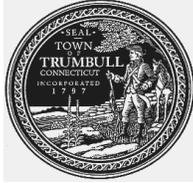


TOWN COUNCIL
Town of Trumbull
CONNECTICUT
www.trumbull-ct.gov

TOWN HALL
Trumbull

TELEPHONE
(203) 452-5005



AGENDA No. 678

- I CALL TO ORDER
- II MOMENT OF SILENCE
- III PLEDGE OF ALLEGIANCE
- IV ROLL CALL
- V APPROVAL OF MINUTES
- VI BUSINESS

DATE: August 1, 2011
TIME: 8:00 p.m.
PLACE: Town Hall

NOTICE is hereby given that the Town Council of the Town of Trumbull, Connecticut will hold a regular meeting on Monday, Aug 1, 2011 at 8:00 p.m. at the Trumbull Town Hall, for the following purpose:

DISCUSSION ITEMS:

- Trumbull High School Building Committee Update: Chairman's Report; Owner's Rep Update; Architect's Update; Construction Manager Update.

-
1. RESOLUTION TC23-176: To consider and act upon a resolution which would authorize First Selectman Timothy M. Herbst to sign on behalf of the Town of Trumbull an application and contract with the State Library for a Historic Preservation Grant. (L&A)
 2. RESOLUTION TC23-177: To consider and act upon a resolution which would appropriate \$512,056 from the Unrestricted Fund Balance to 01060000-522205 Board of Education Program Expenses. (Finance)
 3. RESOLUTION TC23-178: To consider and act upon a resolution which would amend the Town of Trumbull Retirement Plan to include Appendix B, Non-Union Employee Hires. (L&A)
 4. RESOLUTION TC23-171: To consider and act upon a resolution which would adopt as amended the proposals for a revision of the Charter of the Town, as provided and permitted by Connecticut General Statutes Section 7-191 and the Charter of the Town of Trumbull; and

BE IT FURTHER RESOLVED, That the questions of having a general Charter revision shall be submitted to the electors of the Town of Trumbull for adoption or rejection at the regular municipal election scheduled for the 8th day of November, A.D. 2011; and

BE IT FURTHER RESOLVED, That the Town Clerk is hereby authorized and directed to give such notice as required by law of such ballot questions at the regular municipal election, and of the registration of electors entitled to participate therein. (L&A) (*Public Hearing Town Council August 1, 2011*)

RESOLUTIONS

1. RESOLUTION TC23-176: BE IT RESOLVED, That First Selectman Timothy M. Herbst is hereby authorized to sign on behalf of the Town of Trumbull an application and contract with the State Library for a Historic Preservation Grant.
2. RESOLUTION TC23-177: BE IT RESOLVED, That \$512,056 is hereby appropriated from the Unrestricted Fund Balance to 01060000-522205 Board of Education Program Expenses.
3. RESOLUTION TC23-178: BE IT RESOLVED, That a resolution amending the Town of Trumbull Retirement Plan to include Appendix B, Non-Union Employee Hires;

BE IT RESOLVED, that the Town Council amends the Town of Trumbull Retirement Plan as follows:

WHEREAS, the Town of Trumbull has a defined benefit plan known as the Town of Trumbull Retirement Plan, herein referred to as the Plan, established on July 1, 1973; and

WHEREAS, the Plan was amended and restated effective as of July 1, 2002; and

WHEREAS, the Town of Trumbull Pension Board, herein referred to as the Board, has made a recommendation to limit access of new employee hires into the Plan in their annual report to the Town Council; and

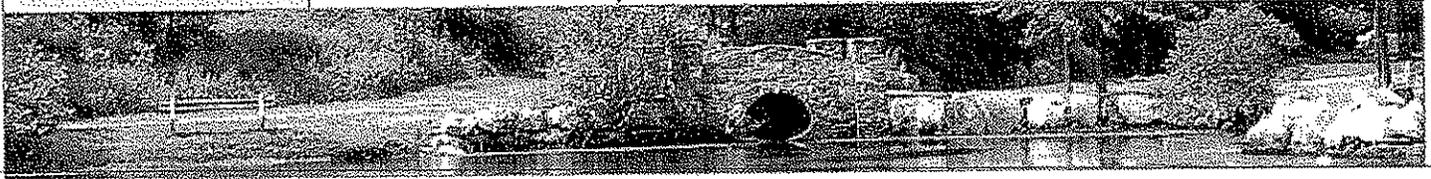
WHEREAS, the Board has made a recommendation to establish a defined contribution plan for new employees;

THEREFORE, BE IT RESOLVED, That employees not covered under the provisions of collective bargaining agreements who have not contributed to the Town of Trumbull Retirement Plan as of the effective date of Resolution TC23-178 are hereby prohibited from participating in the Plan and are hereby eligible to contribute towards a defined contribution plan.

