

Approved
4/23/09

Board of Finance
March 19, 2009 8:00 PM
TOWN HALL
COMMISSION ROOM

Meeting called to order by Chairman O'Brien at 8:07 PM

Board of Finance members: Chair Michael O'Brien, Bob Atkinson, Patty Kopas, Michael Carter, Melissa Koller and David Muller. Mr. Sargent was absent.

Representing the Board of Education: Dr. Jo-Ann Keating, Superintendent Jerry Belair, Board of Education Chair Ellen Uzenoff, Technology Manager Erik Haakonsen, Director of Facilities Dan Clarke.

Also present: Finance Director Rick Darling, residents Jane Gray, Hal Matthews, Martha Diamant, Bob Machson, Walter Erikson and several others.

1. Discussion/Decision regarding proposed FY09-10 Board of Education budget items (e.g. salaries, grants, health insurance etc.).-

Chairman O'Brien read the agenda items; follow up with the Board of Education budget; recommendations by FIA regarding the funding options for the OPEB Trust account and approval of minutes.

Chairman Uzenoff gave an overview of the ongoing progress of the budget regarding particulars of the health insurance options. After several meetings the BOE has gathered additional information regarding some cost savings in the budget.

Superintendent Jerry Belair gave a summary of items to be discussed such as health insurance options, the status of State grants, GASBE funding and salary freezes.

Health Insurance

BOE Finance Director Dr. Jo-Ann Keating went over the study to select an insurance carrier. Four insurance companies were reviewed; Anthem, Cigna, Aetna and Healthnet. Fully-funded and self-insured plans were compared and both combined (School and Town) plans and separate plans were studied. Healthnet was found to be the best overall plan for the Town and Cigna the better choice for the schools. Dr. Keating went over the current carrier (Anthem) and their projections and the Cigna proposal. The current plan would require an Internal Service fund balance requirement of \$124,164 for a partially self-funded program and a fund balance requirement of \$813,825 for a fully insured program. The Cigna proposal requires no fund balance transfer for partially self-funded insurance and a \$136,573 fund balance requirement for a fully-funded program. Cigna's proposals are contingent on a review of large claims through March 31st. Currently there are 11 large claims. Cigna will use this data to adjust the stop loss insurance rates for their partially self-funded proposal and the pooling rates for their fully funded rates. The maximum exposure is \$125K. All proposals are based on the enrollment as of December 2008, which at that time was 421. All proposals have been increased by \$15K for the board's HSA contributions.

The Internal Service Fund currently has a balance of \$2M. The new proposal would result in a .77% increase down from 2.5% by moving to Cigna. Decisions regarding self vs fully insured plans determines what is to be used from the ISF. Fully insured programs do not give claim status, information regarding claims is not shared. Mr. Belair explained that the program would be reviewed by the Insurance Advisory Committee and again by the Board of Finance. Dr. Keating stated that the enrollment status as of December 2008 was 421 and if that number remains unchanged there would be no ISF requirement. The only exposure would be a \$125K pooling charge. Most if not all BOF and BOE members agreed with Mr. Carter's suggestion of wellness program initiatives. Mr. Belair said insurance costs should do better over time with HSA plans and opt-out options.

Excess Cost Grant

Mr. Belair has spent time in Hartford regarding the Excess Cost Grant. Final legislative decisions will not be available until June 2009. To restore a 50% of the reduction in the Excess Cost grant would reduce the original budget amount by \$77,500. This grant is totally separate from the stimulus package. Stimulus funds can only be used for innovation purposes and to deliver new programs. Auditing procedures by the State is quite extensive for these funds.

GASBE

Each year for the past 2 years \$250K has been escrowed for GASBE. The current liability is \$55,168. Mr. Darling mentioned that the 250K was actually a little under as the actuaries calculated \$280K as the contribution total. A follow up meeting should be arranged to discuss the past and current obligations.

Salaries

The Superintendent position, Assistant Superintendent, Finance Director and Director of Human Resources have agreed to a salary freeze resulting in a \$12,580. savings, reducing the increase to 6.44%.

Enrollment

Mr. Belair has sent out letters asking residents of possible enrollment changes i.e. relocation possibilities, private school, etc. Currently there are 3 students intending to enroll in grade 5. Grade 5 is distributed with three classes having 25 students and three classes having 24 students. Two students left the school system mid year.

Middle School Railings

Dan Clarke, Facilities Director followed up on Mr. Sargent's suggestion regarding the Middle School railings. He has secured welders to repair the railings at a cost of approximately \$6,000. as opposed to a full replacement cost of \$26,000.

Mr. Carter inquired as to the possibility of re-opening union negotiations. Ms. Uzenoff stated that this process would require mutual agreement with the bargaining unit and that the board has already spent six months of mediation and arbitration. She felt that this was

not a viable option and there would be no guarantee. Re-opening negotiations would also open all items not just salaries. The re-opening process would also incur an expense.

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Discussion/decision regarding FIA proposed phased in funding schedule for OPEB Trust account- Rick Darling

Finance Director Rick Darling stated that the OPEB Trust account was now fully funded. He has spoken to Karen Paulson of FIA regarding portfolio allocation. It is suggested that the fund hold 55% in equities and 45% in income investments. One proposal is to fund the equities portion in segments of one-third each. The funds right now are not allocated and currently held in money market accounts. Mr. Muller felt 81% in fixed income would be conservative. It appears there is more volatility right now in the bond market than the stock market. Mr. Muller would like to see one-half funded now and the other one-half at a later date where there would be more control over the second portion of the funds. If economic conditions worsen for example the board could hold off on the second portion and explore other options. Chairman O'Brien suggested July and October as the two key months for review of the Trust.

Motion:

Mr. Muller made a motion regarding the funding policy for an initial funding of 50% funded on a fixed date to be determined and to be reviewed again for the remaining investment. Reviews should be set each July and October. Melissa Koller seconded. With all in favor and none opposed, motion carries.

Mr. Darling discussed information received by the State regarding Municipal Employees Retirement Systems (MERS) for next year. The purpose of the letter is to advise municipalities of the normal costs, amortization payment schedule and the actuarial valuation. Due to the economic situation, should it not improve in the next few months additional contributions will be required for fiscal year 2010-2011. It is estimated that the additional contribution could possibly be required for the next 30 years. The estimated shortfall for 2009-2010 is approximately 3%. Mr. Darling will follow up on this item Monday.

Approval of Meeting Minutes of February 12th, 2009.

Melissa Koller made a motion to approve the minutes of February 12th, 2009 as amended, Mr. O'Brien seconded, motion carries.

Approval of Meeting Minutes of February 25th, 2009.

Chairman O'Brien made a motion to approve the minutes of February 25th, 2009, Mr. Muller seconded, motion carries.

To re-cap the board's schedule; March 31st, Apr 1st and Apr 21st.

The regularly scheduled meeting for April 9th will be re-scheduled in observance of Passover.

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Any other items of business to be brought up for Board consideration

With no further business to come before this board, Mr. Muller made a motion to adjourn, Melissa Koller seconded and the meeting adjourned at 10:09 PM.

Respectfully submitted
Donna M. Anastasia, Secretary