

MINUTES OF THE JOINT TOWN COUNCIL SPECIAL MEETING AND BUDGET COMMITTEE MEETING HELD ON TUESDAY, MARCH 25, 2014, AT 6:30 P.M. IN ROOM 207-209, TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410

Present

Chairman Timothy Slocum; Vice Chairman David Schrumm; Patti Flynn-Harris, Liz Linehan, Sylvia Nichols, Robert J. Oris, Thomas Ruocco, James Sima, Peter Talbot. Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Gina DeFilio, Deputy Finance Director; Sheila Adams, Pool Coordinator; Arnett Talbot, Asst. to Town Manager; Ann Hearn, Registrar of Voters; Attorney Alfred Smith
Guest: Kevin Wetmore, Pool Committee Co-Chairman; Art Crooker, PBC Member

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. APPROVAL OF AWARD OF CONTRACT FOR DESIGN AND CONSTRUCTION OF THE POOL TENSION MEMBRANE

MOTION by Mr. Schrumm; seconded by Ms. Flynn-Harris

BE IT RESOLVED, that the Town Council approves Resolution #032514-1

RESOLUTION #032514-1

BE IT RESOLVED, that the Town Council, per the recommendation of the Public Building Commission (PBC) awards a contract to Signature Structures for \$1,783,676 to design and construct the tension membrane structure at the Community Pool.

Discussion

Attorney Smith explained that he put together a contract to memorialize the agreement between the Town and Signature pursuant to the RFP, and it is a form of the contract included in the RFP. It was tailored to identify the parties, describe the project, schedule and payments. This simple contract is done to make the process more consistent, department to department, to give the Town more flexibility, minimize the need to negotiate a new contract every time the Town goes out to RFP for services or materials, etc. The draft contract is put into the RFP; people respond to the RFP; and by responding they are consenting to the use of that contract, plus other specified terms in the RFP that goes to the bidders. Once the RFP is accepted by the Town, the contract is tailored to describe the project and site specific provisions which are agreed upon by the parties. The idea is to protect the Town, minimize the need to reinvent the wheel every time, to provide some consistency, and using the process allows the Town to have pre-approve conditions which do not require negotiations. According to

Attorney Smith the indemnification agreement is strong; will not be negotiated; and responders agree to abide by the agreement.

Mr. Milone noted that the specifications for the project went out with the RFP and he has a copy for the Council. They are part of the contract by reference.

Attorney Smith clarified that the short form contract says "incorporate by reference the RFP and the successful response to the RFP" and all those terms are incorporated and made part of this contract.

A question was raised by Mr. Oris regarding the opportunity to negotiate this contract subsequent to the Town putting it in with the RFP...or if it is set in stone. He asked about the opportunity to discuss changes and negotiate.

In response, Attorney Smith stated there is some opportunity to discuss changes. This is an RFP process which creates limitations. If the negotiated contract were to vary significantly from the specifications contained in the RFP, the unsuccessful bidder could say that what the Town agreed to was a different deal than what was bid on...and they may have grounds to challenge on that basis. The contract cannot vary from the proposal put out to bidders.

Chairman Slocum said the Town is entering a contract with Signature Structures, and what is expected of the company is spelled out and comes together with the contract. Some of the concerns follow onto the other parts that have not yet been contracted – subcontractors, the \$1.4 million which must be spent to complete the project. The Council's concerns relate to staying within the \$3.2 million number, and where does the contract leave the Town with the other unapproved vendors.

The Council was told by Attorney Smith that the other vendors are the responsibility of Signature under the contract.

Stating he does not understand the Town's relationship with Signature, Mr. Slocum said they are, basically, building a structure, and Arcadis (project manager) will oversee this work and that of the sub-contractors. Some of the concerns are about dealing with the substantial amount of money to what the PBC and pool committee believe is the appropriate part and high level of confidence that Signature is the company to do the project. Concerns are with the follow-up parties.

