

July 14, 2017

**STIPULATED ARBITRATION AWARD**

Town of Westport

-AND-

Westport Municipal Employees- AFSCME Co. 4, Local 1303-387  
AFSCME Co. 4, Local 1303-194 Park & Rec  
AFSCME Co. 4, Local 1303- Chapter 153 (BOE NURSES)  
AFSCME Co. 4, Local 1303-225 Maintenance Employees  
AFSCME Co. 4, Locals 1303-157 & 1303-418  
Westport Assoc. of Paraprofessionals  
Westport Educational Secretaries / Westport Library Union  
NAGE Custodians

**CASE # 2017-MBA-322**

**PENSION PLAN**

Coalition Bargaining

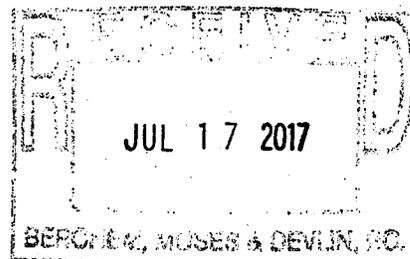
M. Jackson Webber, Esquire, Panel Chair  
John M. Romanow, Esquire, Management Panel  
Kevin Murphy, Labor Panel

Representatives of the Parties:  
Certified Return Receipt Requested

Floyd J. Dugas, Esquire  
Attorney- Town of Westport

Thomas Fascio, Staff Rep  
AFSCME Co. 4

CC: Kennedy E. Munro, LR Analyst, CCM  
Lori Pelletier, Executive Secretary, AFL-CIO  
Town of Westport- Town Clerk's Office



STATE OF CONNECTICUT

LABOR DEPARTMENT

\* \* \* \* \*

STIPULATED ARBITRATION AWARD

UNDER 7-473C  
OF THE  
GENERAL STATUTES, STATE OF CONNECTICUT

IN THE MATTER OF ARBITRATION BETWEEN:

TOWN OF WESTPORT	)	JULY 7, 2017
	)	
-AND-	)	
	)	
AFSCME, AFL-CIO, COUNCIL 4, ET AL	)	
<u>Coalition Bargaining</u>	)	
<hr/>		
Case No. 2017-MBA-322 - Town Pension		

The undersigned Arbitration Panel, having been duly appointed in accordance with the Rules of Procedure of the Connecticut State Board of Mediation and Arbitration, and pursuant to the provisions 7-473c of the General Statutes of the State of Connecticut, does respectfully make this Arbitration Award as required by said Statute.

REPRESENTATIVES OF THE PARTIES

Appearing for the Town:  
Floyd Dugas, Esquire

Appearing for the Union:  
Thomas Fascio, Staff Representative

MEMBERS OF THE ARBITRATION PANEL

M. Jackson Webber, Chairman

John Romanow, Esquire  
Management Member

Kevin Murphy, Director  
Labor Member

## INTRODUCTION

This dispute concerns bargaining between the Town of Westport and AFSCME, Council 4, et al over the negotiation of a Successor Pension Plan.

The undersigned arbitrators were designated to hear and decide the dispute in accordance with Section 7-473c of the Connecticut General Statutes. On several days, the parties appeared before the arbitration panel in Westport, Connecticut. Both parties were represented and were accorded a full opportunity to submit evidence, examine and cross-examine witnesses and present arguments. The parties' last best offer on the issue in dispute was submitted to the panel on January 13, 2017. The panel members met in executive sessions to deliberate and decide the outstanding issues.

The agreed-upon language submitted at the Arbitration hearing is incorporated and made a part of this award.

I have numbered the pages of the Union brief for the purpose of reference.

## STATUTORY FACTORS

"(2) In arriving at a decision, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. The panel shall further consider the following factors in light of such financial capability: (A) The negotiations between the parties prior to arbitration; ..... (B) the interests and welfare of the employee group;.....(C) changes in the cost of living;.....(D) the existing conditions of employment of the employee group and those of similar groups; and .....(E) the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits."

**RETIREMENT PLAN  
FOR MUNICIPAL EMPLOYEES  
OF  
THE TOWN OF WESTPORT, CONNECTICUT**

CASE NO 2017-MBA-322

**LIST OF ISSUES  
(Revised 1/6/17)**

<b>Issue</b>	<b>Article</b>	<b>Description</b>	<b>Para#</b>	<b>Proponent</b>
<b>1</b>	Preamble	Duration	2	Joint
<b>2B</b>	Article 1- Definitions, Sec. 1.2A(a)	Definition "Average Final Compensation"	11	Town
<b>2C</b>	Article 1- Definitions, Sec. 1.2A(c) NEW	Definition "Average Final Compensation"	13	Union
<b>2D</b>	Article 1- Definitions, Sec. 1.4(a)(i)	Definition "Compensation"	17	Union
<b>2F</b>	Article 1- Definitions, Sec. 1.5	Definition "Credited Service"	30	Town
<b>3A</b>	Article 2- Eligibility, Sec. 2.2	Limitation on who is eligible employee to those hired before July 1, 2014	70	Town
<b>3B</b>	Article 2- Eligibility, Sec. 2.2(a)	Expansion of who is eligible employee	71	Union
<b>3C</b>	Article 2- Eligibility, Sec. 2.2	Defined contribution plan for new hires	77	Town
<b>4A</b>	Article 3- Retirement Dates, Sec. 3.1(a)	Definition of Normal Retirement Date	82	Joint
<b>4B</b>	Article 3- Retirement Dates, Sec. 3.1(b)	Definition of Normal Retirement Date	83	Joint
<b>4C</b>	Article 3- Retirement Dates, Sec. 3.1(c)	Definition of Normal Retirement Date	84	Joint
<b>4D</b>	Article 3- Retirement Dates, Sec. 3.1	Decrease years of non-continuous service	86	Union

<b>4E</b>	Article 3 – Retirement Dates, Sec. 3.1	Decrease years of service where interrupted service	86	Union
<b>4F</b>	Article 3- Retirement Dates, Sec. 3.1	Change in minimum Normal Retirement Date down to 5 years of continuous service or 10 years non-continuous service	90	Union
<b>5B</b>	Article 4- Retirement Benefits, Sec. 4.1(a)(1) & (2)	Change in calculation of benefit	96	Union
<b>6A</b>	Article 4- Retirement Benefits, Sec. 4.4(a)	Change in Retiree Coverage	109	Town
<b>6B</b>	Article 4- Retirement Benefits, Sec. 4.4(b)	Change in Retiree Coverage	110	Town
<b>6F</b>	Article 4- Retirement Benefits, Sec. 4.4(c)(1)(iii) <b>NEW</b>	Add language re: limitation on change in providers for Continued Care under Medicare Plan	117	Union
<b>6G</b>	Article 4- Retirement Benefits, Sec. 4.4(c)(4)	Omit cap language for retiree cost share	120	Town
<b>6H</b>	Article 4- Retirement Benefits, Sec. 4.4(c)(5)	Omit continuing health coverage for surviving spouse	121	Town
<b>6I</b>	Article 4- Retirement Benefits, Sec. 4.4(d) <b>NEW</b>	Add language re: exclusions of coverage for retiree, spouse and dependents	122	Town
<b>7A</b>	Article 5-Form of Retirement Payments and Election Procedures, Sec. 5.1(b)(1)	Change in Joint and Survivor Annuity if spouse predeceases retiree	126	Union
<b>7B</b>	Article 5-Form of Retirement Payments and Election Procedures, Sec. 5.5	Change Military Service buyback language	141-142	Union
<b>8B</b>	Article 7 – Benefits in Case of Death, Sec. 7.1	Reduction in required years of service	197	Union
<b>8C</b>	Article 7 – Benefits in Case of Death, Sec. 7.1	Reduction in required years of service	197	Union

<b>8D</b>	Article 7 – Benefits in Case of Death, Sec. 7.1(a)	Increase in survivor benefit	198	Union
<b>8E</b>	Article 7 – Benefits in Case of Death, Sec. 7.1(a)	Decrease reduction in survivor benefit	198	Union
<b>8F</b>	Article 7 – Benefits in Case of Death, Sec. 7.1(a)	Eliminate reduction for younger spouse	198	Union
<b>8G</b>	Article 7 – Benefits in Case of Death, Sec. 7.1(b)	Increase in survivor benefit	199	Union
<b>8H</b>	Article 7 – Benefits in Case of Death, Sec. 7.1(b)	Decrease reduction in survivor benefit	199	Union
<b>8I</b>	Article 7 – Benefits in Case of Death, Sec. 7.1(c)	Increase in survivor benefit	200	Union
<b>8J</b>	Article 7 – Benefits in Case of Death, Sec. 7.1(c)	Decrease reduction in survivor benefit	200	Union
<b>8K</b>	Article 7 – Benefits in Case of Death, Sec. 7.1(c)	Increase in survivor benefit	201	Union
<b>8L</b>	Article 7 – Benefits in Case of Death, Sec. 7.1 (c)	Decrease reduction in survivor benefit	201	Union
<b>8M</b>	Article 7 – Benefits in Case of Death, 7.1(c)	Eliminate reduction for younger spouse	201	Union
<b>8N</b>	Article 7 – Benefits in Case of Death, Sec. 7.2	Reduction in required years of service	202	Union
<b>8O</b>	Article 7 – Benefits in Case of Death	Reduction in required years of service	202	Union
<b>9A</b>	Article 8 – Vesting, Sec. 8.1	Reduction in required years of service	205	Union
<b>9B</b>	Article 8 – Vesting, Sec. 8.1	Reduction in required years of service	205	Union
<b>9C</b>	Article 8 – Vesting, Sec. 8.2	Increase in interest rate	206	Union
<b>9D</b>	Article 8 – Vesting, Sec. 8.3	Increase in interest rate	207	Union

<b>10</b>	Article 9 – Contributions, 9.1(b)	Increase in rate of contribution	211	Town
<b>11A</b>	Article 12- Amendment, Termination, Limitations and Merger, Section 12.2	Deletion of language making plan voluntary on part of employer	263	Union
<b>11B</b>	Article 12- Amendment, Termination, Limitations and Merger, Section 12.3	Deletion of language regarding termination of plan	269	Union
<b>11C</b>	Article 12- Amendment, Termination, Limitations and Merger, Section 12.5	Deletion of hold harmless language in event of denial of benefits	271	Union
<b>12</b>	Article 13 – Retiree Medical Expenses	Delete entire article	272-303	Town
<b>14A</b>	Signature Block	Duration of contract	316	Joint
<b>14B</b>	Attestation	Duration of contract	317	Joint

Issue	Article	Description	Para#	Proponent
1	Preamble	Duration	2	Joint

The parties disagree as to the duration of the Town of Westport Pension Plan. The Union is proposing 2024 which would be a ten year duration. The Town is proposing June 30, 2020, which would be a seven year duration.

The Union stated "The Town is presented no evidence to support the assertion that the 2020 expiration date benefits the Town or the employees, the public interest, other than to allude to the uncertainty of not knowing how the global, United States or Connecticut financial markets will perform in seven years."

A shorter contract duration creates upheaval for not only the employees represented here but to the Town folks. If the 2020 duration is awarded by the panel valued Westport employees will once again have a short amount of time to select a retirement date because it will be unclear as to the disadvantages if an individual were remain an employee as opposed to retiring under the current pension plan. A Shortened time frame will affect those residents who utilize the Town's services that are provided by a long term stable work force. Helen Garten the selectwomen testified that Westport is attractive because it has an absolutely excellent

school system. She agreed that the people that work for the school district also make the District attractive." (Union Brief, page 6).

The Town stated "Given the uncertain economic climate at the national, State and local level, the volatility in pension assets and liabilities since the Great Recession and given that comparable municipalities have adopted shorter durations than the one proposed by the Union, the Town's LBO is support by the statutory factors and, therefore should be adopted by this Panel."

".....this Panel heard testimony that when the Great Recession occurred and the Town's pension nose-dived. However, because of the lockout language, the Town was unable to meet with Union and had to endure through the recession at a tremendous cost to the taxpayers.

Moreover, it is axiomatic that as a result of the Great Recession, the economic climate has changed and this "new normal" is more volatile and requires a shorter duration during this period of constant ebb and flow to access if the plan is working to curtail rising pension and OPEB costs.

As the Union's own witness Leonard Brown testified, when the recession hit it was not just the employees who carried the loss

to the pension plan, it was the taxpayers who also dealt with the fallout. (Town Brief, pages 36-37).

The Town further stated "The Union's ten year plan, on the other hand, traps the Town for a decade regardless of what future uncertainties lay ahead. As discussed in Section IV, Subpart B above, Economists and politicians are not in agreement on what is going on with the State's economy. As large deficits continue, citizens continue to leave in droves, industries shut their doors and wages for those who remain stay dormant, projecting what ten years will be is simply not in the best interest of the public at this time especially in light of the fact some of the Union's other LBOs concern measures that will increase the Town's pension ARC and OPEB liabilities." Town Brief, pages 38-39).

A majority of the Panel believes that it is important that the Town can afford its obligations under the Pension Plan. Therefore, it seems appropriate that with a shorter duration, the Town would be able to control its costs and expenses which it believes benefits both the employees and the tax payers of the Town of Westport.

Therefore, after reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offer of the Town for Issue 1 is accepted. The Town appointed Arbitrator agrees with the Neutral Arbitrator based upon

the same Statutory Criteria, and the Union appointed Panel Member  
dissents on the selection of the Last Best Offer of the Town based  
on the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
2B	Article 1 Definitions Sec. 1.2A(a)	Definition "Average Final Compensation"	11	Town

The Union is proposing to not change the current contract Language as it pertains to "Average Final Compensation".

The Town indicates that it is proposing to delete irrelevant language from the contract. It stated "In other words, because this language existed in the plan prior to this arbitration it is a matter of common sense that any current employee who is contemplating retirement would have worked after July 1, 2003. Thus, as a practical matter, the elimination of this obsolete language by this Panel supports the Town's LBO on issue No. 2B". (Town Brief, pages 40-41).

The Panel believes that the Town's proposed change is cleaning up extraneous language and does not affect any economic factors.

Therefore, after reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offer of the Town for Issue 2B is accepted. The Town appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Union appointed Panel Member dissents on the selection of the Last Best Offer of the Town based on the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
2C	Article 1 Definitions Sec. 1.2A(a) <b>NEW</b>	Definition "Average Final Compensation"	13	Town

Currently the pension between the parties does not have any contract language and the Union is withdrawing its proposed change to the pension. The Town is proposing "No such language".

In order not to create any confusion in the future, the Last Best Offer of the Town for Issue 2C is accepted.

Issue	Article	Description	Para#	Proponent
2D	Article 1 Definitions Sec. 1.4A(a) (1)	Definition "Compensation"	17	Union

Both parties have submitted the exact same Last Best Offer for Issue 2D. Therefore, the Panel has accepted the Union's Last Best Offer.

Issue	Article	Description	Para#	Proponent
2F	Article 1- Definitions, Sec. 1.5	Definition "Credited Service"	30	Town

The Town of Westport is proposing to eliminate from the definition of "Credited Service" the time that a new employee earns in his or her prior employment. "The Town's LBO seeks to eliminate this very unusual provision and, based on the priority consideration of the Town's ability to pay, and based on comparable pension plans, the statutory factors support the Town's LBO on Issue 2F and, therefore this Panel should adopt the Town's LBO on Issue 2F.

Again, it bears repeating that what the current language permits is absurd in that the Town is granting a benefit to public employees merely because they worked for another public entity. While there is offsetting language to ensure that the employee does not receive two pensions simultaneously, the literal affect is that the employee may still receive credit to the Town's pension plan for work done in another municipality. This is especially troubling given the low age threshold in the Pension Plan." (Town Brief, page 43).

The Union argued that "No explanation has been put forth by the Town as to the reason for not crediting municipal workers

from other towns who are interested in moving from another town to Westport. It would be an inducement for that individual to consider employment in the Town as his pension would move with him. The language provides that Westport determines whether all or part of his service is credited. The current language provides a portable benefit often touted when suggesting a 401(k) plan savings plan to replace a defined benefit plan. (Union Brief, page 11).

The Town of Westport has a pension obligation of about 12% of payroll. Further, none of the comparable towns grants such a benefit to its employees. A majority of the Panel does not believe that such a benefit does not benefit the Town or the employees. The employees may have a better pension in their prior employment or the Town of Westport would not hire them because the obligation to assume years of service from the prior employment would be so burdensome.

Therefore, after reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offer of the Town for Issue 2F is accepted. The Town appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Union appointed Panel Member dissents on the selection of the Last Best Offer of the Town based on the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
3A	Article 2- Eligibility, Sec. 2.2	Limitation on who is eligible employee to those hired before July 1, 2014	70	Town

Issue	Article	Description	Para#	Proponent
3B	Article 2- Eligibility, Sec. 2.2(a)	Expansion of who is eligible employee	71	Union

Issue	Article	Description	Para#	Proponent
3C	Article 2- Eligibility, Sec. 2.2	Defined contribution plan for new hires	77	Town

The Town is proposing to require all new hires after the date of this award to be eligible to participate in the Town's Defined Contribution Plan. The Union is proposing to retain the current contract language which includes a Deferred Benefit Plan.

The Town stated "Despite overwhelming evidence that the Town's pension and OPEB obligations have increased and are currently consuming 21% of the Town's budget and despite the

overwhelming evidence that because of the State's dire fiscal condition, the Town is losing revenue and relying on its taxpayers to continue to foot the bill in the face of increasing pension and OPEB costs, the Town's proposal is part of the growing realization across the state (and what the private sector has known for more than a decade) that defined benefit plans are simply unsustainable." (Town Brief, page 47).

The Town added "As an initial matter, this Panel must give priority consideration to the Town's ability to pay. (Conn. Gen. Stat. § 7-473c(d)(9). As discussed *supra* at Section IV Subpart C, according to the Town's Finance Director, the Town's Pension and OPEB liabilities have grown at an alarming rate since the start of the Great Recession.

Q. So between 2008 to what we're, where we are for 2016, what happened in terms of pension and OPEB annual contributions over that time period?

A. The pension OPEB contribution for '16 on the projection for this budget year is going to be approximately \$18.4 million dollars. That's on the corrected slide. And that's certainly from back, from when the GASB started. Our OPEB liability and funding was zero. In 2016 we're looking at almost a 10 million dollar contribution to cover these costs. And on the pension side we were back I believe at 2 million and currently its approximately

8.8 million. So the combined piece there has grown to over 18 million dollars a year. (Town Brief, page 48).

Q. All right. But you would agree with me, wouldn't you, that Westport is not the first employer to attempt to move folks from a defined benefit to a defined contribution plan?

A. Westport would not be the first, that is correct.

Q. In fact, Westport is not even the first in the public sector in Connecticut. There are a number of other communities that have moved new hires at some point or another over from defined benefit to defined contribution plans?

A. That is correct.

Q. Okay. And are you also generally aware of such a trend in the private sector?

A. I am aware of that trend in the private sector, yes.

(Tr. Vol. 4, 41:6-21) (Emphasis added.)

Mr. Brown's statement is further bolstered by several arbitration awards (Town Exhibits 14, 16, 17, and 18) which highlight the rationale for municipalities to phase out DB plans in favor of the more affordable DC plans." (Town Brief, pages 51-52).

The Town further stated "Based on the statutory factors, including the priority factor of the Town's ability to pay which, has been

evidenced several times in this brief, has faced extraordinary costs with its Pension and OPEB liabilities, along with evidence in the form of several arbitration awards (including an arbitration award for this Town's DPW employees) that the trend in the State market is for municipalities to phase out DB Plans in favor of the more cost effective DC Plans which better help Towns prepare for the future. Given all these considerations this Panel should likewise adopt the Town's LBO on Issue Nos. 3A and 3C." Town Brief, page 55).

The Union stated "When 47.5% of the families in Westport earn \$200,000 and over as compared to 12.7% of State of Connecticut families earning \$200,000 or more it is unclear why the Town is proposing to eliminate the pension benefit for its employees and replacing it with a savings plan. The Town is now and through the Union's proposed contract expiration date of 2024 financially capable of continuing to fund the defined benefit plan.

As to the public interest, Westport can afford to pay its employees a higher rate of pay for their services. The expectation is that by providing employees with higher wages and benefits than other communities, the quality of services will be superior resulting in a better quality of life for Westport residents. Removing a benefit that is traditionally valued as a richer, more secure benefit, and replacing the benefit, pension plan to savings plan,

will have an impact on potential applicants who may select the private sector or a community with comparable wages but a defined benefit plan, such as Darien when applying for employment. When selecting a restaurant, there are a variety of options and price ranges. This is also the case with motor vehicles. The public interest is best served when the Town considers future applicant pools as well as the satisfaction of the current work force. Continuing an affordable benefit is essentially selecting to hire more qualified applicants and maintain the level of services that are expected by Westport residents." (Union Brief, pages 14-15).

The trend in both the private and public sectors has been to move new hires from the defined benefit plans to the defined contribution plans. This trend has been followed in many towns and cities in Connecticut.

Therefore, after reviewing all the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offers of the Town for Issues 3A and 3C are accepted. The Town appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Union appointed Panel Member dissents on the selection of the Last Best Offers of the Town based on the same Statutory Criteria.

After reviewing all the information received by the arbitration panel, in light of the Statutory Criteria, the Last

Best Offer of the Union for Issue 3B is accepted. The Union appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Town appointed Panel Member dissents on the selection of the Last Best Offer of the Union based on the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
4A	Article 3, Retirement Dates, Sec.3.1(a)	Definition of Normal Retirement Date	82	Joint

Issue	Article	Description	Para#	Proponent
4B	Article 3, Retirement Dates, Sec.3.1(b)	Definition of Normal Retirement Date	83	Joint

Issue	Article	Description	Para#	Proponent
4C	Article 1 Definitions Sec. 3.1(c)	Definition of Normal Retirement Date	84	Joint

The Town is proposing "...to modify the normal retirement date from age 55 and at least 10 years of continuous service, age 55 with at least 15 years of non-continuous service or just completion of 25 years of service regardless of age, to age 55 with at least 25 continuous years of service or age 65 with at least 10 years of continuous service or 15 years of non-continuous service. The Town further seeks to eliminate the provision that an employee is eligible for normal retirement regardless of age if they have 25 years for credited service with the Town.