4. RESOLUTION TC23-171: BE IT RESOLVED, That the Town Council of the Town of Trumbull hereby approves as amended proposals for a revision of the Charter of the Town, as provided and permitted by Connecticut General Statutes Section 7-191 and the Charter of the Town of Trumbull; and

BE IT FURTHER RESOLVED, That the questions of having a general Charter revision shall be submitted to the electors of the Town of Trumbull for adoption or rejection at the regular municipal election scheduled for the 8th day of November, A.D. 2011; and

BE IT FURTHER RESOLVED, That the Town Clerk is hereby authorized and directed to give such notice as required by law of such ballot questions at the regular municipal election, and of the registration of electors entitled to participate therein.



Date: March 8, 2011

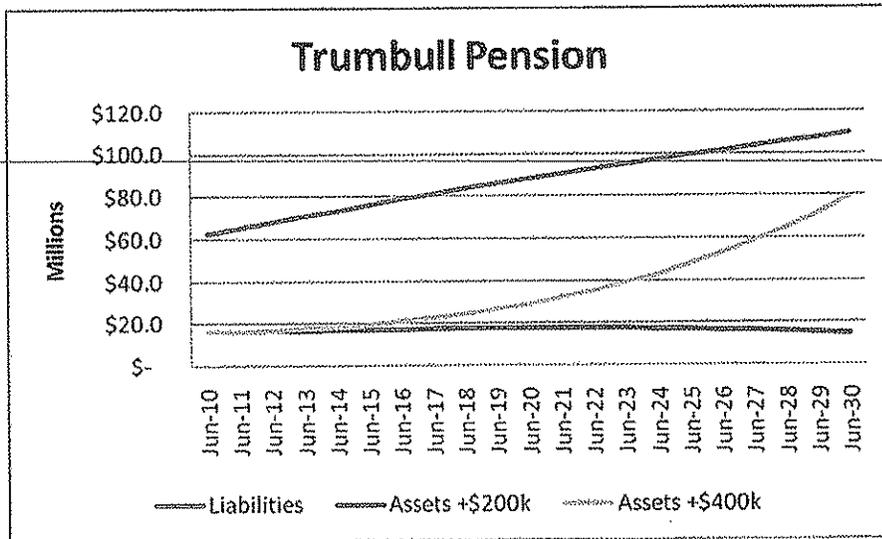
To: Mr. Timothy Herbst, First Selectman
Town Council

Re: Pension Board Annual Report

EXECUTIVE SUMMARY

- ***The pension investments continue to perform at our targeted benchmarks.*** Our target is currently 7.5% with a blended risk profile, in line with best practices. Our investment advisor, Fiduciary Investment Advisors, has completed their first full year with us and was named "Retirement Team Plan Advisor of the Year" at the 2009 Plan Sponsor Magazine Annual Awards Dinner.
- ***The Bi-annual actuarial valuation was completed and shows continued growth of the Unfunded Liability to \$40 - \$46 million dollars.*** The Plan's funding stands at 27% - 29%, critically below the Board's target of 80% - 90%. The current assets are \$18 million (up \$2 million from the actuarial study). ***The Board recommends that the Town establish a long term corrective action plan in 2011.***
- ***An audit was completed on the administration of the Plan, by RSM McGladrey.*** The audit disclosed some process deficiencies around the processing of benefits and death notices that resulted in additional funds being sent to participant's beneficiaries. The town took immediate process improvement steps to avoid a repeat and is currently trying to recover these funds from the former Plan Trustee. ***The Board is satisfied with these steps.***

UNFUNDED LIABILITY CONTINUES TO GROW



The Unfunded Liability of the Plan continues to grow ... this is a situation that has existed for more than 15 years ... and is reaching a point that, if not addressed, will limit the Town's options to resolve over a measured long term. It is important to point out that the current and past town administrations have budgeted and increased the town's contribution to this plan by \$100,000 to \$200,000 every year. While admirable, *any amount below an incremental \$400,000 will not reverse this trend over the long term.*

The current Unfunded Liability stands at \$40 to \$46 million, which is \$8 million higher than the study completed in 2008. This increase is driven by:

• Benefits paid > Contributions (Defunded)	\$1.4	
• Insufficient Funding Future (below Actuarial req.)	\$2.4	
Sub-total: Plan Funding (Defunding)	\$3.8	
• Shortfall in Investment Returns & Assumptions	\$3.3	(market driven)
• Other Changes in actuarial Assumptions	\$0.9	
Sub-total: Change in Actuarial Assumptions	\$4.2	
Total Change in Liability	\$8.0	