The Council's concerns were expressed by Mr. Oris. The Council is being asked to sign a contract with Signature, binding the Town to a portion of the project for \$1.783 million, The project is designed; the Town gets the design; decides to get bids; and they come back and don't support doing the project for \$3.2 million or lower. Mr. Oris asked what exit ramp, if any, does the Town have on the \$1.78 million expenditure. He noted that a variety of items are not yet bid, and do not have concrete numbers. The concern is risking \$1.8 million of taxpayer money without knowing the project can be done for \$3.2 million. Mr. Oris is willing to support the contract if there is a contingency included

which says...if the design comes back and is bid, without enough money to do it, there is an escape clause in the contract. This may require a bit of a penalty payment holding our area for steel order, etc. According to Mr. Oris the Council supports the pool project, wants it done as soon as possible and correctly, with the assurance that there are no other issues with the pool. He asked how the risk could be handled without knowing the balance of the project.

Ms. Flynn-Harris stated the document from Signature gives an outline of phase 1 and 2 of the job scope. At the end of phase #1, Item 3 goes through the confirming of the subcontractor requirements, estimate of the scope of the work etc. Signature says their work is in two phases, including getting the vendors set up and estimates. Before phase #2 starts, this could be the time when cost estimates come back, and if they are not in line with the rest of the budget, this is where there could be an escape clause.

The Council was told by Attorney Smith this could be done; it would have to be more clear in the contract; and the Town would have to understand it would be responsible to pay Signature through completion of phase #1. This would not be at odds with what bidders responded to, so it would be okay on that subject. We need to define the schedule in a different way, and we are not asking them to do anything substantively different

Kevin Wetmore, Pool Committee Co-Chair, explained there are three payments involved -- \$89,000 engineering deposit for drawings and specs - cash outlay \$80,000, with design returned in one month; material order \$624,000, after retainage is \$561,000; fabrication, 2nd payment to the steel company \$357,000. Out of \$1.8 million with calling a halt the Town would have \$900,000 into the project. When the engineering drawings come back the project manager (Arcadis) would start on the foundation work, \$250,000. Between the \$250,000 for the concrete and \$550,000 for HVAC, this totals \$900,000. This would lock in the numbers the project will hit; there is another \$300,000 for the electrical, plumbing, sprinklers, doors. For any bids coming back, the committee will be looking at opportunities to improve the numbers.

Mr. Wetmore commented on the Town Attorney trying to pull together this contract and between now and design the contract would be completed. The Council would look to be satisfied with the terms of the contract for signature. A few months later the bids go out; Signature develops and advertises the RFP, responses come in, vendors are interviewed, and a bid is then selected. On the HVAC, electrical etc. we will know the numbers are okay and Mr. Wetmore believes there is good information on the quotes received. Everything will be done to be at \$3.2 million; and if the project is over, everything will be looked at by the committee.

It was stated by Chairman Slocum that we are making a big decision on the \$1.8 million and the rest seems to fall into place quite simply.

Ms. Linehan commented on not feeling comfortable signing off on a contract she did not see, and she said the contract could have an exit ramp after the \$89,000 engineering

costs. At some point, Ms. Linehan said we should realize we do not know everything; we should rely on the experts; trust Mr. Wetmore and the committee; and the Council will have an eye on everything. She will support the resolution.

The Council was informed by Mr. Crooker (PBC) that for the \$1.78 million the pool will be covered; there will be a building over it; and this would be part of the contract, with the rest of the project done right. Mr. Crooker invited Council members to attend committee meetings and said their input is welcomed. Mr. Sima is the PBC liaison from the Council and does report back to the Council.

Ms. Nichols represented the Council on the pool committee, attended the meetings, and said every person on this committee knows the problems with the pool over the years. They are committed to insure the project is done for \$3.2 million. If the project is more than that, they will have to make reductions in the project while still having the quality of the building. She said the structure will be safe and will not fall down. The Council's responsibility is to listen to everything, ask questions, and make sure the project is right. Ms. Nichols stated that the committee has done the job requested of them, and she will support the resolution.