The Union, on the other hand, is seeking to maintain the status quo. Because maintaining status quo would only lead to increasing pension and OPEB costs for the Town which is already

grappling with reduced revenues in the fact of an ARC that is already toppling more than eight million dollars (Town Exhibit 10), As such the Town needs to control costs now and, therefore, its LBO's serve to make such costs savings possible (as will be discussed below). In light of this evidence, as well as evidence with demonstrates that what the Town is asking in its LBO's is comparable to other municipalities, this Panel should award the Town's LBOs on Issues No. 4A, 4B and 4C.

Briefly, it should be noted that under the current language, an employee who obtains a job right out of high school (age 18) or right after college (22) could retire at age 43 or 47. Such a low retirement age has tremendous impact on Town pension costs (more years to collect a pension means more costs), and run counter to the Town's efforts of trying to control its OPEB growth and pension costs especially with the State further decreasing aid and thus depleting more of the Town's revenue. As Finance Director Conrad testified since the start of the Great Recession until the present State Aid has declined from \$4.305 million in FY2012 to 2.628 million in FY2017 or stated differently, the Town saw a 38.96% reduction in state aid. " (Town Brief, pages 57-58).

The Union is proposing to maintain the current contract language. "The Union contends that creating another level of grandfathering is disruptive to the work force. The value of job

includes both wages and benefits. The Town's unwarranted approach to reducing its liability results in devaluing current job positions. This paring down of a benefit is unjustified when the Town has the financial capability to continue to compute Credited Service." (Union Brief, page 17).

The Union further stated "Testifying on behalf of Westport, the Town's actuary stated that change in age of retirement from age 55 in 10 years or 25 Years for normal retirement eligibility to a proposed change of age 65 and 10 years or a rule of 85 would result would result in a reduction of \$57,000 annually to the actuarially determined contribution for the pension. As noted previously the whittling down of benefits is not necessary when the Town has the financial capability to continue with the present plan. Twenty-five years of service by an employee provides stability to the work force. Continued service as public employee also diminishes the cost to the Town associated with training new hires. (Union Brief, page 18).

A majority of the Panel believes that amending the Definition of Normal Retirement will help save the Town a substantial amount of pension obligations and also will bring Westport in line with other towns as it relates to the definition of Normal Retirement.

Therefore after reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the

Last Best Offers of the Town for Issues 4A, 4B. and 4C are accepted. The Town appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Union appointed Panel Member dissents on the selection of the Last Best Offer of the Town based on the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
4D	Article 3, Retirement Dates, Sec.3.1(c)	Decrease years of non-continuous service	86	Union

Issue	Article	Description	Para#	Proponent
4E	Article 3, Retirement Dates, Sec.3.1	Decrease years of service where interrupted service	86	Union

It appears that the parties have the same intent in that both parties have similar Last Best Offers for each of the above-mentioned issues. The Last Best Offer of the Town for Issue 4E is granted, and the Last Best Offer of the Union for Issue 4D is granted.

Issue	Article	Description	Para#	Proponent
4F	Article 3, Retirement Dates, Sec.3.1	Change in minimum Normal Retirement Date down to 5 years of continuous service or 10 years non-continuous service	82	Joint

The parties have submitted the same Last Best Offer on Issue 4F. Therefore, the Last Best Offer of the Union is granted.

Issue	Article	Description	Para#	Proponent
5B	Article 4-Retirement Benefits, Sec.4.1(a)(1)&(2)	Change in calculation of benefit	96	Union

The Town stated "Issue 5B concerns a change to the calculation benefits for retirement. In the Town's LBO for Issue 5B, the Town is proposing to keep the benefit calculation current except for the credited service after July 1, 2016 where the calculation will change. This will result in a maximum pension benefit of 66% as opposed to the current maximum of 69.5%. The Union, on the other hand, is proposing to maintain the status quo despite the overwhelming evidence that (1) the Town's current pension and OPEB liabilities are growing out of control; (2) the Town needs to do more now to save money and control costs; and (3) the Town's proposal would help the Town control costs and realize a cost savings, and the change to 66% is consistent with the recent Westport DPW award reducing the maximum pension from 81.25% to 65%." (Town Brief, page 69).

The Town further stated "contrary to the documents submitted by the Union, the Town's evidence clearly shows that its LBO would reap significant cost savings. As this Panel heard from Rebecca Seilman, she did pension calculations (contained at own Exhibit 6, Tab 5 and Town Exhibit 1, E-17) Based on the Town's and Union's

proposals to evaluate the cost impact. Part of that calculation was for Issue 5B. According to Ms. Seilman, by adopting the Town's proposal, the Town could save \$92,300 per year. (Town Brief, page 71).

The Union submitted "Westport has proposed reducing by .25% the monthly Average compensation for those employees who have service in excess of 20 years but not more than 13. This means for that small group of participants who will or have been hired after July 1, 2016. Needless to say, this last best offer will not provide any financial windfall to the Town. There is no public interest in removing this small amount from the calculation from newer employees." (Union Brief, pages 21-22).

The Town's Last Best Offer will bring it in line with a maximum pension benefit of 66% down from 69.5%. The Westport DPW currently has a maximum pension of 65%. Further, this proposal will bring Westport in line with comparable towns in the area.

Therefore, after reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offer of the Town for Issue 5B is accepted. The Town appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Union appointed Panel Member dissents on the selection of the Last Best Offer of the Town based on the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
6A	Article 4- Retirement Benefits, Sec.4.4(a)	Change in Retiree Coverage	109	Town

The Town is proposing to amend the current formula that defines the Town's contribution towards the retiree health issue. It stated "Currently, an employee who retires get 50% of the of the cost of insurance paid for by the Town regardless of years of service. Thus, an employee who has just 10-years of service and reaches age 55 gets the same benefit as an employee who has 25, 30 or even 35 years for the Town. The Town's LBO would allow an employee to earn 2% per year of service toward retiree health insurance for the employees, the current max of 50% and 1% of the cost thereof. Because the Town's OPEB liabilities are growing year-after-year while revenues for the Town are decreasing, something needs to be done to reduce costs for the Town. Moreover, the Town's retiree health benefits should reflect what is occurring in other comparable municipalities where very few of these municipalities actually offer health insurance to retirees. Therefore, as will be discussed below, the Town's LBO on Issue 6A supports its LBO and not the Union's LBO who is seeking to maintain the current status quo which will only further contribute to the Town's growing OPEB liabilities." (Town Brief, pages 74-75).

The Union is proposing to retain the current contract language.

There is no question that health care costs are increasing every year. The employees currently pay 50% of that cost, and in most cases, the employees have also retired and therefore are living on a fixed income and are also less likely to be able to offset an increase in their portion of health care premiums.

After reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offer of the Union for Issue 6A is accepted. The Union appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Town Appointed Panel Member dissents on the selection of the Last Best Offer of the Union based upon the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
6B	Article 4- Retirement Benefits, Sec.4.4(b)	Change in Retiree Coverage	110	Town

The Town is proposing to amend the current contract language as it applies to the spouse of dependents upon the death of a retiree. It stated that the "Town's OPEB liabilities are currently growing out of control and adoption of the Town's LBO would result in a cost savings for the Town since more of the cost would be born of the spouse and the dependent children. Moreover, only one other municipality even offers health benefits to spouses and dependents therefore, the Town's LBO while not completely eliminating the benefit, seeks to shift more of the cost to the spouses and dependents instead of completely eliminating the benefit (which based on the comparability factor it would be within its rights to do)." (Town Brief, page 84).

The Union is proposing to maintain the current contract language. "The Union asserts that the Last Best Offer proposed by the Town flies in the fact of logic. The offer curtails the freedom a participant who has retired anticipating a meaningful life socially and economically. To deny a benefit to a widow or widower because their spouse died before they met an arbitrary deadline is disrespectful and arguably discriminatory. How is the

public interest served by making a difficult circumstance, a participant's passing more onerous by attaching consequences to the time of death. It is unclear as to the Town analysis of the number of individual participants who will be in this situation and the cost savings associated with contractual revision. The present number of participants in the municipal pension plan are about 336. It the Town's last best offer suggests an underlying component to the issue that distinguishes between retirees who have met and married their spouse(s) and participants who are newly married. The Union contends that all retirees must be entitled to a benefit that all were obligated to fund when working for Westport. Why then should an additional restriction be suggested when it serves no economic purpose and is contrary to the public interest." (Union Brief, page 24).

A majority of the Panel does not believe that a spouse should incur additional premium cost as a result of their spouse's passing away. They are in a situation that they are least likely to afford an increase in premiums.

After reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offer of the Union for Issue 6B is accepted. The Union appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Town Appointed Panel Member

dissents on the selection of the Last Best Offer of the Union based upon the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
6F	Article 4- Retirement Benefits, Sec.4.4(c) (1) (iii) <b>NEW</b>	Add language re: imitation on change in providers for Continued Care under Medicare Plan	109	Union

The Union has withdrawn its proposal for Issue 6F. Therefore, the Last Best Offer of the Town is accepted by the Panel.

Issue	Article	Description	Para#	Proponent
6G	Article 4- Retirement Benefits, Sec.4.4(c)(4)	Omit cap language for retiree cost share	120	Town

The Town is proposing to eliminate the current contract language that has a 10% cap on the retiree contribution to retiree medical insurance. It stated "...if the health insurance plan increased by 12%, the Town is on the hook for the remaining 2%. As this Panel has heard the Town's OPEB liabilities have been increasing at a rate of approximately \$1 million dollars per year. This artificial cap is yet another "outlier" and is simply not supported by the financial consideration of the Town's ability to pay and, as a matter of law, must not be adopted by this Panel.

Since the Town needs to cut costs now as it moves through this post-recession period and better prepare for future contingencies (something it cannot do if it must account for fluctuations that will trigger the language in this section of the Pension Plan) continuing to require the Town to fund overages would only exacerbate its already growing pension and OPEB liabilities. As such the Union's LBO is not supported by the priority consideration of the Town's ability to pay." (Town Brief, pages 88-89).

The Union is proposing to retain the current contract language that retains the 10% cap for retirees' medical insurance. It stated "Eliminating the cap of the medical plan coverage will undoubtedly wreak havoc on those retirees who are no longer receiving a wage or wage increases yet will have an undisclosed variable to deal with yearly regarding the cost of coverage.

A yearly increase of up to 10% for medical coverage increases is a large amount of increase to sustain on a fixed income. The Union recognizes that this cap found in the current language provides a respectable balance between recognizing and anticipating cost increases the Town may have to shoulder as to medical benefits and providing retirees with a modicum of relief.

The Town has the financial wherewithal to pay medical cost increases above 10% yearly without relying on the retirees to absorb the cost increases." (Union Brief, (Page 26).

As previously stated, the employee is at a stage in life that he or she is least likely to pay the cost of increased premiums and, therefore, to cap the employee's exposure to 10% appears to be reasonable.

After reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offer of the Union for Issue 6G is accepted. The Union

appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Town Appointed Panel Member dissents on the selection of the Last Best Offer of the Union based upon the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
6H	Article 4- Retirement Benefits, Sec.4.4(c)(5)	Omit continuing health coverage for surviving spouse	121	Town

The Town is proposing to eliminate the contract language that grants medical benefits for retiree's spouses if the retiree divorces the spouse. The Town stated "Essentially, the Town's proposal is part of an overall cost saving package that they have proposed to the Union and have submitted to the Panel as a way of decreasing its overall OPEB liabilities. The Union, on the other hand, seeks to maintain benefit despite all the evidence that such windfalls to retirees are contributing to the out of control OPEB costs. As such, in light of all this evidence, as well as evidence that such a benefit is not enjoyed by other comparable municipalities, the Town's LBO should be adopted by this Panel.

As evidenced in Part IV, Subpart C above, pension and OPEB liabilities for the Town have been increasing since the Great Recession and are projected to continue to increase unless something is done now to curtail costs. While the Union believes that the Town can simply maintain "business as usual" by continuing to provide spousal health insurance to persons who are no longer married to the retiree, such a cost should not be born of the Town and rather any cost associated with unnecessary benefits like the

Union seeks to maintain support the priority factor and thus support the Town's LBO on issue 6H." (Town Brief, pages 90-91).

The Union stated "Under the current language, the surviving covered spouse and dependent pay 50% of the cost of the coverage as determined by the allocation rate. The Westport employee has contributed to the plan and has increased the value of the pension plan through his contributions during his career. Dying is beyond the control of the participant. Under the Town's issue, the spouse would be made to fend for themselves through circumstances they cannot alter. This last offer to remove spouses from receiving the pension benefits of the retired employee eliminates a property right that the retiree currently has. This taking is beyond the contractual agreement between the current employees and the Town. The Union asserts that for this reason the last best offer of the Town is flawed and cannot be awarded by the Panel." (Union Brief, page 27).

A majority of the Panel does not believe that such a benefit should be extended to a spouse after there has been a divorce.

Therefore, after reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offer of the Town for Issue 6H is accepted. The Town appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Union appointed

Panel Member dissents on the selection of the Last Best Offer of the Town based on the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
6I	Article 4- Retirement Benefits, Sec.4.4(d) <b>NEW</b>	Add language re: exclusions of retiree, spouse and dependents	122	Town

The Town is proposing to add language to the contract that would not grant health insurance to retirees who have been hired after the date of this award. The Town stated "Essentially the Town's proposal is part of an overall cost saving package that they have proposed to the Union and have submitted to this Panel as a way of decreasing its overall OPEB liabilities. The Union, on the other hand, seeks to maintain this benefit despite all the evidence that such windfalls to retirees are contributing to the Town's out of control OPEB costs. As such, in light of all this evidence, as well as evidence that such a benefit is not enjoyed by other comparable municipalities, the Town's LBO should be adopted by this Panel." (Town Brief, page 92).

The Union stated "This last best offer by the Town is a complete elimination of a benefit for all new hires.

In the period of a year, Brian Klopp analyzes about 15 to 25 towns and cities in terms of OPEB and pension obligations for his employer, AFSCME P.17

Regarding this interest arbitration, Klopp concluded that his opinion was based upon the Town's ability to pay the bill and that Westport had exceeded almost every public employer's payment of its obligation.

He stated that the ARC (annual required contribution) for the OPEB liability was \$10 million on a \$200 million budget. He opined that the \$10 million was not a staggering amount given that if it were staggering the Town would not prefund the obligation. P.31

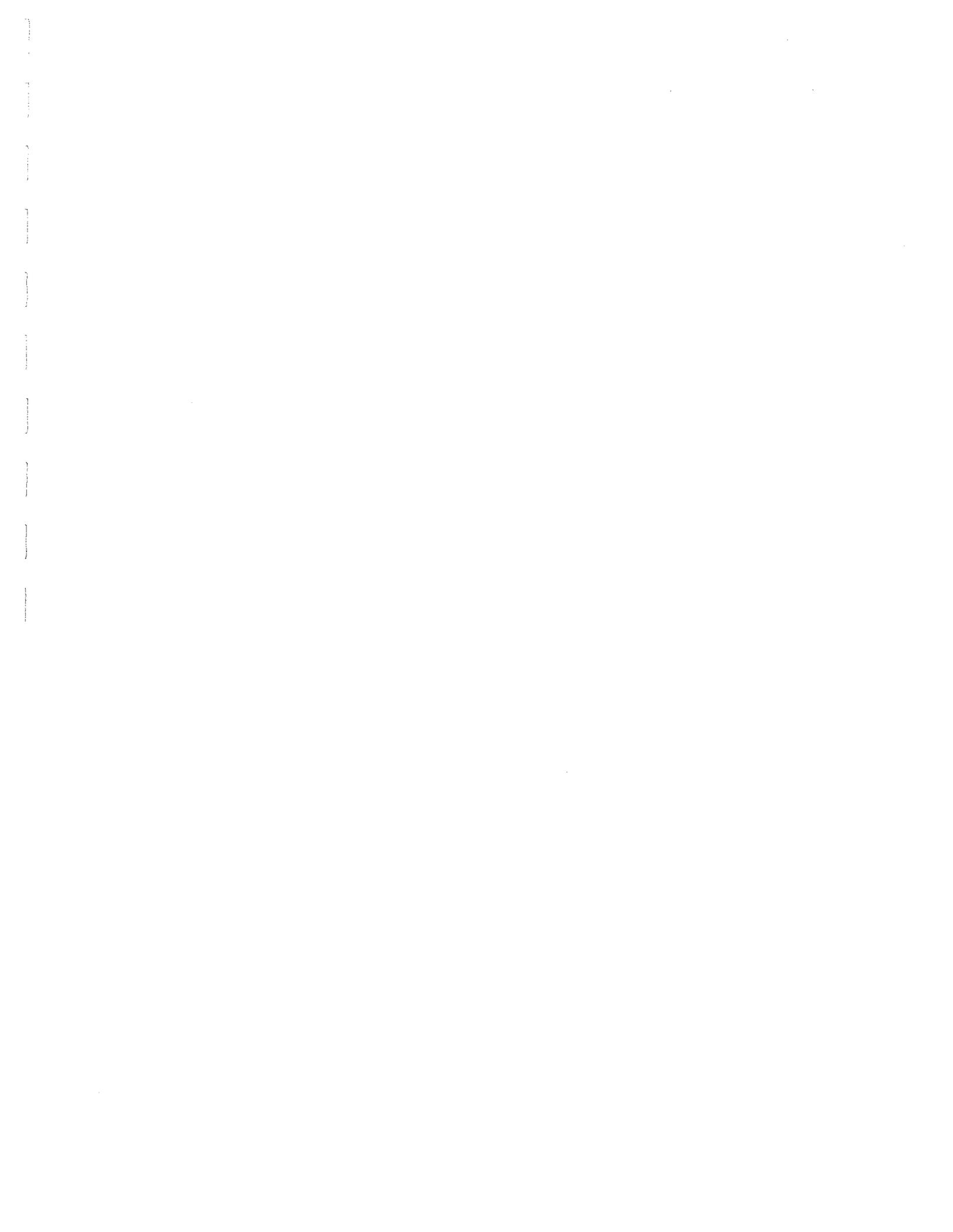
He refuted an attempt by Town counsel to state Westport has a fairly significant OPEB obligation based upon the Town size." (Union Brief, page 28).

The Town has sustained its burden of proof as indicated by the fact that only one of the comparable towns grants retiree health insurance.

Therefore, after reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offer of the Town for Issue 6I is accepted. The Town appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Union appointed Panel Member dissents on the selection of the Last Best Offer of the Town based on the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
7A	Article 5-Form of Retirement Payments and Election Procedures, Sec. 5.1(b) (1)	Change in Joint and Survivor Annuity if spouse predeceases retiree	126	Union

The parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Union.



Issue	Article	Description	Para#	Proponent
7B	Article 5-Form of Retirement Payments and Election Procedures, Sec. 5.5	Change military service buyback language	141-142	Union

Both parties have submitted the same Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Town.

Issue	Article	Description	Para#	Proponent
8B	Article 7-Benefits in Case of Death, Sec. 7.1	Reduction in required years of service	197	Union

Both parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Union.

Issue	Article	Description	Para#	Proponent
8C	Article 7-Benefits in Case of Death, Sec. 7.1	Reduction in required years of service	197	Union

The parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Town.

Issue	Article	Description	Para#	Proponent
8D	Article 7-Benefits in Case of Death, Sec. 7.1(a)	Increase in survivor benefit	198	Union

The parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Town.

Issue	Article	Description	Para#	Proponent
8E	Article 7-Benefits in Case of Death, Sec. 7.1(a)	Decrease reduction in survivor benefit	198	Union

The parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Union.

Issue	Article	Description	Para#	Proponent
8F	Article 7-Benefits in Case of Death, Sec. 7.1(a)	Eliminate reduction for younger spouse	198	Union

The Union has withdrawn its Last Best Offer for Issue 8F and, therefore, the Panel accepts the Last Best Offer of the Town.

Issue	Article	Description	Para#	Proponent
8G	Article 7-Benefits in Case of Death, Sec. 7.1(b)	Increase in survivor benefit	199	Union

The parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Union.

Issue	Article	Description	Para#	Proponent
8H	Article 7-Benefits in Case of Death, Sec. 7.1(b)	Decrease reduction in survivor benefit	199	Union

The Town has proposed one and one-half percent while the Union Has proposed one and one half. In order to avoid any confusion in the future, the Panel accepts the Last Best Offer of the Town.

Issue	Article	Description	Para#	Proponent
8I	Article 7-Benefits in Case of Death, Sec. 7.1(a)	Increase in survivor benefit	200	Union

The parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Union.

Issue	Article	Description	Para#	Proponent
8J	Article 7-Benefits in Case of Death, Sec. 7.1(c)	Decrease reduction in survivor benefit	200	Union

The Union has proposed one and one-half while the Town Has proposed one and one half percent. In order to avoid any confusion in the future, the Panel accepts the Last Best Offer of the Town.

Issue	Article	Description	Para#	Proponent
8K	Article 7-Benefits in Case of Death, Sec. 7.1(c)	Increase in survivor benefit	201	Union

The Town has proposed one and one-half percent while the Union Has proposed one and one half. In order to avoid any confusion in the future, the Panel accepts the Last Best Offer of the Town.

Issue	Article	Description	Para#	Proponent
8L	Article 7-Benefits in Case of Death, Sec. 7.1(a)	Decrease reduction in survivor benefit	201	Union

The parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Union.

Issue	Article	Description	Para#	Proponent
8M	Article 7-Benefits in Case of Death, Sec. 7.1(c)	Eliminate reduction for younger spouse	201	Union

The Union has withdrawn its Last Best Offers and the Town has accepted the current contract language. Therefore, to avoid any confusion, the Panel accepts the Last Best Offer of the Town.

Issue	Article	Description	Para#	Proponent
8N	Article 7-Benefits in Case of Death, Sec. 7.2	Reduction in required years of service	202	Union

Both parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Union.

