkelsen, Bella Wong, Kevin Matthews, William Kneeland, Lucie St. George, Mary Will and Linda Bournival. Absent: Mark Minassian.

The statutory requirements as to notice having been complied with, the meeting was convened at 8:00 am in the Silva Room, Flynn Building, 278 Old Sudbury Road, Sudbury, MA 01776.

Opening Remarks:

At 8:00 a.m., Chairman of this committee Lawrence W. O'Brien opened the meeting. It was on motion unanimously.

Presentation:

Linda L. Bournival, FSA a Consulting Actuary from KMS Actuaries, LLC, was invited to this meeting to make a presentation (with handouts) about GASB45 and OPEB funding and policies. Mrs. Bournival started her presentation listing the goals of the agenda:  
(See presentation for complete details.)

What is GASB 45?

GASB 45 requires accrual accounting for OPEB.  
Benefit valued is retiree medical, dental, life insurance.  
Currently financed on a pay-as-you-go basis plus nominal contribution to OPEB trust.  
GASB 45 does not require funding OPEB liabilities, just reporting them.

The GASB 45 Actuarial Model

Plan benefits, actuarial assumptions and actuarial funding method.

GASB 45 Assumptions and Methods

PAYG discount rate assumption is 3.5% based on feedback from auditors, based on long-term rate of return on General Fund assets used to satisfy obligation.

Fully funded assumption is 8%, based on long-term rate of return on Trust assets used to satisfy obligation.

Higher discount rate means lower liabilities and ARC.

Partially Pre-Fund

Health care cost trend rate

Participation rates

Spouse coverage

Demographic

Actuarial Present Value of Future Benefits

Normal Cost

Actuarial Accrued Liability

Unfunded Actuarial Accrued Liability

Actuarial cost method

Amortization method

Pay as you go and the ARC

Pay as you go, the intended payment by the plan sponsor of some or all benefits when due.

ARC is Annual Requirement Contribution.

OPEB Funding

Contribution requirements under GASB must be irrevocable; dedicated to providing benefits to retirees; and legally protected from creditors of the employers. An OPEB Trust was established by Town in 2006.

Next Meeting:

Will be on July 23 at 8:00 a.m. in the Silva Room of the Flynn Building.

Andrea Terkelsen will be sending the agenda for next meeting.

The work and brainstorming for now will be using old numbers in wait for the new report that will be ready around November, 2014.

There being no further business, the meeting adjourned at 10:10 a.m.

It was on motion unanimously.

Attest: \_\_\_\_\_  
Andrea Terkelsen, Committee Clerk