Mr. Wetmore assured the Council that the committee can be trusted; that Arcadis is a wonderful operation; and is located nearby in Middletown CT.

Ms. Flynn-Harris stated her support of the project and the Council must make the decision to move forward. She said delaying the decision now could be putting the final project in jeopardy and push it out further into the year. Ms. Flynn-Harris is heartened by having a project manager to guide this project. The public voted to approve the pool project at referendum and wants it done. She said the PBC is a responsible commission, takes the project seriously, is doing due diligence, and the project must be done. Also, Attorney Smith updated the schedule which will be incorporated into the document. Ms. Flynn-Harris will support the resolution.

The schedule from Signature was reviewed by Mr. Wetmore. Design deposit 3/24-3/30 Town Council signs off and makes deposit; 4/14-4/20 for the material deposit \$624,000 with \$561,000 outlay; week #17, 4/21-4/27 final structure design review; 4/28-5/4, production materials. Tom Beebe, Project Manager, Arcadis, will have the specs. Mr. Wetmore said we have expert construction estimators; the number will not be known until the bids are back and interviews; and then selection of the best company to go with. As bids come in from the RFP there will be communication with the Town Council keeping them apprised of the project, set-up of milestones on where we are, changes taking place, etc. The next major thing for the Council is having a signed contract, then a final design, and the project moves forward with the Council informed of what is taking place.

Mr. Oris commented on not having much flexibility in the contract, agreement on the nuts and bolts from what was in the RFP, some things which may need to be negotiated, and not having wholesale changes which can be made. He cited an example of an exit if the design is not relative to what is affordable.

In response, Attorney Smith stated that the problem in trying to enforce a contract that varies from the RFP in a significant way is that Signature may take the position that their pricing was based on no exit ramp; they were able to price it more aggressively because they had a certainty that they would be able to take the project beyond certain points. He said termination provisions are, basically, default issues, and an area to address some of the concerns is the schedule, so we don't get too far ahead of things.

Chairman Slocum stated that the bottom line is that the Council must accept what the pool committee has bought into with this structure. The schematic design will inform the Council what the building will look like. His biggest concern is the fear in the room, and do we buy or accept the other costs – will HVAC cost \$550,000 and it might cost less. Mr. Slocum said we must accept things based on what the pool committee is stating, which he believes is reasonable based on the committee work, information from Arcadis, and take some faith here.

Mr. Oris reiterated some of his prior statements, and further said that how taxpayer money is spent is a big concern for him, binding the community to \$1.8 million not knowing the details. He supports this project, will not get more comfortable than he is now; he fully supports the pool project; and does not want his questions and concerns to be mistaken for derailing the project. Mr. Oris is trying to protect taxpayer's \$1.8 million by signing a contract, when there may not be enough money to finish the project. At some point we must take a leap of faith. It is not standard operating procedure to sign a contract without knowing the full project costs. In the private sector where he is in development, Mr. Oris would not take this risk with taxpayer money. Mr. Oris supports the pool, and said we will have to trust the pool committee who worked hard, and hope we can get the project done in the numbers being talked about. Stating he has a big concern, Mr. Oris also said we cannot afford another bump in the road with this project. He is putting his faith in the PBC, respects what they do, and PBC needs to understand and respect what the Council does in its capacity, and the risk signing a \$1.8 million contract. Mr. Oris takes the situation very seriously, has reservations, but will vote in favor of the resolution.

Before calling for a vote on the resolution, Chairman Slocum stated that the discussion was important; that the Town Manager, PBC, and Town Attorney know what they have to do for this project.

VOTE The motion passed unanimously by those present.