Issue	Article	Description	Para#	Proponent
80	Article 7-Benefits in Case of Death	Reduction in required years of service	202	Union

The parties have submitted similar Last Best Offers and, therefore, to avoid any confusion in the future, the Panel accepts the Last Best Offer of the Town.

Issue	Article	Description	Para#	Proponent
9A	Article 8 Vesting, Sec.8.1	Reduction in required years of service	205	Union

The parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Union.

Issue	Article	Description	Para#	Proponent
9B	Article 8-Vesting, Sec. 8.1	Reduction in required years of service	205	Union

The parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Town.

Issue	Article	Description	Para#	Proponent
9C	Article 8-Vesting, Sec. 8.2	Increase in interest rate	206	Union

The parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Union.

Issue	Article	Description	Para#	Proponent
9D	Article 8-Vesting, Sec. 8.3	Increase in interest rate	207	Union

It appears that both parties are proposing to retain the current contract language. Therefore, the Panel accepts the Last Best Offer of the Town.

Issue	Article	Description	Para#	Proponent
10	Article 9-Contributions, Sec. 9.1(b)	Increase in rate of contribution	211	Union

The parties have both proposed language that would increase the employee contribution to the Pension Plan. The Town is proposing to increase employee contribution 4.5% effective and retroactive to July 1, 2016 and an increase of one-half percent each year until July 1, 2019 when the contribution will be a total of 6%. (Town Brief, page 110).

The Union is proposing that upon the issuance of this award #2017 MBA-322 the employee contribution shall increase by one-half percent. Effective July 1, 2017, July 1, 2018, and July 1, 2019, employees shall pay an additional one-half percent each year, bringing the total contribution to 6%. All new hires after the issuance of this award will pay a 6% contribution. (Union Brief, page 41).

A majority of the Panel agrees that having the employee reach a 6% contribution by July 1, 2019 was the goal and adding retroactivity to this issue was not necessary.

After reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last

Best Offer of the Union for Issue 10 is accepted. The Union appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Town Appointed Panel Member dissents on the selection of the Last Best Offer of the Union based upon the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
11A	Article 12 Amendment, Termination, Limitations and Merger, Sec.12.2	Deletion of language making plan voluntary on part of employer	263	Union

Both parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Town.

Issue	Article	Description	Para#	Proponent
11B	Article 12 Amendment, Termination, Limitations and Merger, Sec.12.3	Deletion of language regarding termination of plan	269	Union

Both parties have submitted identical Last Best Offers and, therefore, the Panel accepts the Last Best Offer of the Union.

Issue	Article	Description	Para#	Propo- nent
11C	Article 12 Amendment, Termination, Limitations and Merger, Sec.12.5	Deletion of hold harmless language regarding termination of plan	271	Union

The current contract language calls for the word blameless and the Union is proposing to change that word to harmless.

The Town stated "According to the plain meaning of this provision of the contract from one that currently absolves that Town from any wrongdoing for denying benefits, to one the "possibility" of causing an injury should there be a denial of benefits. As demonstrated by the definitions found at Dictionary.com, the differences are substantial."

It further stated "Based on the plain meaning of these words, it is evident that by removing the shield of liability that the

word "blameless" conveys, the Union's proposal would actually have the effect of exposing the Town to civil suits should an aggrieved member seek redress for the denial of benefits. Such results should be avoided as this would greatly exasperate the Town's already stretched budget and would not be in the public interest. Conn.Gen.Stat. § 7-473c(d)(9).

More importantly, as evidenced by the chart below (recreated at Town Exhibit 6, Tab 11a majority of municipalities have language that absolves their respective municipality from any wrongdoing in administering the pension plan agreement." (Town Brief, page 115).

In addition, the Town stated "Because the Town's LBO is supported by the statutory factor and the Union has presented no evidence to support the change from "blamless" to "harmless" that would produce a cost savings for the Town or any evidence that other comparable municipalities have adopted language having a similar effect to the language it proposes, the Town's LBO on Issue No. 11C should be awarded." (Town Brief, page 117).

The Union was unable to sustain its burden of proof to justify changing the current language.

Therefore, after reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offer of the Town for Issue 11C is accepted. The

Town appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Union appointed Panel Member dissents on the selection of the Last Best Offer of the Town based on the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
12	Article 13 - Retiree Medical Expenses	Delete entire article	272-303	Town

The Town is proposing to eliminate the current contract language which allows the cost of health benefits to be paid out of the Pension Fund.

The Union is proposing to retain the current contract language.

"The Town has presented evidence that this requirement is "redundant" and would only be applicable if the fund was funded at 125% (which is not foreseeable in the future), thus the continued inclusion of this language is better characterized as extraneous and unnecessary therefore its removal should be undertaken by this Panel by awarding the Town's LBO.

As the evidence found in Town Exhibit 12 shows, and as confirmed by the testimony of Rebecca Sielman, the Town may use the pension funds to pay retiree medical expenses provided the plan is funded in excess of 125%. (26 USC § 420(e)(2)(B) at Town Exhibit 6, Tab 12):

Q. And I just have one last question for you. You are aware that the current pension plan has language in it about paying for retiree medical costs out of the pension fund, correct?

A. That's correct.

Q. Okay. Is there problem with that language

A. There is a provision of the Internal Revenue Code that permits transfers of overfunded pension plan assets into special accounts that continue to pay retiree medical benefits. This provision has been in the internal revenue code for several decades. It predates the point at which Connecticut municipalities could set up OPEB trusts to prefund OPEB benefits. So when this internal revenue code section was established, it represented a mechanism that was not otherwise available. If a plan sponsor had a very well-funded, more than 125 percent funded pension plan, they could capture some of that surplus and use it to pay retiree medical benefits. I view it as being somewhat obsolete because now there is a very robust mechanism for Connecticut municipalities for setting up OPEB trusts to prefund the benefits directly. In addition there aren't very many municipalities in Connecticut that are so overfunded that that represents a good use of the

surplus. So that language persists in this plan document. I don't have any information about when that language was added but it strikes me as a non-attorney as being a somewhat redundant mechanism to include in a pension plan. (Town Brief, pages 122-123).

It appears that it is not likely that the Pension Fund will exceed 125% in the near future.

After reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offer of the Union for Issue 12 is accepted. The Union appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Town Appointed Panel Member dissents on the selection of the Last Best Offer of the Union based upon the same Statutory Criteria.

Issue	Article	Description	Para#	Proponent
14A	Signature Block	Duration of Contract	316	Joint

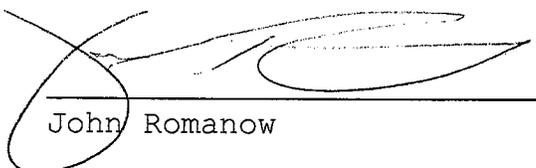
Issue	Article	Description	Para#	Proponent
14B	Attestation	Duration of Contract	317	Joint

The Town is proposing that the pension plan be in effect for seven years and the Union is proposing a ten year duration.

The Panel has discussed these issues in Issue I. Therefore, after reviewing all of the information received by the arbitration panel, in light of the Statutory Criteria, the Last Best Offers of the Town for Issues 14A and 14B are accepted. The Town appointed Arbitrator agrees with the Neutral Arbitrator based upon the same Statutory Criteria, and the Union appointed Panel Member dissents on the selection of the Last Best Offers of the Town based on the same Statutory Criteria.

IN THE MATTER OF ARBITRATION BETWEEN:

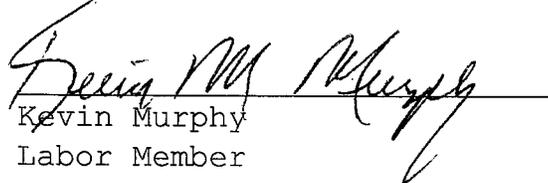
TOWN OF WESTPORT )  
 )  
-AND- )  
 )  
AFSCME, AFL-CIO, COUNCIL 4, ET AL )  
Coalition Bargaining )  
Case No. 2017-MBA-322 - Town Pension )



---

John Romanow

Management Member



---

Kevin Murphy

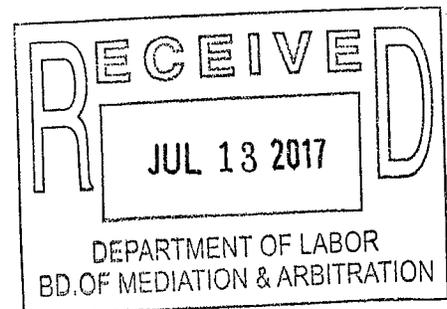
Labor Member



---

M. Jackson Webber, Esquire

Chairman



In the matter of:

Town of Westport

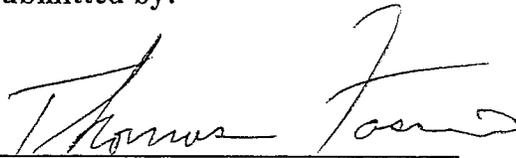
-and-

Local 1303-387 of Council 4  
AFSCME, AFL-CIO

Case No: 2017-MBA-322

**\*\*\*LAST BEST OFFERS OF THE UNION\*\*\***

Submitted by:



Thomas Fascio, Staff Representative  
CT Council 4, AFSCME, AFL-CIO

**Issue No: 1**

**Preamble Duration**

As to issue No 1, the Union Last Best Offer is as follows:

2024

**Issue No: 2B**

**ARTICLE 1 Sec 1.2A(a) Definitions "Average Final Compensation"**

**As to Issue 2.B the Union's Last Best Offer is as follows:**

(a) If the Participant has not completed any Credited Service on or after July 1, 2003, greater of (i) the annual average of such Participant's 2 highest consecutive calendar years of Compensation, or (ii) the 12 month average of such Participant's final 24 months of Compensation.

(b) If the Participant has completed any Credited Service on or after July 1, 2003, the greater of (i) his Compensation during the calendar year in which his Compensation was the highest, or (ii) his final 12 months of Compensation.

Issue No: 2C

ARTICLE 1 DEFINITIONS

Section 1.2 A ( c)

Average final compensation

As to issue 2 c the Union hereby withdraws its proposal

Issue No: 2D

ARTICLE 1 DEFINITIONS

SEC 1.4 (a) (i)

Compensation

As to Issue 2D the unions Last Best Offer: is as follows:

Overtime Pay

Issue No: 2F

ARTICLE 1 DEFINITIONS

Sec 1.5

**Credited Service**

The Unions Last Best Offer is as follows:

Similarly, if the Participant was an employee of another town or municipality immediately prior to his participation in this Plan and participated in a pension plan to which the other town or municipality contributed, his years of Credited Service under this Plan may include all or part, as determined by the Town at the time the Employee becomes a Participant of this Plan, of his credited service under the plan in which he participated immediately prior to this Plan; provided that if he receives any distribution of his employee contributions with Interest upon termination of this participation in the other plan, such distribution is immediately paid to this Plan. Any benefits payable from this Plan shall be offset by any benefits to which he is entitled from the plan in which he participated immediately prior to this Plan if any Credited Service is granted under this paragraph.

Issue No: 3A

ARTICLE 2 Eligibility

Sec 2.2

Limitation on who is eligible employee to those hired July 1, 2014.

