

GASB 45 COMMITTEE
City Hall Council Chambers
March 3, 2009

A meeting of the Mayor's GASB 45 Committee was held on March 3, 2009 in the City Hall Council Chambers. The following committee members were present: Thomas Barnes Jr, Richard Miecznikowski, Anthony Benvenuto, Peter Dauphinais, Brian Rooney, Francine Petosa and Bill Veits.

1. Call to order.

Chairman Tom Barnes called the meeting to order at 5:14 p.m.

2. General discussion of GASB 45 Regulations and take any action as necessary.

Peter Dauphinais made a motion seconded by Anthony Benvenuto "to go into executive session." Motion approved unanimously.

Bristol Press report Steven Collins asked on what grounds the Committee was going into executive session. Tom Barnes stated the membership was going to discuss exactly what they wanted to do.

Peter Dauphinais rescinded his motion.

Each Committee member expressed their position on GASB 45 and their view on transferring excess pension funds for payment of retiree healthcare benefits.

Richard Miecznikowski stated his position as Board of Finance Chairman and his goal is to keep the mill rate down, especially now when the funds are tight. There are options to fund the benefits, and the City could move the money a little at a time. The Fire and Police are significantly over funded still and can make the transfer, but the City does not qualify because it is below the threshold.

Bill Veits, City Treasurer, stated he did some research on how much of the fund is from employees, which is 35% from the Employees and 65% from the City. Bill asked if GASB 45 was something that had to be done now. Tom Barnes stated it didn't have to be done, it can done in the future but it is something we are discussing now.

Comptroller Glenn Klocko stated the Trust is set up right now the document for money to go in there, but you do not have to fund that right now or ever fund that. The plan right now is to fund without a transfer of excess pension assets. The Committee can come up with their own threshold higher than the IRS limit if they so choose. The City would incur administrative expenses to set up the legal aspects of moving the money, including expenses by Bruce Barth and Steve Lemanski. The City received the bill for Bruce Barth to speak to the Committee and that was \$600.

Brian Rooney questioned a negotiated transfer. Glenn saw someone comment on Steve Collin's blog regarding this and called Bruce Barth, a negotiated

transfer does not apply to the City of Bristol because all the beneficiaries are not Union members. There are also non union employees in the pension plan, for example, non bargaining employees. A negotiated transfer has to do with benefits only to union members.

Peter Munn questioned the Trust that was already set up by the City. Glenn explained the Trust was set up by Bruce Barth. The City has over a million dollars set aside but it has not been transferred to the Trust. Bruce Barth set up the trust as an irrevocable trust under the GASB 45 regulations. If the money was transferred it would be a sub account of the Pension Funds.

Brian Rooney questioned what the goal of the City was in this situation, is the goal to drain the pension fund. The burden will then be shifted to the taxpayers; right now the taxpayers are saving by not putting in to the pension plans. Glenn stated he does not represent but work for the City. Glenn feels all options should be thoroughly explored. Rich Miecznikowski stated a viable option would be to postpone it for seven or eight months to see what the economy was doing then. Glenn stated this is the best time to explore this because the market is low, of course when the market is high more people would say yes.

Tom Barnes questioned if we pay the healthcare as we go, which the City does. Tom Barnes feels this City and Country makes a lot of promises to people which are not necessarily funded properly, today, tomorrow or 20 years from now. Tom serves on the State Pension Board as well and their liabilities are larger. The healthcare liabilities accrue faster than the pension liabilities. Economic times are tough, but imagine if economic times get worse. The main source of revenue is property taxes, and if people can not hold on to their homes how will we collect. Tom said if he were in some people's shoes he would love to know there is the same funding backing his healthcare that there is backing his pension.

Brian Rooney spoke on behalf of 1338; many of the 1338/233 employees are not getting 10 years of health benefits. The average age when someone retires is around 60. Medicare kicks in at 65 and the City becomes the second provider. Glenn stated this was probably set up for the age of 55 to retire, with 10 years of health care benefits and then Medicare would kick in at 65.

Tony Benvenuto spoke on behalf of the Fire Union and their past negotiations with the City where the Fire Union brought forward to idea to prefund their healthcare benefits. The Union went through hoops, and pay for analysis and brought it to the table during negotiations, everything is quid pro quo.

Glenn asked if the rumor he heard of some unions asking for lifetime benefits. Tony explained in 2003 when you go to the negotiating table you come with your home run, which would be 15 years. The point was to prefund it going forward, if the pension plan is doing so well why would the City not want to set up a plan to parallel it.

Peter Dauphinais made a motion seconded by Brian Rooney,

“At this time to not move any money for GASB 45, to stay status quo.”

Bill clarified if the motion was to not fund GASB this time around, would this opportunity come again next year. Glenn stated this could be brought up at any time.

Roll Call vote:

Francine Petosa: Yes

Anthony Benvenuto: Yes

Brian Rooney: Yes

Peter Dauphinais: Yes

Bill Veits: No

Tom Barnes: No

Rich Miecznikowski: No

Motion passed.

3. To adjourn.

Peter Dauphinas made a motion seconded by Brian Rooney and voted unanimously to adjourn.

The meeting adjourned at 6:15 p.m.

Respectfully Submitted,

Jodi A. McGrane
Recording Secretary