

**Town of Preston
Board of Education
Finance Sub-Committee Special Meeting
Tuesday, March 9th, 2017
PVMS Library
6:00 pm**

1. Call to Order

Chairman Nugent called the meeting to order at 6:05 pm.

Sean Nugent (SN)
Jan Clancy (JC)
Melissa Lennon (ML)
Superintendent Welch (SW)
John Spang (JS)

Guests: Administration staff

2. Pledge of Allegiance

3. Approval of Minutes

A motion was made by JC and seconded by SN to approve the February 7th, 2017 minutes as amended (flip-flop items 2 & 3 and correct the next meeting time to 6:00 pm). All in favor. The motion carried.

4. Public Comment

No Public Comment was provided

5. Old Business

• **Pension Plan for Unaffiliated Personnel**

Both Mrs. Homiski and Mrs. Congdon presented an updated proposal to the committee on behalf of the seven unaffiliated employees related to their participation in the MERS program. The group proposed:

- To fund a roll over account in the sum required to cover the expense of funding the MERS program with past service for the fiscal years 2017/18 and 2018/19. This sum equals the annual employer service contribution plus the amortized payment MERS liability for past service less the budgeted amount for annuities /3% match. Current estimates for this are:
 - $\$98,770 \text{ (FY17)} + \$99,253 \text{ (FY18)} = \$198,023.$
- Employee share is estimated to be the present value of the accrued employee share plus the present value of the annuities/3% match:
 - $\$143,333 \text{ (accrued employee share)} + \$112,530 \text{ (annuities/3\% match)} = \$255,863$
- A contractual agreement for FY17, FY, and FY19 whereby continued employment is anticipated and expected. In the event that a member is no longer employed by the school system, such member will be liable for their respective pro-rated amount of the remaining difference as illustrated below:
 - The difference between the first two bullet points above ($\$255,863 - \$198,023$) equal \$57,840.
 - This would not be used in FY20 to offset the BoE MERS exposure but would be available for an exiting employee to pay the pro-rated portion back.
- The Finance Committee had proposed that the total of \$255,863 be used to offset the BoE MERS exposure for FY17 (in full), FY18 (in full), and FY19 (with the remaining \$57,840). In addition, the Finance Committee had proposed that a contractual agreement be established for FY17, FY18,

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and FY19. Mr. Nugent will discuss the nature and strength of a legal agreement with the BoE attorney.

It was noted by Mr. Spang that MERS requires 90 days advanced notice in order to set up the program. The FC pointed out that this would have to await (a) full board support and (b) approval by the Town before such action could be taken. This means that the actual transition and dollar amounts to MERS would not occur until Aug/Sept of this year if it is approved.

- **BoE 5-Year Capital Plan**

Mr. Spang indicated that the 5-year capital plan would be reviewed with the BoE on April 5th. Dr. Welch provided a letter Armando Bettini in support of the proposed PVMS bus turnaround project.

- **FY18 Budget**

Dr. Welch and Mr. Spang presented an updated summary page related to the FY18 operating budget. The group then discussed the pros/cons of building a budget, which reflects the Governor's Proposed FY17 & 18 budget, or if we should build a budget in the absence of the proposed Hartford budget and conduct a 'What If' workshop. It was agreed to wait until the upcoming BoF meeting to see if the Town is going to delay our normal budget review and approval process. With this in mind, it was agreed to reschedule the March BoE meeting from 3/13 to 3/20 to allow the BoE to understand the path the BoF/Town has chosen and use this to finalize our proposed FY17 budget proposal.

6. New Business

- **February 2017 Financial Report**

Mr. Spang presented the report and reviewed it with the committee. As the BoE meeting is rescheduled to after the upcoming BoE meeting, the committee asked Mr. Spang to present the February report to the BoF.

7. Adjournment

A motion was made by JC and seconded by SN to adjourn the meeting at 7:20 pm.

All in favor. Motion carries.

Next meeting scheduled for Thursday, March 9th at 6:30 pm at PVMS.

Respectfully submitted,

Sean Nugent