The Union's last best offer is as follows:

No such language

Issue No: 3B

ARTICLE 2

ELIGIBILITY

Sec 2.2 (a)

Expansion of who is eligible employee

The Unions last best offer is as follows:

twenty (20)

Issue No: 3C

ARTICLE 2

Eligibility

Sec 2.2

Defined contribution plan for new hire

The Unions Last Best Offer is as follows:

No such language

Issue No: 4A

ARTICLE 3

Retirement Dates

Sec 3.1 (a)

Definition of normal Retirement Age

The Union's last best offer is as follows:

Age 55 and completed an aggregate of at least 10 years of continuous credited Service (not less than 120 calendar months of employment); or

Issue No: 4B

ARTICLE 3

Retirement Date

Sec 3.1 (b)

Definition of normal Retirement Date

The union's last best offer is as follows:

Age 55 and completed at least 15 years of non-continuous Credited Service (not less than 180 calendar months of employment); or

Issue No: 4C

ARTICLE 3

Retirement Dates

Sec 3.1 ( c)

Definition of normal retirement date

The union's last best offer is as follows:

Completion of 25 years of credited Service without regard to age.

Issue No: 4D

ARTICLE 3

Retirement Dates

Sec 3.1

Decrease years of non-continuous Service

The union's last best offer is as follows:

15 years

Issue No: 4E

ARTICLE 3

Retirement Dates

Sec 3.1

Decrease years of Service where interrupted Service

The union's last best offer is as follows:

10

Issue No: 4F

**ARTICLE 3**

**Retirement Dates**

**Sec 3.1**

Change in minimum normal retirement date down to 5 years of continuous service or 10 years non-continuous service

The union's last best offer is as follows:

In no event shall the Normal Retirement Date be earlier than the date on which the Participant has completed 120 months (10 years) of continuous employment or 180 months (15 years) of non-continuous employment.

Issue No: 5B

ARTICLE 4

Retirement Benefits

Sec 4.1 (a) (1) and (2)

Change in calculation of benefits

The union's last best offer is as follows:

2% of monthly Average Final Compensation multiplied by the number of completed years and completed months (each month counting as 1/12 of a year) of Credited Service up to a maximum of 20 years of Credited Service; plus

2.25% of monthly Average Final Compensation multiplied by the number of completed years and completed months (each month counting as 1/12 of a year) of Credited Service (but not more than 13 such years) in excess of 20.

Issue No: 6A

**ARTICLE 4**

**Retirement Benefits**

**Sec 4.4 (a)**

Change in Retiree Coverage

The union's last best offer is as follows:

Each Retiree shall be entitled to continue his coverage for himself and his covered spouse and covered dependent children under the Town's Medical Plan in effect at the time of his retirement by paying the total cost of such coverage until the July 1 following the attainment of age 49, and thereafter by paying 50% of the cost of such coverage, determined annually. The cost of coverage shall be based upon the "allocation rate." Coverage for a dependent child under the Medical Plan shall cease at such time as such child is no longer a "dependent" for purposes of such plan.

Issue No: 6B

ARTICLE 4

Retirement Benefits

Sec 4.4 (b)

Change in Retirement Coverage

The union's last best offer is as follows:

In the event of a Retiree's death, his surviving covered spouse and surviving covered Dependents shall pay 50% of the cost of coverage for them, as determined based upon the "allocation rate," for purposes of this Section 4.4A, the term "Retiree" also includes a Participant with respect to whom a death benefit is payable pursuant to Section 7.1

Issue No: 6F

ARTICLE 4

Retirement Benefits

Sec 4.4 ( c) (1) (iii) New

Add language re: limitation on change in providers for continued care under Medicare Plan.

The union's last best offer is as follows:

The union hereby withdraws this proposal

Issue No: 6G

ARTICLE 4

Retirement Benefits

Sec 4.4 ( c) (4)

Omit Cap language for Retiree cost share

The union's last best offer is as follows:

The amount which a retiree or the spouse of a retiree is required to pay for coverage under the Medical Plan under this Section 4.4A for any year shall not increase by more than 10% over the cost of coverage for the preceding year.

Issue No: 6H

ARTICLE 4

Retirement Benefits

Sec 4.4 ( c) (5)

Omit continuing health coverage for surviving spouse.

The union's last best offer is as follows:

A retiree and the spouse of a retiree shall be treated separately for purposes of this Section 4.4A. For purposes of this Section 4.4A, if a person is the spouse of a Retiree at the time of the Retiree's retirement, such person shall continue to be treated as a spouse notwithstanding the termination of the marriage of such Retiree and spouse by reason of the death of such retiree.

Issue No: 6I

ARTICLE 4

Retirement Benefits

Sec 4.4 ( d)

Add language re: exclusions of coverage for retiree, spouse and dependent's

The union's last best offer is as follows:

No such language

Issue No: 7A

ARTICLE 5

Form of Retirement Payments and election procedures

Sec 5.1 (b) (1)

Change in joint and survivor Annuity if spouse predeceases retiree

The union's last best offer is as follows:

(75%), 66-2/3% or 50%) amount] until death of the joint annuitant. The benefits under this option shall be of Equivalent Actuarial Value to a Life Annuity benefit.

Issue No: 7B

ARTICLE 5

Form of Retirement Payments and election procedures

Sec 5.5

Change in joint and survivor Annuity if spouse predeceases retiree

The union's last best offer is as follows:

The union hereby withdraws this proposal

Issue No: 8B

ARTICLE 7

Benefits in case of Death

Sec 7.1

Reduction in required years of service

The union's last best offer is as follows:

10

Issue No: 8C

ARTICLE 7

Benefits in case of Death

Sec 7.1

Reduction in required years of service

The union's last best offer is as follows:

15

Issue No: 8D

ARTICLE 7

Benefits in case of Death

Sec 7.1 (a)

Increase in Survivor benefits

The union's last best offer is as follows:

50%

Issue No: 8E

ARTICLE 7

Benefits in case of Death

Sec 7.1 (a)

Decrease reduction in Survivor Benefits

The union's last best offer is as follows:

1.5%

Issue No: 8F

ARTICLE 7

Benefits in case of Death

Sec 7.1 (a)

Eliminate reduction for younger spouse

The union's last best offer is as follows:

The union hereby withdraws this proposal

Issue No: 8G

ARTICLE 7

Benefits in case of Death

Sec 7.1 (b)

Increase in Survivor Benefit

The union's last best offer is as follows:

50%

Issue No: 8H

ARTICLE 7

Benefits in case of Death

Sec 7.1 (b)

Decrease reduction in survivor Benefit

The union's last best offer is as follows:

One and one half

Issue No: 8I

ARTICLE 7

Benefits in case of Death

Sec 7.1 ( c)

Increase Survivor Benefit

The union's last best offer is as follows:

50%

Issue No: 8J

ARTICLE 7

Benefits in case of Death

Sec 7.1 ( c)

Decrease reduction in Survivor Benefit

The union's last best offer is as follows:

One and one half

Issue No: 8k

ARTICLE 7

Benefits in case of Death

Sec 7.1 (c)

Increase in survivor benefit

The union's last best offer is as follows:

50%

Issue No: 8L

ARTICLE 7

Benefits in case of Death

Sec 7.1 (c)

Decrease deduction in Survivor Benefit

The union's last best offer is as follows:

1.5%

Issue No: 8M

ARTICLE 7

Benefits in case of Death

Sec 7.1 (c)

Eliminate Reduction for Younger Spouse

The union's last best offer is as follows:

The union hereby withdraws this proposal

Issue No: 8N

ARTICLE 7

Benefits in case of Death

Sec 7.2

Reduction in required years of service

The union's last best offer is as follows:

10

Issue No: 8 O

ARTICLE 7

Benefits in case of Death

Reduction in required years of service

The union's last best offer is as follows:

15 years

Issue No: 9 A

ARTICLE 8

Vesting

Sec 8.1

Reduction in required years of service

The union's last best offer is as follows:

10

Issue No: 9 B

ARTICLE 8

Vesting

Sec 8.1

Reduction in required years of service

The union's last best offer is as follows:

15

Issue No: 9 C

ARTICLE 8

Vesting

Sec 8.2

Increase in interest rate

The union's last best offer is as follows:

June 30, 1983 and 5% per annum beginning July 1, 1983.

Issue No: 9 D

ARTICLE 8

Vesting

Sec 8.3

Increase in Interest Rate

The union's last best offer is as follows:

And 5% per annum beginning July 1, 1983.

Issue No: 10

ARTICLE 9

Contribution

Sec 9.1 (b)

Increase in rate of contribution

The union's last best offer is as follows:

For all other participants the rate of contribution shall be 4% of the Participants Compensation effective upon the issuance of this Arbitration Award, in Case # 2017-MBA-322 the rate of contribution shall be increased by ½% of the participant's compensation. Effective July 1, 2017 said contribution shall increase by ½% of the participant's compensation. Effective July 1, 2018 said compensation shall increase by ½% of the participant's compensation. Effective July 1, 2019 said contribution shall be increased by ½% of the participant's compensation. Any new employee hired after the issuance of this Arbitration Award, Case # 2017-MBA-322 the rate of contribution shall be 6% of the participant's compensation.

Issue No: 11A

ARTICLE 12

Amendment Termination Limitations and Merger

Sec 12.2

Deletion of language matters plan voluntary on part of employer

The union's last best offer is as follows:

The plan is voluntary on the part of the Employer. The Employer reserves the right to terminate the Plan, and to suspend, reduce or discontinue contributions at any time. Upon termination of the Plan, or upon the complete discontinuance of contributions, the accrued benefits of Participants to the date of such termination or discontinuance shall be nonforfeitable to the extent then funded.

Issue No: 11B

ARTICLE 12

Amendment Termination Limitation and Merger

Sec 12.3

Deletion of language regarding termination of plan

The union's last best offer is as follows:

In the event of the termination or partial termination of the Plan, the Pension Committee, after reserving an amount of sufficient to pay all expenses of the Plan, shall allocate all assets of the Plan or their proceeds in order of preference as hereinafter set forth (but only to the extent that an individual's pension benefit is not fully funded):

First: The portion derived from a Participants own contributions, with Interest (if any).

Second: In the case of the pension benefit of a Participant or Joint Annuitant, or surviving spouse, or Designated Beneficiary with was in pay status as of the date of such termination or partial termination.

Third: To provide benefits to Participants who were eligible to retire in accordance with Article 3hereof as of the date of such termination or partial termination.

Fourth: To all other vested pension benefits (if any) under the Plan.

Fifth: To all other nonforfeitable pension benefits under the Plan.

If the assets in the Pension fund applicable to any of the categories listed above are insufficient to provide for all persons listed in such categories, then the assets shall be allocated among those persons in the last category to which assets are available in the same proportion which the present value, as determined by the Actuary, of each person's benefit bears to the present value of all benefits attributable to that category.

