

**MINUTES OF THE CHESHIRE TOWN COUNCIL BUDGET COMMITTEE MEETING
HELD ON TUESDAY, MAY 14, 2019 AT 6:30 P.M. IN ROOM 207 TOWN HALL, 84
SOUTH MAIN STREET, CHESHIRE CT 06410**

Present

Chairman Timothy Slocum and Jeffrey Falk; Absent - Sylvia Nichols
Staff: Town Manager Sean Kimball; Finance Director James Jaskot.

Budget Committee Chairman Slocum opened the meeting at 6:40 p.m.

1. ROLL CALL

The clerk called the roll and a quorum was determined to be present.

2. PLEDGE OF ALLEGIANCE

The group Pledged Allegiance to the Flag.

3. Acceptance and appropriation of a \$2,000 donation from Mark D. Cannon To the Parks and Recreation Gift Account for a memorial bench in honor Of Christopher Settembri.
4. Acceptance and appropriation of a \$10 donation to the Police Department Gift Account from Mary C. Salvatore for the purchase of equipment, tools Or education program.
5. Acceptance and appropriation of a \$50 donation from an anonymous donor To the Human Services Gift Account to be used for general purposes.
6. Acceptance of ARTSDAY donations in the amount of \$477.35 to the CPFA Gift Account for the Annual Scholarship Fund.
7. Acceptance and appropriation of a \$50 donation from the Cheshire Senior Center Widows and Widowers (Group) in memory of Marie (Scotty) Grant To the Human Services Gift Account to be used for the Senior Center.
8. Acceptance and appropriation of a \$50 donation from an anonymous donor To the Human Services Gift Account to be used for general purposes.
9. Acceptance and appropriation of \$215 from proceeds from the Yellow House Survivor Event to the Cheshire Fuel Bank.

MOTION by Mr. Falk; seconded by Mr. Slocum.

MOVED that the Budget Committee approve agenda items #3 through #9 and forward to the full Town Council for approval.

VOTE The motion passed unanimously by those present.

10. Discussion re: Pension interest rate assumption proposal.

Town Manager Kimball stated that the actuaries are strongly encouraging the Town to not lag behind other AAA towns, and reduce the rate of return assumption from 7.5% to 7.0%. One proposal is over four years at .125% each year. The other approach would reduce the assumption by .5% all in one year and phase in the recommended contribution increases over a four-year period. The second approach is more expensive. The first approach is the recommended one since the Town could continue to fund its ARC at 100% at a less overall cost. The average trend for AAA towns is to move closer to the 7.0%.

Mr. Jaskot stated the average is now 7.0% in Connecticut, with some towns higher and some lower. The actual budget impact next year will be \$371,062. Looking at each of the plans the contributions go up incrementally each year.

After that, Mr. Kimball said it should plateau, the plans are closed, there is no enhancement, and the population in the plans is not building. The assumption rate was 8.0% a few years ago. FY 2020 the total contributions are \$3.944M.

On the D.C. plan, Mr. Jaskot said it increases from \$100,000 to \$200,000 each year due to new hires. Mr. Jaskot distributed information on the Quarterly Portfolio Review. He said 7.5% over the next 10 years is unwise. Going forward the Town will continue to pay larger benefits each year for Town, Fire, Police and BOE pensions, with \$7M paid each year. He stated the pension fund investments are very diversified in equities and hedge funds.

At the June Council meeting, Mr. Kimball said the Council can pass a resolution to agree with the step down to 7.0%. This shows the rating agencies that Cheshire has a plan and is fully funding its ARC. The State of Connecticut's ARC is 6.99%.

Mr. Slocum stated the Council needs to get this done.

According to Mr. Jaskot the numbers can change slightly in subsequent years based on the plan evaluation, but it averages out. There is a biennial evaluation, every two years, and Cheshire also does an evaluation each year.

11. ADJOURNMENT

MOTION by Mr. Falk; seconded by Mr. Slocum

MOVED to adjourn the meeting at 6:55 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk