

**Simsbury Board of Finance
TOWN OF SIMSBURY
REGULAR MEETING MINUTES
Tuesday, December 19, 2017 at 5:45 P.M.
Simsbury Town Hall - Main Meeting Room
933 Hopmeadow Street, Simsbury, Connecticut**

PRESENT: Chairman Pomeroy, Lisa Heavner, Derek Peterson, Kevin Prell, Linda Schofield and Moira Wertheimer

ALSO PRESENT: Deputy Town Manager Melissa Appleby, Interim Town Manager Sean Kimball, Simsbury Schools Business Manager Burke LaClair, Robert Lindberg of Gallagher Benefit Services, First Selectman Eric Wellman and other interested parties

1. Call to Order - Establish Quorum

Chairman Pomeroy called the meeting to order at 5:45 P.M.

2. Pledge of Allegiance

All present stood for the Pledge of Allegiance.

3. Approval of Minutes - November 21, 2017 Special Meeting

Under *Section 3*, the portion of text that reads, "Mr. Curtis noted a possible increase in insurance of \$700K and suggested an assessment of assessing the values in the OPEB account (\$15M) along with the simultaneous housing question of the internal service fund" should read, "Mr. Curtis noted a possible increase in insurance of \$700K and suggested an assessment of the OPEB account (\$15M)."

MOTION: Ms. Schofield, Ms. Wertheimer second, to approve the November 21, 2017 Minutes as amended; unanimously approved with one abstention from Ms. Heavner.

4. Discussion of Health Insurance Internal Service Fund

Mr. Kimball began the discussion by noting opportunities and challenges are being looked at in the Internal Service Fund (ISF). Mr. Lindberg spoke to the Board and noted the focus was to address some recent and longer-term history for the Town's self-funded health program in light of what's happening with the program and the current environment. Regarding the recent and historical claim activity, he remarked that Simsbury is self funded and thus the guarantor of the benefits, the fiduciary of the plan, and is responsible for funding those claims on a going-forward basis. He also addressed the historical allocation rate changes, as well as the ISF. Mr. Lindberg further discussed the Incurred But Not Reported (IBNR) dollars as part of a reserve discussion. He provided a seven-year running history of expected claim costs for the plan each year and the actual dollars spent during that fiscal cycle. He noted claim activity has been favorable against expectations and there will be volatility each year with a self-funded program. Mr. Lindberg added he is very conscious of the fact Simsbury has budget constraints and concerns as it manages this program. In establishing the targets each year, he takes a very consistent and somewhat conservative approach. He added that being fully funded, as opposed to self funded, is not an appropriate financial position for Simsbury. Discussion ensued regarding the claims account reserve fund balance and guidelines for what that amount should be. The target for that

is currently 10-12% of annual claims. Mr. Lindberg provided a second document showing the allocation rate. The average change in the unit rate has been about 5% per year. He noted trend rates are increasing. He then referenced a history of the ISF balance worksheet, which provides a working balance. His recommendation is up to a \$1 million deposit or transfer to the ISF balance. Mr. Kimball noted as of June 30, 2017, the net position of the Other Post Employment Benefits (OPEB) Trust was \$14 million or 66% funded, a good number for pension funding. Mr. Lindberg then referenced his last worksheet showing the projected expected total combined costs for the past eight years. He noted being self funded is still appropriate given the history, the size of the program and the fund balance.

5. Discussion on FY19 Budget Guidelines

Chairman Pomeroy referenced the guideline given at the Tri-Board Meeting and asked for discussion on the subject. Mr. Kimball displayed and provided analysis of the Mill Rate worksheet for the Board. Discussion followed, including the Car Tax, State Aid, reserve levels and the Grand List. Property assessment appeals were also discussed. Chairman Pomeroy spoke about the 1.75% budget cap, noting contractual salary increases from contracts in the 3-3.5% range would require headcount reductions or other major cost savings. He added it was important to give a cap versus a range in order to keep the Mill Rate flat. Further discussion followed regarding capital projects, the reduction in student numbers over the last twelve years and how the Board of Selectman is serving more people than they were twelve years ago.

6. Adjournment

MOTION: Mr. Prell, Ms. Wertheimer second, to adjourn at 7:11 P.M.; unanimously approved

Respectfully submitted,

Karen Haberlin
Commission Clerk