BOAR OF FINANCE
MINUTES OF QUARTERLY REVIEW MEETING

FEBRUARY 15, 2011

The Quarterly Review Meeting of the Board of Finance was held in Seminar Room 300, Board of Education Administrative Offices, 501 Kings Highway East, Fairfield, CT on Tuesday, February 15,201 1 at 7:30 p.m.

MEMBERS PRESENT

Thomas Flynn, Chairman, Robert Bellitto Jr., Vice Chairman, Ken Brachfeld, James Brown, Mary LeClerc, Robert Stone, Christopher DeWitt, Kevin Kiley, Michael Tetreau

BOARD OF SELECTMAN
Kenneth Flatto (8: 10)

ALSO PRESENT

Paul Hiller, Chief Fiscal Officer and Clerk of the Board of Finance, Elizabeth Churney from Hooker & Holcombe, Linda Gardiner, Budget Director, Caitlin Bosse, Controller, Mary Carroll-Mirylees, Human Recourses Director.

Chairman Flynn requested a moment of silence for Carl Dickman, former Selectman and State Representative who served the Town for nearly 40 years in elective office. Mr. Dickman was known for conducting seminars on "Robert's Rules of Orders" for newly elected officials. He noted he was never disagreeable and knew how to run a meeting. He will be sorely missed.

Mr. Tetreau noted Mr. Dickman had a great impact on him. He was one of Mr. Dickman's graduates and has shared Mr. Dickman's bi-laws.

Chairman Flynn called the meeting to order at 7:04 p.m.

AGENDA

1. **To hear a report from the Town's Actuary, Hooker and Holcombe, Inc. on the Actuarial Valuation Review of the Town's Pension Plans as of July 1,2010 and a report on the Annual Required Contribution (ARC) for the Town's Other Post Employment Benefit (OPEB) Trust Funds.**

Elizabeth Churney with Hooker and Holcombe discussed the Actuarial Valuation Review of the Town's Pension Plans as of July 1,20 10 and a report on the Annual Required Contribution (ARC) for the Town's Other Post Employment Benefit (OPEB) Trust Funds to the Board.

Ms. Churney noted the Town's annual required contribution, to ARC for the police and fire and town employee pension funds are projected to triple in the next five years from $5.46 million for 201 1 to $17.4 million in 2016. She also noted the contributions to the Other Post Employees Benefit trust funds are $8.8 million for 201 1 and $9.3 million for 2012. At this time, the town does not fully fund the OPEB recommended contribution, but has committed to do so by 2013.

Chairman Flynn noted he was not comfortable with the 8 percent assumed investment return used for the pension funds. He also noted many states use a similar assumption, but nationally, many municipal pension funds are in trouble.

Ms. Churney was not uncomfortable with assuming the 8 percent as a projected rate of return.

Kenneth Brachfeld stated over the past 12 years, the return rate on investments was 3.8 percent. He would prefer to see a matrix that showed what the ARC would be if the return came in lower or higher. He felt, adding that information would be important to the Board when making funding decisions on other town expenses.

Mr. Flatto stated it would be up to the Joint Pension Board to conduct a review. He also stated the 3.8 percent return included about $20 million, which the town lost as a result of pension money invested with Madoff. The pension fund loss due to Madoff that was identified in 2008 was $42 million.

Ms. Churney noted the projected increase in the ARC for pension funds was due to the funds moving from overfunded status to underfunded status, which will take place in 201 1 - 2012. She also noted we're coming out of an overfunded situation and moving into an underfunded situation and will see dramatic increases because of that.

Mr. Flatto noted there are other assumptions used, such as salary increases, cost of living adjustments, retirement age and mortality- those can also change, and therefore, change the ARC.

Robert Bellitto, Vice Chairman noted shifting pension plans for police, firefighters and town employees from a defined benefits plan, which guarantees pensions at levels earned - to a defined contribution plan – which leaves pension payments at the mercy of the markets - was something to be explored.

Bill Stapleton of Sherwood Farm Road felt the taxpayers were not being informed about the liability and annual expense associated with pensions, medical benefits and life insurance for retired benefits for retired town employees.

Brain Vahey, member of the pension board, stated plans get in trouble due to mismanagement and increasing liabilities.

2. To hear a report from the Town's consultant for Health Insurance, AON-Hewitt, on the projected renewal costs for FY '12 for the Town and Board of Education.

AON consultants, Steven Ribeiro and V.P. Carlton Lindgnen, discussed the 2011 Health Plan Projection for the Town and Board of Education with the Board.

3. To review the current status of the FY '11 budget as of Dec. 31, 2010.

Robert Bellitto *moved* and Robert Stone *seconded* to table the current status of the FY '11 budget, as of Dec. 3 l, 2010, to Thursday, February 17, 2011. *Motion passed unanimously.*

There being no further business to come before the Board, Robert Stone *moved* and Michael Tetreau *seconded* to adjourn the meeting at 11:02 p.m. *Motion passed unanimously.*

Respectfully submitted,

Josephine M. Keogh