4. APPROVAL OF AWARD OF CONTRACT FOR PROJECT MANAGEMENT SERVICES FOR THE POOL CONSTRUCTION PROJECT.

MOTION by Mr. Schrumm; seconded by Ms. Flynn-Harris.

BE IT RESOLVED, that the Town Council approves Resolution #032514-2

RESOLUTION #032514-2

BE IT RESOLVED, that the Town Council, per the recommendation of the Public Building Commission (PBC) awards a contract to Arcadis for \$72,095 to perform project management services for the Community Pool construction project.

Discussion

A question was raised by Mr. Oris about the PBC going through the Town Attorney to insure there was no conflict of interest regarding Keith Goldberg and his employment with Arcadis.

Mr. Wetmore assured the Council that there was no possible conflict of interest; that Mr. Goldberg was recused, was not in the room when everything was being vetted, and the meeting minutes reflect this.

Attorney Smith informed the Council he is aware and based on information he was told, the gentleman in question recused himself, left the room, and did not participate in any discussion and this is reflected in the report of the meeting.

VOTE The motion passed unanimously by those present.

Mr. Wetmore expressed appreciation to the Council for their work for the community. He commented on the sense coming through that all the questions were failure type questions as opposed to success type questions. Going forward it is nice to have a balance and get positive feedback.

5. PROPOSED FY 2014-2015 OPERATING BUDGET

ADMINISTRATION AND FINANCE: *Town Council, Town Manager, Town Attorney, Town Clerk, Elections, Probate Court, Finance Department, Board of Assessment Appeals, General Services.*

ELECTIONS DEPT. Page 13 tab book, 54 summary book. Ann Hearn

Mr. Milone reported this budget increases by \$18,716; \$16,000 is budgeted for the two elections in 2014, primary and general election, for the poll workers. There is \$1,137 budgeted for an extra half hour per week for the Deputy Registrars of Voters to work with the Registrars before and during the primary and general election. The non-salary budget is decreasing; the rest of the budget is status quo; and trends to the numbers requested.

Ms. Hearn explained line item 5403, \$900 cost because the State will no longer pay for equipment maintenance, and the money covers the cost of programming memory cards. Line item 5603 has a \$3,500 savings. For the primary election all polling places must be open for the 4,400 voters affected by the primary.

TOWN COUNCIL, Pages 1 and 2, Arnett Talbot.

Ms. Talbot reviewed the budget, citing a decrease in advertising and printing due to efficiencies; decrease in equipment due to audio/visual upgrades and broadcasting; largest increase - \$5,000 is in CH 14 budget with new equipment, dual operators; it is expected these costs will be reduced next year as the transition is managed and staff takes on more responsibilities for CH 14. Net increase in this budget is \$2,100.

Contracted services line increase also includes the board, committee, committee, agency videotaping of meetings. The production of meetings is scheduled every two weeks through October.

Chairman Slocum mentioned the microphone at the podium still having a problem when listening to the broadcast at home.

Ms. Talbot advised that PBC voted to have both its public hearings and meetings televised.

TOWN MANAGER, Page 3, Arnett Talbot

96% of this budget increase is for salaries, 2.36% increase, and because of the way the Town Manager's salary is budgeted, it skews the numbers.

Ms. Talbot stated that the Town Manager's office continues to expand the scope of its work, expanded communications, enhance the website use, introduced and manages the face book page, will delve into other social media, administers the CH 14 slides with assistance of other staff, updates web site daily, supports personnel functions, training and labor negotiations, supports the Town Council, played a major role in the technology project, works on the DOC negotiations, bulky waste collection, legislative advocacy, W.S. Development project, Linear Trail, performance contracting, bulky waste collection, improvement of documents such as the budget books, annual report, reduction of overtime, and the office staff works on flex time.

There is an increase in the overtime budget of \$1,000; overtime is still 30% under the 2008 overtime costs; there is \$2,000 in the budget for the Town Manager's participation in the ICMA conference.