Issue No: 11 C

ARTICLE 12

Amendment Termination Limitation and merger

Sec 12.5

Deletion of hold harmless language in event of denial of benefits

The union's last best offer is as follows:

In the event of any denial of benefits hereunder the employer shall be held blameless

Issue No: 12

ARTICLE 13

Retiree Medical Expenses

Delete entire Article

The union's last best offer is as follows:

13.1 This Article 13 shall apply to Medical Expenses incurred on or after the date specified by resolution of the Pension Board for implementation of this Article 13

13.2 The Plan may provide for the payment of any or all Medical Expenses of Retirees and their covered spouses and covered dependent Children in accordance with Code Section 401 (h). Payments shall occur within a reasonable time after a Claimant has submitted a claim for payment under the Medical Plan.

13.3 A separate account shall be established and maintained under the Plan with respect to contributions to fund Medical Expenses under the arrangement set forth in this Article 13. Such contributions shall come from the Employer and from Retirees and covered spouses and covered dependent children, as specified in Section 4.4A. Such, separate account shall be for recordkeeping purposes only, and the Trust Funds allocated to such account need not be separately invested. The Employer's contribution's to such separate account shall be reasonable and ascertainable and at the time a contribution to the Plan is made by the Employer, the Employer shall designate that portion of such contribution which is allocable to the funding of Medical Expenses. The aggregate actual contributions to the Plan for Medical Expenses shall not exceed 25% of the total actual contributions to the Plan (other than contributions to fund past service credits) after the date this Article 13 is implemented,. It shall be impossible, at any time prior to the satisfaction of all liabilities under the Plan to provide Medical Expenses, for any part of the principal or income of such separate account to be (within the taxable year or thereafter) used for, or diverted to, any purpose other than the providing of Medical Expenses. Notwithstanding the provisions of Section 401 (h) (2) of the Code, upon the satisfaction of all liabilities under the Plan to provide Medical Expenses, any amount remaining in such separate account shall be returned to the Employer.

13.4 In the case of a Retiree who is a "key employee" {within the meaning of Section 416 (i) of the Code} at any time during the Plan Year or any preceding Plan Year during which contributions were made by the Employer on behalf of him or his covered spouse and covered dependent children, if any, a separate account shall be established and maintained for Medical Expenses payable to him (and his covered spouse and covered dependent children, if any) and such benefits (to the extent attributable to Plan Years beginning after March 31, 1984, for which such Retiree is a (key employee) shall only be payable to or on behalf of such retiree (and his covered spouse and covered dependent children, if any) from such separate account.

13.5 If Medical Expenses are paid from other sources as well as from the Plan, the benefits payable from the Plan shall be paid before any other sources are used.

13.6 In the event an individual's interest in such separate account shall be forfeited prior to the termination of the Plan, an amount equal to the amount of such forfeiture shall be applied as soon as possible to reduce the Employer's contributions to the Plan to fund Medical Expenses.

13.7 There may be transferred to the separate account referred in Section 13.3 "excess pension assets" of the Plan, within the meaning of Section 420 ( e) (2) of the code, subject to the following provisions:

- a. Only one transfer may be made in a taxable year of the Employer.
- b. The amount transferred shall not exceed the amount which is reasonably estimated to be the amount the employer shall pay out (whether directly or through reimbursement) of such separate account during the taxable year of the transfer for "qualified current retiree health liabilities," within the meaning of Code Section 420 ( e) (1).
- c. No such transfer shall be made after December 31, 2013
- d. Any assets transferred, and any income allocable to such assets, shall be used only to pay "qualified current retiree health liabilities" for the taxable year of transfer.
- e. Any amounts transferred to such separate account (and income attributable to such amounts) which are not used to pay "qualified current retiree health liabilities" shall be transferred back to the defined benefit portion of the Plan.
- f. Amounts paid out of such separate account shall be treated as paid first out of transferred assets and income attributable to such assets.
- g. The accrued pension benefits for Participants and beneficiaries of the Plan shall become nonforefeitable as if the Plan had terminated immediately prior to the transfer (or in the case of a Participant who separated during the one-year period ending on the date of transfer immediately before such separation).
- h. A transfer shall be permitted only if the Medical Plan provides that the "applicable employer cost" for each taxable year during the "cost maintenance period" shall not be less than the higher of the "applicable employer costs" for each of the 2 taxable years immediately preceding the taxable year of the "qualified transfer" [within the meaning of Code Section 420 (b) (1)]. For purposes of the preceding sentence:
  - 1. The term "applicable employer cost" means, with respect to any taxable year, the amount determined by dividing

- i. the “qualified current retiree health liabilities” {within the meaning of Code Section 420 (e )(1)(A)] of the Employer for such taxable year determined (I) without regard to any reduction under Code Section 420 (e) (1) (B), and (II) in the case of a taxable year in which there was no “qualified transfer,” in the same manner as if there had been such a transfer at the end of the taxable year, by
  - ii The number of individuals to whom coverage for “applicable health benefits” [within the meaning of Code Section 420( e) (1) (c )] was provided during such taxable year.
2. The term “cost maintenance period” means the period of 5 taxable years beginning with the taxable year in which the “qualified transfer” occurs. If a taxable year is in 2 or more overlapping “costs maintenance periods,” the preceding sentence shall be applied by taking into account the highest “applicable employer cost” required to be taken into account for purposes of the first sentence of Section 13.7 (h) for such taxable year.
- i. The requirements of Code Section 420 (c ) (3) shall be satisfied separately with respect to individuals eligible for benefits under Title XVIII of the Social security Act at any time during the taxable year and with respect to individuals not so eligible.
  - j. Transferred assets may not be used to provide Medical Expenses for “key employees” and their covered spouses and covered Dependents, if any.
- 13.8 As used in this Article 13, the following terms shall have the meanings indicated:
- a. “Claimant” means a Retiree, or his covered spouse or covered dependent child, who has submitted a claim for benefits under the Medical Plan.
  - b. “Medical Expense” means an expense which is payable under the Medical Plan and which is an expense for “medical care” under Code Section 213(d)(1).
  - c. “Medical Plan” means, collectively, the plan or plans maintained by Town pursuant to which Retirees and their covered spouses and dependents receive medical, dental and prescription drug benefits.

Issue No: 14 A

Signature Block

Duration of Contract

The union's last best offer is as follows:

June 30, 2024

Issue No: 14 B

Attestation

Duration of contract

The union's last best offer is as follows:

June 30, 2024

STATE OF CONNECTICUT  
DEPARTMENT OF LABOR  
BOARD OF MEDIATION AND ARBITRATION

---

TOWN OF WESTPORT

and

AFSCME, et. al. (Town of Westport Pension  
Plan)

---

CASE NO. 2017-MBA-322  
(Town Pension Plan)

January 13, 2017

**TOWN'S LAST BEST OFFERS**

Presented By:  
Floyd J. Dugas, Esq.  
Berchem, Moses & Devlin, P.C.  
75 Broad Street  
Milford, CT 06460  
203-783-1200  
[fdugas@bmdlaw.com](mailto:fdugas@bmdlaw.com)

**Issue No. 1**  
**Preamble**  
**Duration**

The Town's Last Best Offer as to Issue No. 1 is as follows:

"June 30, 2020"

**Issue No. 2B**  
**Article 1, Section 1.2A(a)**  
**Definitions “Average Final Compensation”**

The Town’s Last Best Offer as to Issue No. 2B is as follows:

“If the Participant has completed any Credited Service on or after July 1, 2003, the greater of (i) his Compensation during the calendar year in which his Compensation was the highest, or (ii) his final 12 months of Compensation.”

**Issue No. 2C**  
**Article 1, Section 1.2A(c)(New)**  
**Definitions "Average Final Compensation"**

The Town's Last Best Offer as to Issue No. 2C is as follows:

NO SUCH LANGUAGE

**Issue No. 2D**  
**Article 1, Section 1.4(a)(i)**  
**Definitions "Compensation"**

The Town's Last Best Offer as to Issue No. 2D is as follows:

"Overtime Pay"

**Issue No. 2F**  
**Article 1, Section 1.5**  
**Definitions “Credited Service”**

The Town’s Last Best Offer as to Issue No. 2F is as follows:

NO SUCH LANGUAGE

**Issue No. 3A  
Article 2, Section 2.2  
Eligibility For DB Plan**

The Town's Last Best Offer as to Issue No. 3A is as follows:

“and hired prior to the issuance of the award in Case No. 2017-MBA-322”

**Issue No. 3B**  
**Article 2, Section 2.2(a)**  
**Eligibility**

The Town's Last Best Offer as to Issue No. 3B is as follows:

“twenty (20)”

**Issue No. 3C**  
**Article 2, Section 2.2**  
**Eligibility**

The Town's Last Best Offer as to Issue No. 3C is as follows:

“Employees hired on or after the date of the award in Case No. 2017-MBA-322 shall not be considered a Participant and shall not be eligible for benefits under the Plan. Instead, they shall be eligible to participate in the Town's Defined Contribution Plan.”

**Issue No. 4A**  
**Article 3, Section 3.1(a)**  
**Definition of Normal Retirement**

The Town's Last Best Offer as to Issue No. 4A is as follows:

“age 55 and completed an aggregate of at least 25 years of continuous Credited Service (not less than 300 calendar months of employment) or completed at least 30 years of non-continuous Credited Service (not less than 360 calendar months of employment),” or

**Issue No. 4B**  
**Article 3, Section 3.1(b)**  
**Definition of Normal Retirement**

The Town's Last Best Offer as to Issue No. 4B is as follows:

“age 65 and completed an aggregate of at least 10 years of continuous (not less than 120 calendar months of employment) Credited Service or completed an aggregate of at least 15 years of non-continuous Credited Service (not less than 180 calendar months of employment).

Notwithstanding the foregoing, any members who as of the date of the award in Case No. 2017-MBA-322 had already attained their Normal Retirement Date under the prior pension plan shall be grandfathered, i.e. shall be deemed to have reached their Normal Retirement Date.”

**Issue No. 4C**  
**Article 3, Section 3.1(c)**  
**Definition of Normal Retirement**

The Town's Last Best Offer as to Issue No. 4C is as follows:

NO SUCH LANGUAGE

**Issue No. 4D**  
**Article 3, Section 3.1**  
**Decrease Years For Non-Continuous Service**

The Town's Last Best Offer as to Issue No. 4D is as follows:

"15 years"

**Issue No. 4E**  
**Article 3, Section 3.1**  
**Decrease Years of Service for Non-Cumulative Service**

The Town's Last Best Offer as to Issue No. 4E is as follows:

"10 years"

**Issue No. 4F**  
**Article 3, Section 3.1**  
**Minimum Years For Normal Retirement**

The Town's Last Best Offer as to Issue No. 4F is as follows:

“In no event shall the Normal Retirement Date be earlier than the date on which the Participant has completed 120 months (10 years) of continuous employment or 180 months (15 years) of non-continuous employment.”

**Issue No. 5B**  
**Article 4, Section 4.1(a)(1) and (2)**  
**Calculation of Benefit**

The Town's Last Best Offer as to Issue No. 5B is as follows:

- “(1) 2% of monthly Average Final Compensation multiplied by the number of completed years and completed months (each month counting as 1/12 of a year) of Credited Service up to a maximum of 20 years of Credited Service; plus
- (2) 2.25% of monthly Average Final Compensation multiplied by the number of completed years and completed months (each month counting as 1/12 of a year) of Credited Service (but not more than 13 such years) in excess of 20; and

Notwithstanding the foregoing, effective for Credited Service on or after July 1, 2016, in lieu of (2) above, 2% of monthly Average Final Compensation multiplied by the number of completed years and completed months (each month counting as 1/12 of a year) of Credited Service (but not more than 13 such years) in excess of 20.”

