

Minutes of the Special Board of Finance Meeting
Sept. 21, 2009 – Police Station Conference Room – 7 p.m.

Members of the Board of Finance present: Justin Donnelly, Joseph Sangiovanni, Brian Kost, Sam Fuller, alts. Tom Frenaye, John Garber Absent: D. Tagliavini, J. Lennon

Also present: Selectman Brian Fitzgerald, Treasurer Christine Davidson, Director of Finance Deborah Cerrato Board of Education: Bob Eccles, Ed Basile, Director of Fiscal Affairs

Water Pollution Control Authority: W. Rogers, J. Nigro, B. Gooch

Chairman Justin Donnelly noted the officials in attendance and welcomed Timothy Ryor, Hooker & Holcomb, Inc. to the meeting. The Director of Finance distributed to the Board of Finance members a three page report, Town of Suffield Retirement System – Accounting for Other Post Employment Benefits under GASB 43/45.

Mr. Timothy Ryor distributed copies of the H&H report, Town of Suffield, Results of the July 1, 2008 Actuarial Valuation of the Postretirement Medical Plan for Purposes of GASB43/45 Accounting. Mr. Ryor reviewed the report in detail. OPEB, (Other Post-Employment Benefits) are a part of compensation. Benefits are earned and the employer incurs their cost as the employee provides services. The objective is to charge the employer for 100% of an employee's expected future benefits before retirement. GASB accounting refers to the annual accounting cost as the Annual Required Contribution or ARC. The July 1, 2008 Valuation is complete to determine the ARC for the 2008-009 year. p. 2 Mr. Ryor explained the Overview of Plan Benefits, noting the Eligibility, Retiree Contributions for the Town and for the Board of education.

On p. 5, Mr. Ryor reviewed the 2005 Valuation Results and Increases to 2008.

The chart, Increase in Active Group Since 2005 Valuation denoted the number of participants from each group, and reflected the large increase in employees hired by the Board of Education and the Town of Suffield. The BOF questioned the high number of new employees as reported. Mr. Ryor will check to verify the numbers. He then commented on the Summary of 2008 Results* - Unfunded (4%) p. 7 and on the Summary of 2008 Results* - Funded (7.5) p. 8. Mr. Ryor then noted the Impact of the 2008 Valuation Results*, p. 9, noting that since the OPEB trust and funding policy were not established by June 30, 2009, the 'unfunded (4%)' ARC will be used for the fiscal year ending June 30, 2009. As a result, there will be a New OPEB Obligation (NOO) of \$1.92 million on the Town's books as of June 30, 2009. Assuming the OPEB Trust is established during the year and the full \$1.7 million set aside for 06-07 through 09-10 will be paid to the trust, the NOO will be reduced to roughly \$1.4 millions as a result of that initial deposit. p 9.

The Town must establish the OPEB Trust and funding with the initial payment. The Town also must have a funding policy that phases in to 100% ARC funding over (3-5 years). The Town can establish a trust through an Ordinance. The Ordinance can also set up a committee or board whose responsibility to manage the Trust and its investments. Mr. Ryor will send the Director of Finance, sample ordinances adopted by other towns.

Mr. Donnelly stated that this is why a member of the Board of Finance must take an active part in contract negotiations, both municipal contracts and Board of Education contracts. The Board of Finance should be involved with early negotiations. The BOF noted that the WPCA would be making a contribution to the ARC. General discussion followed. Mr. Donnelly thanked Mr. Ryor for his excellent presentation.

The meeting adjourned at 8:10 p.m.

Respectfully submitted, Bobbie C. Kling, Secretary bf.MINUTES.SEPT.21.09