

## **BLOOMFIELD TOWN COUNCIL**

### **FINANCE SUBCOMMITTEE**

There was a regular meeting of the above referenced subcommittee held on Monday, September 15, 2014 at 5:30 p.m. in Conference Room #5, Bloomfield Town Hall, 800 Bloomfield Avenue, Bloomfield, CT.

Committee members present were: Councilor Seldon, Washington, Merritt, Neuwirth, Rivers and Deputy Mayor Gamble

Absent were: Councilor Hypolite

Also present were: William Hogan, Director of Finance, Philip K. Schenck, Jr., Town Manager, and India Rodgers, Clerk of Council

The meeting was called to order at 5:40 p.m.

#### **Discussion and follow up regarding OPEB Trust Fund**

Mr. William Hogan, Director of Finance presented an OPEB Plan – Employer Contribution Phase In spreadsheet.

The current Annual Required Contribution (ARC) for town pension plans is approximately \$4.4M. If the town invested between 55% - 75%, they would have to add \$2.4M – first year, \$3.2, second year, \$4.8M in FY 18/19 (too high).

A phase in plan over 15 years would be approximately \$800,000, however the timing is too long as auditors may not agree to no more than a 10 year phase in plan. If phased in over 10 year period, the town would still invest the required \$4.4M and add \$440,000, first year, \$1.1M in the second year. The figures can change with a new evaluation coming in. Most surrounding towns phase in their pension plan programs as well.

The current estimated benefit payments with the Board of Education and the Town is approximately \$2.5M per year. The proposed resolution language does include phase in as an option.

Mr. Hogan has been concerned about the OPEB liability in reference to town finances for an organization this size. Due to the substantial amount in the fund balance and the assessment of 1.25% for post medical benefits to employees, the town is able to take a serious look on investing into a long-term trust fund.

Councilor Rivers inquired about future negotiations of employee benefits with the unions.

Councilor Seldon expressed concerns about phase in amount over the years and impact on taxpayers.

Mr. Hogan stated that if general reserves are in adequate levels on any year, then additional funds would be allocated to the OPEB trust.

It was moved by Councilor Merritt, seconded by Councilor DeLorenzo and voted unanimously to recommend to the full Council to approve the establishment of OPEB Trust Fund on 10 year phase in period.

### **ADJOURNMENT**

It was moved by Councilor Merritt, seconded by Councilor DeLorenzo and voted unanimously to adjourn the meeting at 6:25 p.m.