In response to a request for the meeting schedules/town calendar on the web site, Ms. Talbot advised that the software for the web site does not do this, and Apex is working on this issue.

Town Manager Milone commented on the dramatic difference in his office from 2000 to 2014. He realizes the importance for him to know what is going on in Town Hall, and most everything goes through Ms. Talbot, who has taken a major role in the technology area. Ms. Talbot trains other staff, handles CH 14 slides, and works with Apex Technology representatives. Overtime is a concern, but some jobs cannot be done without inclusion of overtime, and the \$1,000 increase is due to the additional demands in the Town Manager's office. He said Apex is a very responsible vendor, with

excellent skills, problem solving, helps the users, and assists with the use of the technology. When Ms. Talbot is on vacation there are people who cover her job duties.

TOWN ATTORNEY, Page 7, Arnett Talbot

There is a slight increase in the fee, and this budget includes a Hearing Officer. Two lawsuits are pending with Dept. of Corrections and the Barite Mines. Last year there were fees involving the Police Department investigation, \$30,000; \$30,000 Barite Mines; \$90,000 pool insurance claims; and \$100,000 appropriated for revaluation appeals which is in the C.N.R. account.

PUBLIC HEALTH, Page 195, Arnett Talbot

Campion Ambulance contract, \$203,700; this contract is up for negotiation next year. Chesprocott fee of \$239,200 (\$7.65 on population of 29,300).

FINANCE DEPARTMENT, Pages 19 tab book, 58 summary book; Jim Jaskot and Gina DeFilio

Finance Director Jaskot stated that the Finance Department has 6 divisions – Accounting & Treasury, Tax Collector, Tax Assessor, Audit, General Insurance and Information Technology. There are 17 full and part time employees in the department.

Some of the department accomplishments were highlighted by Mr. Jaskot (pages 58-59) – GFOA Award, streamlined BOE cash receipt posting, monitoring of active capital projects, management of technology initiative capital appropriation, working with Apex Technology (Anthony Verrill), extension of the credit card contract for the Pool, Parks and Rec and Library with \$5,000 savings, spearheading GIS initiative. Mr. Jaskot informed the Council that the Town has a rating presentation this week with Moody and Fitch.

2014-2015 Objectives – continue to strive for department excellence in performance measures, financial reporting; continued implementation of the technology plan, maintain technology infrastructure and provide technical support, decentralize time and data entry to streamline payroll processing, treatment plant upgrade first check received from CWF for \$3 million. For the treatment plant project, the Finance Department will finance the obligation in 2018; draw down on the loan and grant; spend the funds and request reimbursement, and at the end of the construction will formalize the debt and balloon payment on the interest with permanent loan.

Page 19-21 (tab) – the department budget increases by \$26,671, 5.12%, and most of this increase is in payroll; the budget includes \$2,071 appropriation for the 27th payroll.

Page 23 – Tax Collector budget increases by \$13,311, 4.36%.

Page 25 – Assessor's Department increases by \$5,972, 2.15%.

Page 27 – Audit – annual fee, \$29,500, an increase of \$500; BOE pays half of the audit fees; the Town is in year #5 of a five year contract, and this service may go out to bid

next year. For the annual audit, the Finance Department staff does all of the preliminary work, which results in a savings of \$25,000 in the fee.

Page 28 – General Insurance shows a 7.5% increase assumption,

Page 29 – Information Technology budget increases by 7.29%, \$27,295; there are many changes in this department, more data and fiber lines, back up lines, lots of redundancy. The Building Department software may be on line this year.

General Services, pages 35 (tab) and 62 (summary). Ms. DeFilio advised the postage line item increased due to the 48 cents for metered mail. There are some reductions in postage costs due to Parks and Rec Department no longer mailing out brochures, but putting the programs in the newspaper and on the web site. With a change in the company for water coolers there is a slight reduction in this line item. The Town will have an RFP out for copiers and printers this year; and RFP for general insurance and medical insurance services. Workers comp will now be services through Yale site on Whitney Avenue, Hamden CT. There is a \$10,000 adjustment for the GIS system maintenance in this budget.

