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# City of Newton

## Other Post-Employment Benefits Trust Fund

### Board of Trustees Meeting

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**Date:** Wednesday, September 25

**Time:** 4:00 p.m. - 6:00 p.m.

**Location:** Newton City Hall, Room 204

**Meeting Attendees:**

Ruthanne Fuller

Sue Dzikowski

Emily Norton

Sarah Ecker

Rosemarie Woods

Kathy Riley, Senior Vice President and  
Actuary at Segal Consulting

**Agenda Items:**

1. Challenges Segal Consulting faced in preparing the 2018 Actuarial Valuation Report.
2. Content of 2018 OPEB Actuarial Valuation.
3. Plan for future meetings.
4. Review status of Trust.
5. Review website and location of OPEB materials.
6. Finance Committee/City Council discussion cycle.

1. Challenges in preparation of last OPEB Actuarial Valuation

Sue Dzikowski described the City's timeline expectation regarding the 2018 OPEB Actuarial Valuation Report (OPEB report), prepared by Segal Consulting. The City expected to receive the OPEB report in February of 2019. This would have allowed the City to use the report in preparing the fiscal year 2020 budget. The OPEB report was not received until August 2, 2019.

Kathy Riley explained that the delay was due to staffing issues at Segal Consulting. Segal lost their main analyst and their newest analyst, both of whom were working on the City's OPEB report. The process of acquiring new staff and bringing them up to speed was slow, and impacted the timely completion of the OPEB report.

Mayor Fuller asked when Kathy Riley would commit to having the June 30, 2019 report prepared and recommended that Kathy discuss it with her team and get back to the Board with an answer. Kathy committed to emailing the board with a date by the end of the week. [NOTE: Segal Consulting has since committed to having the completed report to the City by January 31, 2020]

## 2. 2018 OPEB Actuarial Valuation

Kathy Riley presented the report, located here:

<http://www.newtonma.gov/civicax/filebank/documents/98521>.

The unfunded actuarial accrued liability (UUAL) based on the 7.25% discount rate as of June 30, 2018 is \$406,083,000 with an actuarial accrued liability of \$414,784,000 and a value of assets in the Trust of \$8,701,000. The UAAL increased from the June 30, 2017 valuation by \$11,360,000. As of the June 30, 2017 valuation, it was expected to increase by \$12,921,000. This small difference Kathy Riley attributed to a gain in demographic experience, a gain in the investment, and a higher than expected employer contribution.

There was a discussion of using 7.25% as the expected return on assets, and whether that number is a conservative expectation. Kathy Riley explained this is what the State is using and is a middle of the road expectation.

There was a discussion of the City's current funding policy. The report assumes an employer contribution by the City of Newton to the OPEB Trust of \$2,250,000 in fiscal year 2019, increasing \$250,000 per year until fiscal year 2031. The City's Pension system is projected to be fully funded in fiscal year 2030. The funding policy then anticipates that beginning in fiscal year 2031, \$50,000,000 per year will be contributed to the OPEB Trust. As projected in the report, this will fully fund the OPEB obligations in 23 years, in fiscal year 2041.

## 3. Plan for Future Meeting

The Board discussed how many meetings they should have a year. The decision was made to hold three meetings per year, with a schedule of February, June, and September/October, with the next meeting in February once the Board receives the next OPEB actuarial valuation report.

## 4. Review Current Status of Trust

Sue Dzikowski gave an overview of the current status of the Trust, and presented the information located on the August monthly Trust report.

As of August 31, 2019, there was \$12,328,094.39 in the Trust Fund. The 33% growth over the last year has been mostly from contributions from the City.

## 5. Location of OPEB Materials on City Website

Sarah Ecker raised the issue that there are OPEB related documents on three different sections of the City Website: the Treasury page, the Comptroller's page, and the Finance page. Sarah recommended having those documents in the same location.

Sue Dzikowski explained that the City is currently in the process of developing a new website.

Sue will work with Maureen Lemieux and Rosemarie Woods in the process of the development of a new website to figure out where information should be located.

## 6. OPEB Trust Fund before City Council

There was a discussion of when the City Council Finance Committee reviews the status and funding strategy for the OPEB Trust Fund. It was noted that the Chair of the Finance Committee makes that decision and that in the past that had happened in January.