One key driver in the actuarial assumption is the number of participants in the Plan. This number appears to be growing unabated by increases in the Board of Education participants, which the Board understands are part-time positions. (See chart below)

<u>Group</u>	<u>2006</u>	<u>2008</u>	<u>2010</u>	<u>Increase from 2006</u>	
Town	167	175	156	(11)	- 7%
Bd. Of Ed.	<u>230</u>	<u>254</u>	<u>297</u>	+67	+29%
Total	397	433	453	+56	+14%

Under the current set of assumptions and continued funding level by the town and the participants the Plan's assets will continue to decline and the Unfunded Liability will continue to grow.

Projected Liability in 2027 (16 years)	\$103 million
Projected Assets in 2027	\$ 16 million
Projected Unfunded Liability in 2027	\$ 87 million

The Board estimates that if the contributions to the plan were increased by \$400,000 per year that the Unfunded Liability would stabilize in the short term and then start to decline in the longer term to a fully funded state in 2034 (23 years). An annual increase of \$1,000,000 would bring the Plan to a fully funded state in the next 15 years.

Recommendations

The Board recommends that the Town establishes a long term plan that will fix this problem permanently, compared to a short term fix of adding some additional incremental funding. There are many scenarios and combinations for the Town to consider in building this long term plan.

- Keep the current plan and increase funding annually of at least \$400,000 per year.
- Re-negotiate the plan for increased contributions, currently at ~~2.5%~~3% to 5%, which is very low compared to similar plans around the state.
- Re-negotiate the plan benefits to lower future liability.
- Re-negotiate to limit eligibility to only full time workers (1,200 to 1,400 annual hours), especially on the Board of Education side.
- End this plan for all current participants (hard freeze) or for just new participants (soft freeze). Establish a Defined Contribution Plan (457 Plan) for the town, that by design will always be funded, for new participants and offer conversion to current participants.

The Board believes that establishing a Defined Contribution plan (designed with a matching feature) is the best long term solution for the town and plan participants.

The private sector has been moving in this direction for the past decade and currently many municipalities are considering this as a long term solution.

Your Board has a talented, diverse team that has invested considerable time and resources to fully understand and monitor this Unfunded Liability. We do not believe we are at crisis mode and believe that the best approach is a long term (15 to 20 years) solution to reverse this trend and to build a fully funded plan for the participants and for the tax payers of Trumbull. We stand ready to assist you in any further analysis you may request.

Respectfully the Pension Board,

Michael Charland

Elaine Hammers

María Pires

Bruce Pine

John Ponzio

William Schletinger



HOOKER & HOLCOMBE, INC.
Benefit Consultants and Actuaries

65 LaSalle Road | West Hartford, CT 06107-2397 | *Founded in 1956*

Confidential

January 26, 2011

Ms. Maria Pires
Director of Finance
Town of Trumbull
5866 Main Street
Trumbull, CT 06611

- Re: Town of Trumbull Pension Plan

Dear Maria:

We are pleased to present our review of the Town's Pension Plan as of July 1, 2010.

Compared with the prior valuation (July 1, 2008), the contribution this valuation develops has increased from \$3,911,000 to \$4,472,000. The contribution also increased as a percent of covered compensation (22.4% in the prior valuation, 24.4% in this valuation).

There are generally two liability measures to which plan assets are compared when determining how well a plan is funded. The actuarial accrued liability is a function of the cost method and is based upon projected salaries. If assets equal the actuarial accrued liability, the plan is considered to be "fully funded" (meaning that actuarial accrued liabilities for all prior service have been funded.)

The following shows the history of the ratio of the *actuarial value* of assets to the plan's actuarial accrued liability (expressed as a percent):

Valuation	% of Actuarial Accrued Liability Funded
1990	50%
1992	46
1994	46
1996	55
1998	58
2000	59
2002	51
2004	40
2006	38
2008	34
2010	27

Page 2
January 26, 2011
Ms. Maria Pires
Town of Trumbull
Re: Town of Trumbull Pension Plan

The second liability measure, the present value of accrued benefits, represents the value of benefits all participants have earned as of the valuation date. This liability is based upon the valuation assumptions, using each participant's actual service and salary history through the valuation date. Maintaining assets at this level is generally not perceived as having a "fully funded" plan if the objective is to keep costs level as a percentage of covered payroll. The present value of accrued benefits is smaller than the actuarial accrued liability because salaries are not projected.

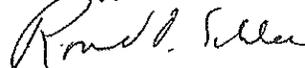
The following shows the history of the ratio of the *market value* of assets to the present value of accrued benefits (expressed as a percent):

Valuation	% of Present Value of Funded Accrued Benefits
1990	66%
1992	62
1994	56
1996	60
1998	70
2000	68
2002	50
2004	46
2006	43
2008	36
2010	29

Sizable unfunded liabilities continue. In the absence of investment returns appreciably greater than expected, larger Town contributions will be needed to avoid a continued deterioration in the plan's funded status.

After you have reviewed this report, please feel free to call me if you have any further questions.

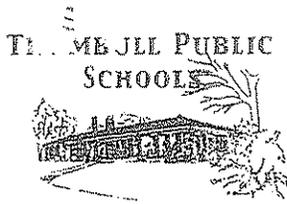
Sincerely,



Ronald O. Schlee

/mmh
Enclosure

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6254 MAIN STREET · TRUMBULL, CT 06611
PHONE: 203.452.4301 · FAX: 203.452.4305

RALPH M. IASSOGNA
SUPERINTENDENT
EMAIL: superofc@trumbullps.org

June 28, 2011

Ms. Elaine Hammers
Chairman, Board of Finance
Trumbull Town Hall
Trumbull, CT 06611

Dear Ms. Hammers:

At their June 27, 2011 Special Meeting, the Board of Education voted to seek a supplemental appropriation in the amount of \$477,056 from the Town to restore programs and positions eliminated from their 2011-12 request. The Board asks that this item be included on the July 14, 2011 agenda of the Board of Finance.

The Board intends to use these monies to restore 3.0 teaching positions, 2.0 secretarial positions, 1.0 custodial position, freshman sports, sophomore football and girls' club ice hockey.

Thank you for your assistance and cooperation in this matter.

Sincerely,

Ralph M. Iassogna
Superintendent

C: Board of Education
First Selectman Herbst
Chairman Massaro, Town Council

From: Iassogna, Ralph

Sent: Friday, July 01, 2011 12:08 PM (Updated in Red July 7, 2011)

To: 'Elaine Hammers'; Iassogna, Ralph

Cc: Cialfi, Gary; Sirico, Stephen; Faiella, Denise; 'Deborah Herbst'; 'Lisa Labella'; 'Loretta Chory'; 'Loretta Chory'; 'Mike Ward'; 'Stephen Wright'; 'Ted Lovely'; 'Thomas Kelly'; 'Maria Pires'; 'Timothy M. Herbst'; 'Alex Remson'; 'Andy Palo'; 'Cindy Penkoff'; 'Ken Martin'; 'Paul Lavoie'; 'Perry Molinoff'; 'Steve Lupien'; 'Tom Tesoro'

Subject: RE: BOE Supplemental Appropriation

Please note the following consolidated information that should answer your questions. I thought it would be easier to have everything shared thus far on 1 page, not 3 or 4 different ones:

1. Cost breakdown of supplemental request of \$477,056

- 3.0 teachers \$210,000 - will be earmarked to primarily restore the THS academic staff previously eliminated, including the .4 Music/Strings position.
- 2.0 elementary secretaries \$96,000 - to be assigned as follows: .5 each at Booth Hill/Tashua and .5 each at Jane Ryan/Daniels Farm
- 1.0 custodian \$57,500 - Steve K. will assign, probably to THS since that is where the original cut was made.
- Freshman sports \$95,343
- Sophomore football \$8,941
- Girls' club ice hockey \$9,272

\$113,556

THS Sports - Mike H. already has moved forward on this possibility by interviewing for any coaching vacancies; and our FCIAC schedule is intact until the final resolution of the supplemental appropriation.

2. The Board and I also agree that the \$350,000 to \$500,000 range is wide and somewhat frustrating; but as I conveyed, Steve Sirico will have a better number by your meeting date. Also, please note that even though the funds are expended or encumbered by June 30th, there is still a great deal of work to be done and data processed before closing the books.

Although all of us would like to have a final number earlier than the middle of August, that date has been consistent over the years as has been the fact that the Town does not complete their similar end of year process between October 1st at the earliest and December 31st. It is a very complex and time consuming process.

3. The Board did spend considerable time at both the June 22nd and June 27th meetings discussing the potential use of any unspent monies. The 6 areas listed above were the end result of those discussions.
4. With regard to meeting minutes, they have not yet been transcribed and/or gleaned from the tape. If you want a copy of the disk, let Rita know and she can obtain from our videographer to send to you.

Thank you,
Ralph