Mr. Milone commended Mr. Jaskot and Ms. DeFilio for their excellent job performance and that of the department staff.

Debt Service – Mr. Milone reported that over the last 5 years employee benefits has gone from \$4.6 million to \$6.8 million, +\$2.2 million or 49%. Pension has gone from \$709,000 in 2010 to \$1.956 million in 2015, an increase of 175%. Medical went from \$2.3 million to \$3.3 million, an increase of \$1 million or 44%. Debt service went from \$9.8 million down to \$7.5 million, a decrease of \$2.3 million. The Town has been able to balance the budget in the debt service area, but this changes in 3 years. Decisions by the Council will have to be made in the near future relative to all this. A decision could also be made in the next few weeks to minimize the increase next year, and this depends on how the reserves are used.

Page 91 (summary) - \$8.545 total debt service obligation; general purpose bonds represent \$4.7 million; education represents \$2.5 million; sewer bonds represent \$908,000; WWTP/pump stations represent \$404,394.

Mr. Milone mentioned the \$650,000 transfer from the WWTP to the General Fund, which pays for a portion of the WWTP debt which the General Fund subsidizes at \$1.313 million. There is another \$100,000+ in administrative costs associated with the Town's time in supporting the WWTP; this is the justification for the \$640,000 coming back into the Town budget.

Page 91 has a summary of the reserve account – Debt service reserve starts with \$5,499,309; interest earnings of about \$20,000; at the end of next fiscal year the reserve account will have \$5.5 million set aside to help address the big spike in 2018. The refunding is not reflected in these numbers.

Page 141 – Projected Debt Analysis-General Fund.

Column #1 is Existing Bonded Debt 2014, \$8.068 million;

Column #2 is Unissued Debt/Projects authorized for which money is not yet borrowed or the full amount of the project is not borrowed;

Column #3 represents the capital budget funding projects based on funding methods;

Column #4 is the estimated CWF debt for WPCD borrowings (at 2%) for plant upgrade;

In 2018, CWF accumulated interest payment of \$3.569 million;

FY 2015 does not reflect use of the reserve funds;

Refunding Money - \$450,000 of the refunding savings will be used for debt service.

Page 142 – Grants; Page 143 – C.N.R.; Page 144 – Borrowings. Collectively, this makes up the total amount of money needed to pay for all the capital projects.

Page 143 (C.N.R.) – As a way to mitigate the spike in the pension and build up the debt service reserve, the Council could consider utilization of the C.N.R. money in a different manner. Page 143 lists the projects which C.N.R. money is supporting. To take \$300,000 of C.N.R. money in year #1 and put into debt service reserve would require the Council to look at these projects and make decisions. One of three things will happen – project gets deferred, does not get done, or it is paid for with bonds. At this time the interest borrowings are very low, and some of the projects could be bonded at these low rates. C.N.R. funds are a source of funds to mitigate some of the pressure on the debt and the pension.

Handout, March 25th – page #2. Debt Service Analysis/Use of Refunding Proceeds & Debt Reserve. There is \$5.5 million in the debt service reserve, and the Council must start thinking about how it will be used to deal with the 2018 spike.

Mr. Milone reviewed the analysis with the Council.

Gross Annual Variance – the next few years will show a decrease.

Use of Refunding Proceeds – 2013, \$119,241; 2015, \$800,000, using \$450,000 in FY 2014-15 budget; balance of refunding savings goes into debt serviced reserve account bringing the account to \$5,819 million.

Since debt service will drop from 2015 to 2016, there can be use of \$138,000 and bring down the FY 2016 number down.

Debt Service Reserve account of \$5,819 million. In 2018, use \$3 million; 2019 use \$1.4 million; 2020 use \$600,000; 2021 use \$200,000; 2022, use \$400,000.