**Issue No. 6A**  
**Article 4, Section 4.4(a)**  
**Change In Retiree Health Coverage**

The Town's Last Best Offer as to Issue No. 6A is as follows:

“The following provisions concerning coverage under the Town's/Board of Education medical plans (as applicable) shall apply to all Participants hired prior to and retiring on or after the effective date of the award in Case No. 2017-MBA-322, and to the covered spouses and covered dependent children of such Participants:

- (a) Each Retiree shall be entitled to continue coverage for himself and his covered spouse, i.e. spouse at time of retirement, and dependent children under the Town's/Board of Education's medical plans in effect from time to time for active Participants by paying the total cost of such coverage until the July 1 following the attainment of age 60. Thereafter, the Employer shall pay the percentage of the cost of said plan equal to two (2%) percent times each year of Credited Service for single coverage, and one (1%) percent times each year of Credited Service for two person and family coverage, up to a maximum of 50% for single coverage and 25% of the additional cost for two person and family coverage. The employee shall pay the remainder of the cost of such coverage. The cost of coverage shall be determined annually and shall be based upon the “allocation rate” provided the Plan is self insured, otherwise shall be based upon the premium cost. Coverage for a dependent child under the Medical Plan shall cease at such time as such child is no longer a “dependent” for purposes of such plan. Only covered dependents on the date of retirement are eligible for coverage under the Plan. In the case of Town employees, effective upon issuance of the award in Case No. 2017-MBA-322, retirees shall be eligible to participate in the high deductible health plan only, and not the PPO Plan: There shall be no contribution by the Town towards the deductibles of the plan.

In the event the costs of the plan are such that they trigger an excise tax under the Affordable Care Act, the parties agree that the Town may offer in lieu of the plan then provided a plan which does not trigger the excise tax.”

**Issue No. 6B**  
**Article 4, Section 4.4(b)**  
**Retiree Medical Benefits**

The Town's Last Best Offer as to Issue No. 6B is as follows:

“In the event of a Retiree’s death, his surviving covered spouse and surviving eligible Dependents may continue to participate in the health plans by paying the percentage contribution required in Section (a) above for the cost of the coverage provided, i.e. cost less 1% times years of Credited Service times the cost of coverage for them, as determined based upon the “allocation rate” or premium rate as applicable. For purposes of this Section 4, the term “Retiree” also includes a Participant with respect to whom a death benefit is payable pursuant to Section 7.1. To be eligible for coverage, a covered spouse must have been married to the Retiree for not less than twelve (12) months at the time of his death. Eligibility for coverage shall cease upon the spouse’s remarriage.”

**Issue No. 6F**  
**Article 4, Section 4.4(c)(1)(iii)(New)**  
**Limitation – Change In Provider**

The Town's Last Best Offer as to Issue No. 6F is as follows:

NO SUCH LANGUAGE

**Issue No. 6G**  
**Article 4, Section 4.4(c)(4)**  
**Retiree Cost Share Cap**

The Town's Last Best Offer as to Issue No. 6G is as follows:

NO SUCH LANGUAGE

**Issue No. 6H**  
**Article 4, Section 4.4(c)(5)**  
**Continuation of Coverage for Surviving Spouse**

The Town's Last Best Offer as to Issue No. 6H is as follows:

NO SUCH LANGUAGE

**Issue No. 6I**  
**Article 4, Section 4.4(d)(New)**  
**Election of Coverage**

The Town's Last Best Offer as to Issue No. 6I is as follows:

"A Retiree, and his covered spouse and eligible dependents, shall not be eligible for the above health insurance benefits if:

- (i) the Retiree did not participate in the Town's health insurance plan immediately prior to the time of his retirement; or
- (ii) he does not elect to participate in the above health insurance benefits at the time of retirement; or
- (iii) have participated in the above retiree health insurance plans during retirement he ceases to participate (in which event he may not later opt back in); or
- (iv) he is hired on or after the date of the award in Case No. 2017-MBA-322."

**Issue No. 7A**  
**Article 5, Section 5.1(b)(1)**  
**Change in Joint and Survivor Annuity**

The Town's Last Best Offer as to Issue No. 7A is as follows:

“(75%, 66-2/3% or 50%) amount] until death of the joint annuitant. The benefits under this option shall be of Equivalent Value to a Life Annuity benefit.”

**Issue No. 7B**  
**Article 5, Section 5.5(New)**  
**Military Service Buyback**

The Town's Last Best Offer as to Issue No. 7B is as follows:

NO SUCH LANGUAGE

**Issue No. 8B**  
**Article 7, Section 7.1**  
**Death Benefit Reduction in Required Years of Service**

The Town's Last Best Offer as to Issue No. 8B is as follows:

"10"

**Issue No. 8D**  
**Article 7, Section 7.1(a)**  
**Increase in Survivors Benefit**

The Town's Last Best Offer as to Issue No. 8D is as follows:

"50%"

**Issue No. 8E**  
**Article 7, Section 7.1(a)**  
**Decrease Reduction in Survivor Benefit**

The Town's Last Best Offer as to Issue No. 8E is as follows:

"1.5%"

**Issue No. 8F**  
**Article 7, Section 7.1(a)**  
**Eliminate Reduction for Younger Spouse**

The Town's Last Best Offer as to Issue No. 8F is as follows:

“Furthermore, in the event the surviving widow or widower is more than 5 years younger than the deceased Participant, such benefits shall be reduced by one sixth of 1% for each month his or her age is more than 5 years younger than the Participant's age”

**Issue No. 8G**  
**Article 7, Section 7.1(b)**  
**Increase Survivor Benefit**

The Town's Last Best Offer as to Issue No. 8G is as follows:

“50%”

**Issue No. 8H**  
**Article 7, Section 7.1(b)**  
**Decrease Reduction in Survivor Benefit**

The Town's Last Best Offer as to Issue No. 8H is as follows:

“one and one half percent”

**Issue No. 8I**  
**Article 7, Section 7.1(c)**  
**Increase in Survivor Benefit**

The Town's Last Best Offer as to Issue No. 8I is as follows:

“50%”

**Issue No. 8J**  
**Article 7, Section 7.1(c)**  
**Decrease Reduction in Survivor Benefit**

The Town's Last Best Offer as to Issue No. 8J is as follows:

“one and one half percent”

**Issue No. 8K  
Article 7, Section 7.1(c)  
Increase in Survivor Benefit**

The Town's Last Best Offer as to Issue No. 8K is as follows:

"50%"

**Issue No. 8L**  
**Article 7, Section 7.1(c)**  
**Decrease Reduction in Survivor Benefit**

The Town's Last Best Offer as to Issue No. 8L is as follows:

“1.5%”

**Issue No. 8M**  
**Article 7, Section 7.1(c)**  
**Eliminate Reduction for Younger Spouse**

The Town's Last Best Offer as to Issue No. 8M is as follows:

“Furthermore, in the event the widow or widower is more than 5 years younger than the deceased Participant at the date of death, then the benefits to the widow or widower shall be reduced by one sixth of 1% for each month his or her age was more than 5 years younger than the Participant's age.”

**Issue No. 8N**  
**Article 7, Section 7.2**  
**Reduction in Required Years of Service**

The Town's Last Best Offer as to Issue No. 8N is as follows:

“10”

**Issue No. 80**  
**Article 7, Section 7.2**  
**Reduction in Required Years of Service**

The Town's Last Best Offer as to Issue No. 80 is as follows:

“15”

**Issue No. 9A  
Article 8, Section 8.1  
Vesting**

The Town's Last Best Offer as to Issue No. 9A is as follows:

"10"

**Issue No. 9B**  
**Article 8, Section 8.1**  
**Vesting**

The Town's Last Best Offer as to Issue No. 9B is as follows:

"15"

**Issue No. 9C**  
**Article 8, Section 8.2**  
**Vesting – Interest Rate**

The Town's Last Best Offer as to Issue No. 9C is as follows:

NO SUCH LANGUAGE

**Issue No. 9D**  
**Article 8, Section 8.3**  
**Vesting – Interest Rate**

The Town's Last Best Offer as to Issue No. 9D is as follows:

NO SUCH LANGUAGE

**Issue No. 10**  
**Article 9, Section 9.1(b)**  
**Increase Rate of Contribution**

The Town's Last Best Offer as to Issue No. 10 is as follows:

“4.5% effective and retroactive to July 1, 2016, 5.0% effective July 1, 2017, 5.5% effective July 1, 2018, and 6.0% effective July 1, 2019.”

**Issue No. 11A**  
**Article 12, Section 12.2**  
**Amendment/Termination of Plan**

The Town's Last Best Offer as to Issue No. 11A is as follows:

“The Plan is voluntary on the part of the Employer. The Employer reserves the right to terminate the Plan, and to suspend, reduce or discontinue contributions at any time. Upon termination of the Plan, or upon the complete discontinuance of contributions, the accrued benefits of Participants to the date of such termination or discontinuance shall be nonforfeitable to the extent then funded.”

**Issue No. 11B**  
**Article 12, Section 12.3**  
**Termination of Plan**

The Town's Last Best Offer as to Issue No. 11B is as follows:

“In the event of the termination or partial termination of the Plan, the Pension Committee, after reserving an amount sufficient to pay all expenses of the Plan, shall allocate all assets of the Plan or their proceeds in order of preference as hereinafter set forth (but only to the extent that an individual's pension benefit is not fully funded):

- First: The portion derived from a Participant's own contributions, with Interest (if any).
- Second: In the case of the pension benefit of a Participant or Joint Annuitant, or surviving spouse, or Designated Beneficiary which was in pay status as of the date of such termination or partial termination.
- Third: To provide benefits to Participants who were eligible to retire in accordance with Article 3 hereof as of the date of such termination or partial termination.
- Fourth: To all other vested pension benefits (if any) under the Plan.
- Fifth: To all other nonforfeitable pension benefits under the Plan.

If the assets in the Pension Fund applicable to any of the categories listed above are insufficient to provide for all persons listed in such categories, then the assets shall be allocated among those persons in the last category to which assets are available in the same proportion which the present value, as determined by the Actuary, of each person's benefit bears to the present value of all benefits attributable to that category.”

**Issue No. 11C**  
**Article 12, Section 12.5**  
**Hold Harmless Language**

The Town's Last Best Offer as to Issue No. 11C is as follows:

“In the event of any denial of benefits hereunder the Employer shall be held harmless.”

**Issue No. 12  
Article 13  
Medical Expenses**

The Town's Last Best Offer as to Issue No. 12 is as follows:

NO SUCH LANGUAGE

**Issue No. 14A**  
**Duration**

The Town's Last Best Offer as to Issue No. 14A is as follows:

"June 30, 2020"

**Issue No. 14B**  
**Duration**

The Town's Last Best Offer as to Issue No. 14B is as follows:

"June 30, 2020"