

Board of Finance
Regular Meeting - February 15, 2011
Minutes

Attending:

Board of Finance Members: Jim Meinhold, Lynne Vanderslice, Warren Serenbetz, Gail Lavielle, Andy Pforzheimer and Al Alper.

Others: Sandy Dennies (CFO), Ron Schlee (Hooker and Holcomb), Sarah Taffel (HR), Joan Lownds (Wilton Villager) and Tom Evans, Alex Ruskewich, Ed Papp and Vivian Sze, Wilton Citizens.

Call to Order:

Chairman Warren Serenbetz called the meeting to order at 6pm.

Approval of Minutes:

A motion was made by Al Alper to approve the January 25th, 2011 regular meeting minutes. The motion was seconded by Gail Lavielle and approved unanimously.

Presentation of Actuarial Reports

Ms. Dennies introduced Mr. Ron Schlee of Hooker and Holcomb Benefit Consultants to present the actuarial valuation of Wilton's pension plan and post-retirement benefits other than pension (OPEB) for the Town.

Mr. Schlee began with the pension fund review and stated the purpose for the review was twofold: to determine the funded status of the plan and the range of cash contributions for the year. There are 3 groups of participants involved: active, terminated vested, and retirees receiving benefits. He indicated there is little change from year to year and the 3 groups are stable.

The Market Value of the pension increased from \$46 million in 7/1/09 to \$54 million on 6/30/10, a 12.2% return which is considered very good. The pension valuation tries to smooth out the market volatility over a period of 5

years, which results in an actuarial value of the assets as of 7/1/10 of \$62 million.

The investment return, which is really the long-term expectation, is targeted at 7.7%. The towns' financial advisors help target the expected return with asset allocation strategies. Wilton's valuation assumptions are not out of line with other towns and Wilton may be ahead of the curve in moving to more conservative return assumptions.

Mr. Schlee stated the liabilities of a pension plan equal the value of benefits earned based on the actual pay expected. Contributions from employees offset some of the liability resulting in a \$12 million unfunded liability for the Pension Plan. For 2010-11 plan was 85.6% funded and an additional 15% was put in by the town based on Board of Finance Policy. One way to reduce liabilities is to move employees to a defined contribution plan. The recent custodian negotiations were successful in creating a defined contribution plan for new employees.

The second part of the valuation discussed was OPEB, which is primarily comprised of health insurance for retirees, which accrues during their active working years.

The liability for the police and fire is \$2.5 million and \$5.3 million for the BoE certified teachers. This is offset by \$1.45 million in assets. The annual required contribution (ARC) is what needs to be expensed for the year for expected liabilities, which was \$762,000 for 2011-12.

In summary, there are unfunded liabilities of approximately \$19 million (\$12.2 million for the pension plan and \$6.4 million for OPEB). The fact over 80% of the plans are funded is very good according to Mr. Schlee.

Town of Wilton Budget Update:

Ms. Dennies reported things are going well and the budget for this year is proving to be realistic especially regarding the revenue numbers. The expenses are in line with expectations and the funds for capital expenditures will be used prior to the year-end.

On the revenue side conveyance taxes are down slightly from budget but building permits are up due to a few fairly big projects, which will help this

year but not show up next year. As of 2/11/11 the revenues were \$96.7 million, compared to the \$106.6 million budget. Expenses were \$67.2 million, compared to the \$110 million budget.

Mr. Serenbetz inquired how tax collecting was progressing and Ms. Dennies replied she expects it could end up higher than budgeted due to the significant amount of re-financings which will likely result in some payment of back taxes. The Governor will reveal his proposed budget tomorrow (2/16) which will shed light on several line items and the reality of receiving expected payment from the state, especially regarding the education cost sharing money.

2012 Budget Process:

The Grand List is expected to be finished by 2/22/11 and will be routed to the BoF members at that time. Ms. Dennies said it's important to remember the corrections and appeals process will continue so there might be a few changes. The Grand List will be discussed at the March BoF meeting.

Mr. Serenbetz stated the questions for the BoE are going out via email. Mr. Alper has requested a pre-amble type comment be attached to his questions. The pre-amble reads as follows: "As I stated in my opening remarks at the February 8th meeting, if we accept the structural delivery of services as immovable then the budget as presented has wrung out most, if not all "fat" – in fact I believe it has cut too deep in some areas and is/has affected the quality of education. Having said that, the fiscal realities are that the financial resources of Wilton have reached a tipping point. There are structural costs that, should they continue on such a steep incline relative to the ability of the tax base to absorb it, threaten the long-term sustainability of the quality of education and life in Wilton – essentially, we are "structurally insolvent". Toward that end my requests/questions are geared toward a better understanding of the policy and statutory drivers that breed the structural costs, and to help the Town and BoE to find other ways to reduce costs, increase outcomes or do both – and do them in a measurable way." Mr. Serenbetz read the statement and inquired if other BoF members wanted to have all their questions under the same preamble or just those of Mr. Alper. After discussion it was agreed only Mr. Alper's questions would carry his pre-amble.

Mr. Serenbetz stated the BoF chairs from neighboring towns were trying to get together. In the meantime he shared Ridgefield BoE's requested increase is 2.8%, Weston's is 1.275% Board members indicated that Westport's BoE increase was thought to be 2.8% and also thought Darien's number was significantly higher but the specific number wasn't remembered.

Ms. Vanderslice indicated she wants to see the BoE 3 year plan prior to the March 1st work session and if it's not available we should push the meeting back until later.

Mr. Pforzheimer commented he had requested from the BoE the line item breakdown of contracted services and only saw a summary, he would like the specific information.

The upcoming timing is March 4th the BoS budget is turned in to the BoF, March 15th is the regular BoF meeting, which will be run by Ms. Vanderslice and March 16th is the BoS/ BoF work session at 7:30pm.

Committee Reports:

The Investment Committee was meeting after the BoF meeting tonight to further discuss mortgage - backed securities as investments.

Other Business:

Mr. Meinhold will enter approx. 12-15 letters into the record. Mr. Alper asked that BoF members be copied on responses to letters so everyone can be kept "in the loop."

Public Participation:

Ed Papp of Walnut Place spoke as a worried citizen and wants to help the BoF corral some expenses. He said Indiana has capped property taxes at 1% of assessed value and New York has also put a property tax cap in place so towns aren't able to override and increase. Mr. Papp inquired if the BoF would consider such a cap in Wilton. Otherwise people may choose the commute from NY and a lower tax environment, which would be a very big long term problem for Wilton.

Adjournment:

The meeting was adjourned at 7:20pm.

Respectfully Submitted,
Amy Roberts
Recording Secretary