Using too much of the reserve at one time requires control of expenses in the year the reserve is used. With the reserve funds used 2018 to 2022, there would be a balance of \$219,309. The Council can build up the debt service reserve using C.N.R. money.

Mr. Schrumm commented on using some of the prison contract funds to reduce the debt service, and putting more of the \$450,000 into the debt service reserve fund. Without using the \$450,000 the budget will increase by \$450,000.

The Council can decide to keep debt service constant. Mr. Sima commented on a concern of using debt service to fund other parts of the budget (\$450,000) and ending up with a big spike in taxes.

Page 170 – G.F. Long term debt service graph 2004-2013 shows debt service as a percentage of expenditures.

Mr. Milone and Mr. Jaskot worked out various scenarios (Excel) with the Council using refunding proceeds and debt reserve.

Handout 3/25/14 page 1 – Pension Fund Contribution Analysis.

2015 – Net. Gen. Govt. Annual Variance - \$300,934; using \$150,000 in FY 2015 and FY 2016 and \$108,000 in FY 2017, leaves an annual variance of \$215,734.

Page 3 – Pension/Debt Service Combined Contribution Analysis. FY 2018 combined net total of \$10.3 million; net annual variance of \$747,597.

Regarding tax revenue from the W.S. Development project, it will hit the grand list of 2017 with revenue in 2018; if it is sooner the Council could take some of the excess tax revenue and put it into the reserve account.

Pages 4 and 5 – BOE. Mr. Milone and Mr. Masciana have reviewed the costs of the full day kindergarten program and identified three non-salary items for the program -- \$75,000 furniture; \$15,000 classroom renovations; \$65,000 Darcey School renovations; total of \$105,000. BOE projects with balances were also identified -- \$179,084 CHS project; \$150,000 building improvements; \$241,052 from BOE C.N.R. account.

Mr. Milone informed the Council that there is \$65,000 balance available in the building improvement project account; \$241,052 available in the C.N.R. account; and this funding could be made available for the kindergarten program. The Council can approve using these funds to meet the \$255,000 for full day kindergarten. This would be enough funding for the immediate expenses for the kindergarten program, with the expectation that the money will be replenished.

Medical Insurance Trust Fund – Mr. Schrumm stated that there is an internal pool of money, not part of the operating budget, an internal service fund for the Town and BOE with money in and money out. \$1.3 million Town balance, after using \$200,000 to balance the budget; \$1.2 million BOE; total \$2.5 million. The money comes out of the same fund; there is separate accounting calculations; but we do not want the sides subsidizing each other. With one side a little better and the other a little worse, the internal fund works. Mr. Schrumm said the question becomes, if there is cash flow issue, why wrestle with who is up and who is down.

Mr. Milone said what Mr. Schrumm is driving at is if the BOE medical benefits were cut a little bit, what would be their protection...and the protection would be the Town and BOE sharing a trust fund. About 10 years ago the Town side was minus in the fund

due to a very large claim; it took 10 months to get the stop/loss money back to the Town; but claims are still paid because Anthem pulls out the money as one account. It is then aggregated based on paid claims and other things. Mr. Milone stated he is not comfortable with one account, but there is no reason why the account can't be used as a stop-gap in the event the BOE has a problem and needs more funding to get through the year. The cash is there, and so is the ability for the Town or BOE to draw money if either went into a negative.

Down the road if the BOE and Town both had catastrophic claims all happening in the same year, there is \$2.5 million which would not be used at once, as there is the stop/loss protection. A supplement may be required at the end of the fiscal year which was done two years ago on the Town side. The Council will be discussing the BOE medical insurance rates at an upcoming meeting.

6. ADJOURNMENT

MOTION by Mr. Schrumm; seconded by Mr. Ruocco.

MOVED to adjourn the meeting at 10:12 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk